

**REGISTRAR
OF COMPANIES**

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

(COMPANY LIMITED BY GUARANTEE)

31 DECEMBER 1999

ANNUAL TREASURER'S REPORT
AND
FINANCIAL STATEMENTS



THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

<u>COMPANY NUMBER</u>	1130269
<u>SECRETARY</u>	C.F. Connor
<u>REGISTERED OFFICE</u>	NIOC House 4 Victoria Street London SW1H 0NE
<u>AUDITORS</u>	MacIntyre Hudson Greenwood House 4/7 Salisbury Court London EC4Y 8BT

INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999

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THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

REPORT OF THE HONORARY TREASURER

ON THE 1999 ACCOUNTS

The audited accounts for the year ended 31 December 1999 are set out on pages 5 to 15. The results for the year show a deficit before taxation on ordinary activities of £274,319 compared with a surplus of £77,114 in the previous year.

The deficit for the year after taxation has been transferred to the Accumulated Fund.

Income

Total income showed a modest increase during the year. Income from courses and conferences grew significantly due to the continuing success of the Association's training courses and major corporate events. However, subscriptions showed only a small increase against a difficult background for membership retention and recruitment. Subscriptions to the Voting Issues Service fell in the lead-up to the relaunch of the Service.

Expenditure

1999 saw the Association relocate from Grosvenor Gardens, where the lease expired at the end of 1999, to newly refurbished offices at NIOC House. As a result, demands on the resources of the Association were exceptional. Nevertheless, the costs incurred on relocation were in line with budget and the Association can be proud of its new offices which are a vast improvement on the previous premises in every respect. The costs of relocation are the reason for the deficit on ordinary trading activities in the year.

Investment Portfolio

The Investment Portfolio, which represents the long term reserves of the Association, is administered separately from the financing of normal operations. Mercury Asset Management continued to administer the portfolio on behalf of the Association. At 31 December 1999 the portfolio had a market value of £4,046,721, an increase of £595,149.

Capital gains on the portfolio, of £170,201, were realised during the year. The Operations Committee provided further guidance in 1999 to the investment managers in order that the investment decisions are not significantly constrained by the Association's tax position. The portfolio can move towards the benchmark asset allocation suggested by our investment advisor and meaningful performance monitoring can take place.

Taxation

The Association's tax position is set out in the notes to the accounts.

Future

Having incurred a significant level of non-recurring expenditure in 1999, it remains the Association's objective to maintain an operating surplus on ordinary activities for future periods.

P.W. Thompson
Honorary Treasurer

8 March 2000

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED
REPORT OF THE DIRECTORS

The Members of Council and Officers, as directors of the company limited by guarantee, present their report and the audited financial statements for the year ended 31 December 1999.

Principal activities and review of the business

The principal activities of the Association are to encourage the establishment, development and extension of pension provision by employers and provide a forum for discussion among fund managers, trustees, professional advisers and others involved with the establishment, administration and investment of pension funds.

A review of the business activities during the year is included within the Report of the Honorary Treasurer, on page 1 of these financial statements.

Results

It is proposed that the retained deficit of £17,784 - the surplus on Investment Activities of £254,319 and the deficit on ordinary activities of £272,103 - is transferred to reserves.

Directors serving in the year

Members of Council and the Officers were the directors during the year. They receive no remuneration from the NAPF. Those who served during this period were:

P.A. Murray	Vice-President	
G.K. Allen	Vice-President	
A.M. Pickering	Chairman	
G.T. Pearson	Vice-Chairman	
L.C. Ruddick	Vice-Chairman	
P.W. Thompson	Honorary Treasurer	
C.H. Armitage	T.B. Faulkner	A.H. Rubenstein
P.J. Booker	C.C. Hartridge-Price (1)	M.H. Stanley (1)
A.C. Chapman (2)	W. Jones	R.K. Stroud (1)
D.B. Chynoweth	C.G. Lewin	M.P. Swift (2)
A.C. Dawrant (2)	R.J. Martin	A.T. Thurnham (2)
P. Derrick	M.D. Parker (1)	D.G. Trevor (2)
M.C. Duncombe	J.J. Quarrell (1)	I. Urquhart (1)
R.C. Ellison	T.M. Ross (2)	

- (1) These were elected to Council on 21 May 1999 in accordance with the procedures laid down in the Memorandum & Articles.
- (2) On completing their term of office these individuals duly retired on 21 May 1999 in accordance with the procedures laid down in the Memorandum & Articles.

Auditors

The auditors, MacIntyre Hudson, are willing to be re-appointed in accordance with section 384 of the Companies Act 1985.

By Order of the Council



C.F. Connor
Secretary

NIOC House
4 Victoria Street
London SW1H 0NE

8 March 2000

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF
THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Statement of Council's Responsibilities

Company law requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs for the Association and of the profit or loss of the Association for that period.

In preparing those financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Companies Act 1985. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Auditors' Responsibilities

As described above, the Council members are responsible for the preparation of the 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.

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF
THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED (CONTINUED)

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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association'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 the Association's affairs as at 31 December 1999 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MACINTYRE HUDSON
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

Greenwood House
4/7 Salisbury Court
London EC4Y 8BT

8 March 2000

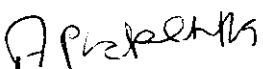
THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

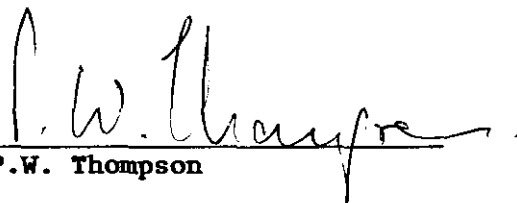
BALANCE SHEET
AS AT 31 DECEMBER 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	2	372,845	156,450
Investments	3	2,594,478	2,340,159
		<u>2,967,323</u>	<u>2,496,609</u>
Current assets			
Stocks	4	2,000	7,555
Debtors	5	354,246	264,585
Cash at bank and in hand	6	799,842	612,156
		<u>1,156,088</u>	<u>884,296</u>
Creditors: Amounts falling due within one year	7	<u>(1,860,261)</u>	<u>(1,099,971)</u>
Net current liabilities		<u>(704,173)</u>	<u>(215,675)</u>
Net assets		<u>£2,263,150</u>	<u>£2,280,934</u>
Capital and reserves			
Reserve Fund	8	2,594,478	2,340,159
Accumulated Fund	9	(331,328)	(59,225)
		<u>£2,263,150</u>	<u>£2,280,934</u>

As a company limited by guarantee, a statement of shareholders' funds is not pertinent.

The financial statements were approved by the Council on 8 March 2000 and signed on its behalf by


A.M. Pickering


P.W. Thompson

The notes on pages 8 to 15 form part of these financial statements

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

		CONTINUING OPERATIONS			
	Notes	1999		1998	
		£	£	£	£
<u>Income</u>					
Subscriptions		1,263,165		1,255,246	
Conferences and Courses	10	1,016,090		861,742	
Publications	11	44,004		31,014	
Bank deposit interest		48,611		72,934	
Voting Issues Service	12	85,599		131,566	
Sundry Income		16,326		6,957	
			2,473,795		2,359,459
<u>Expenditure</u>					
Secretariat Expenses	13	2,656,880		2,182,648	
Pensions World		16,466		19,928	
European Federation					
for Retirement Provision		37,268		44,769	
Financial Reporting Council		37,500		35,000	
			(2,748,114)		(2,282,345)
(Deficit)/surplus on ordinary activities before taxation			(274,319)		77,114
Taxation	15		2,216		(35,386)
(Deficit)/surplus on ordinary activities after taxation to accumulated fund			£(272,103)		£ 41,728
<u>Investment portfolio income (gross)</u>					
Index Linked Stocks		20,545		18,784	
Equities		48,072		58,467	
Cash deposit interest		14,392		16,242	
			83,009		93,493
Profit on disposal of investments			170,201		237,723
Investment Managers' fees			7,371		2,675
Surplus on investment activities before taxation			260,581		333,891
Taxation	15		(6,262)		(69,983)
Surplus on investment after taxation to reserve fund			£ 254,319		£ 263,908

The company made no recognised gains or losses in 1999 or 1998 other than the (deficit)/surplus for the period.

The notes on pages 8 to 15 form part of these accounts

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
Reconciliation of operating surplus to net cash inflow from operating activities			
(Deficit)/surplus on ordinary activities		(322,930)	4,180
Depreciation charges		83,359	80,851
Loss on disposal of fixed assets		2,711	1,461
Decrease in stock		5,555	1,669
(Increase)/decrease in debtors		(89,661)	4,402
Increase in creditors		854,431	38,401
Net cash inflow from operating activities		£ 533,465	£ 130,964
 CASH FLOW STATEMENT			
Net cash inflow from operating activities		533,465	130,964
Returns on investments and servicing of finance	17	138,991	169,102
Taxation		(98,187)	(56,690)
Capital expenditure	17	(386,583)	(127,979)
 Increase in cash		 £ 187,686	 £ 115,397
 Reconciliation of net cash flow to movement in net cash			
	18		
Increase in cash		187,686	115,397
Net funds at 1 January 1999		612,156	496,759
 Net funds at 31 December 1999		 £ 799,842	 £ 612,156

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards.

1.1 BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention.

1.2 FORM AND CONTENT OF ACCOUNTS

The format of the income and expenditure account is adapted and re-arranged from the prescribed formats in the Companies Act 1985 to provide a more meaningful presentation of the Association's activities in the year. In all other respects the form and content of the accounts are in accordance with the requirements of the Act.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to write off the tangible assets over their estimated useful lives:-

Lease improvements	Straight line over the length of the lease (ten years)
Computer equipment	33 1/3% Straight line
Office Equipment	20% Straight line
Fixtures and Fittings	20% Straight line
Motor vehicles	20% Straight line

1.4 STOCK

Stock is valued at the lower of cost and estimated net realisable value.

1.5 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.6 INVESTMENT INCOME

Dividends, including tax credits, are shown gross and accounted for on a received basis.

Interest on gilt edged stocks and bank deposits are accounted for on a received basis.

1.7 PENSION COSTS

The Association operates a contributory defined benefit scheme for its permanent employees. Pension benefits are funded by payments to a fund administered by trustees.

The cost of providing pensions represents cash contributions payable in the year. This amount is not materially different from the pension cost as calculated under accounting standards. Consequently, this is in compliance with SSAP 24.

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999

2. Tangible Fixed Assets

	Improvement to property	Computer Equipment	Office Equipment	Motor Vehicles	Fixtures & Fittings	Total
	£	£	£	£	£	£
Cost						
At 1 January 1999	-	150,386	129,755	65,571	46,482	392,194
Additions	163,276	32,812	46,136	43,734	22,507	308,465
Disposals	-	(30,124)	(44,608)	(20,125)	(9,268)	(104,125)
At 31 December 1999	£ 163,276	£ 153,074	£ 131,283	£ 89,180	£ 59,721	£ 596,534
Depreciation						
At 1 January 1999	-	90,018	90,469	37,954	17,303	235,744
Charge for the year	-	39,808	20,147	13,733	9,671	83,359
Eliminated on disposal	-	(29,810)	(43,358)	(15,429)	(6,817)	(95,414)
At 31 December 1999	£ -	£ 100,016	£ 67,258	£ 36,258	£ 20,157	£ 223,689
Net Book Value						
At 31 December 1999	£ 163,276	£ 53,058	£ 64,025	£ 52,922	£ 39,564	£ 372,845
At 31 December 1998	£ -	£ 60,368	£ 39,286	£ 27,617	£ 29,179	£ 156,450

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1999

3. Fixed Asset Investments

The NAPF Portfolio is administered by Mercury Asset Management plc.

The assets in the portfolio are:-

	Index Linked Stocks £	Equities £	Total £
Investments listed on U.K. Stock Exchange			
Cost at 1 January 1999	670,643	1,420,599	2,091,242
Additions in year	533,113	260,203	793,316
Disposals in year	(345,643)	(124,572)	(470,215)
Cost at 31 December 1999	<u>£ 858,113</u>	<u>£1,556,230</u>	<u>£2,414,343</u>
Cash			
Balance at 1 January 1999		373,162	
Net income received in year		(68,782)	
Balance at 31 December 1999			304,380
Accruals			
To transfer from current account			(124,245)
Total portfolio at 31 December 1999			<u><u>£2,594,478</u></u>

The market value of the portfolio at 31 December 1999 was as follows:

	1999 £	1998 £
Index linked stocks	923,809	783,402
Equities	2,942,777	2,419,251
Cash	304,380	373,162
Accruals	(124,245)	(124,243)
Total market value	<u><u>£4,046,721</u></u>	<u><u>£3,451,572</u></u>

In addition to the above investments the company holds shares in a wholly owned subsidiary undertaking, NAPF Voting Issues Limited, incorporated in England & Wales. This company is dormant with no assets or liabilities. Accordingly this investment is shown at nil value in these financial statements.

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1999

4. <u>Stock</u>	1999	1998
	£	£
Publications	2,000	7,555
	<u>£ 2,000</u>	<u>£ 7,555</u>
5. <u>Debtors</u>	1999	1998
	£	£
Trade debtors	172,172	60,989
Prepayments and accrued income	164,923	191,935
Other debtors	17,151	11,661
	<u>£ 354,246</u>	<u>£ 264,585</u>
6. <u>Cash at bank and in hand</u>	1999	1998
	£	£
Cash on bank current account and in hand	1,787	638
Cash on short term bank deposit	798,055	611,518
	<u>£ 799,842</u>	<u>£ 612,156</u>
7. <u>Creditors: Amounts falling due within one year</u>	1999	1998
	£	£
Trade creditors	127,987	119,234
Other creditors	4,238	3,639
Other taxes and social security	65,134	110,467
Accruals and deferred income	1,662,902	772,490
Corporation tax	-	94,141
	<u>£1,860,261</u>	<u>£1,099,971</u>
8. <u>Reserve fund</u>	1999	1998
	£	£
At 1 January 1999	2,340,159	2,076,251
Net surplus on investment activities	254,319	263,908
At 31 December 1999	<u>£2,594,478</u>	<u>£2,340,159</u>

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999

9. <u>Accumulated Fund</u>	1999	1998
	£	£
At 1 January 1999	(59,225)	(100,953)
Net (deficit)/surplus for the year	(272,103)	41,728
	<hr/>	<hr/>
At 31 December 1999	<u>£(331,328)</u>	<u>£ (59,225)</u>
10. <u>Conferences and Courses</u>	1999	1998
	£	£
Conferences		
Income	1,407,630	1,269,459
Direct Expenses	(664,926)	(590,377)
	<hr/>	<hr/>
	£ 742,704	£ 679,082
Courses		
Income	519,318	401,001
Direct Expenses	(245,932)	(218,341)
	<hr/>	<hr/>
	£ 273,386	£ 182,660
Total	<u>£1,016,090</u>	<u>£ 861,742</u>
11. <u>Publications</u>	1999	1998
	£	£
Sales of publications and advertising	124,255	119,623
Direct expenditure	(80,251)	(88,609)
	<hr/>	<hr/>
	£ 44,004	£ 31,014
12. <u>Voting Issues Service</u>	1999	1998
	£	£
Subscription income	244,252	271,879
Direct expenditure	(158,653)	(140,313)
	<hr/>	<hr/>
	£ 85,599	£ 131,566

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1999

13. Secretariat expenses	1999	1998
	£	£
Staff costs: Salaries	854,965	760,768
Employers' National Insurance	80,773	65,276
Pension contributions	116,349	303,185
PHI contributions	17,970	28,225
Car expenses	11,731	12,356
	<hr/>	<hr/>
	1,081,788	1,169,810
Accommodation costs	326,269	288,259
Office refurbishment	208,539	820
Dilapidations	90,000	-
Telephone, postage and stationery	187,585	184,362
Administration costs	405,492	334,882
Audit Fee	7,100	6,955
Other professional fees	264,037	115,248
Depreciation	83,359	80,851
Loss on disposal of fixed assets	2,711	1,461
	<hr/>	<hr/>
	£2,656,880	£2,182,648
	<hr/>	<hr/>

The salaries of staff are determined by the Director General in consultation with the Officers and that of the Director General by the Officers.

The average monthly number of employees during the year was made up as follows:

	Number	Number
Office and administration	26	26
	<hr/>	<hr/>

14. Pension Costs

An actuarial valuation is carried out every 3 years. The last valuation as at 1 January 1999 used the projected unit method with a five year control period. The principal assumptions used by the actuaries were that the return on assets would be 7.5% per annum and salaries would increase by 6% per annum plus an appropriate allowance for promotion.

The pension expense for the year was £116,349 (1998: £303,185).

The scheme's assets are invested in an insurance contract with Legal & General which does not have an explicit market value. The actuarial value of the assets at 1 January 1999 was £1,740,000 which was 116% of the value of the benefits which had accrued to members (including pensions in the course of payment) after allowing for expected future increases in salaries.

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1999

15. <u>Taxation</u>	1999	1998
	£	£
On ordinary activities		
U.K corporation tax at 24.9%	-	35,851
Adjustment in respect of prior years	(2,216)	(465)
	<hr/>	<hr/>
	£ (2,216)	£ 35,386
On investment activities		
U.K corporation tax at 24.9%	-	58,290
Tax on franked income	6,262	11,693
	<hr/>	<hr/>
	£ 6,262	£ 69,983
Total	<hr/>	<hr/>
	£ 4,046	£ 105,369

16. Other financial commitments

The amounts payable in the next year in respect of the operating leases are shown below, analysed according to the expiry date of the leases.

	Land and buildings	
	1999	1998
	£	£
Expiry date:		
Within one year	-	184,451
After more than five years	169,300	-
	<hr/>	<hr/>
	£ 169,300	£ 184,451

THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1999

17. <u>Gross cash flows</u>	1999	1998
	£	£
Return on investments		
Deposit interest	63,003	89,176
Index linked stocks	20,545	18,784
Equities	48,072	58,467
Investment managers' fees	7,371	2,675
	<u>£ 138,991</u>	<u>£ 169,102</u>
 Capital expenditure		
Payments to acquire tangible fixed assets	(308,465)	(53,007)
Payments to acquire fixed asset investments	(724,534)	(437,970)
Receipts from sale of tangible fixed assets	6,000	9,502
Receipts from sale of fixed asset investments	640,416	353,496
	<u>£(386,583)</u>	<u>£(127,979)</u>

18. <u>Analysis of changes in net funds</u>	At	Cash	At
	1.1.99	flow	31.12.99
	£	£	£
Cash on bank current account and in hand	638	1,149	1,787
Cash on short term bank deposit	611,518	186,537	798,055
	<u>£ 612,156</u>	<u>£ 187,686</u>	<u>£ 799,842</u>

19. Members funds and memorandum of association

The company is limited by guarantee and has no issued share capital. Every member, in pursuance of Clause 6 of the Memorandum and Articles of Association, undertakes to contribute a sum not exceeding £1 in the event of the company being wound up whilst they are a member or within one year after they cease to be a member.

The movement in members funds is represented by the retained surplus for the year as disclosed in notes 8 and 9.