

The Association of Friendly Societies
(Company limited by guarantee)

3063969

Report to the Executive Committee

The Officers of the Committee present their report and financial statements for the year ended 30 June 1997.

There is no share capital, the company being limited by guarantee.

Business review

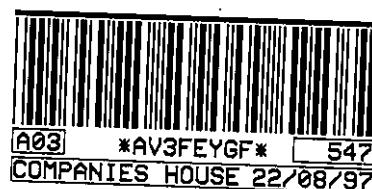
The principal activities of the Association involve the promotion and advance of the interests of Friendly Societies.

During the year the Association has received turnover of £236,928 comprising both members subscriptions, and receipts from other Association activities.

Directors

The Directors who held office during the year were:-

Ronald Baxter
Robert William Farrington (retired September 1996)
Desmond John Forshaw
David Leonard Foster
Peter John Gray
Charles Derek William Gulland
Roy Hurley
Ann Nevitt
Colin Paskell (appointed September 1996)
Harold Ebenezer Piggott
Robert William Pollard
John Richard Reeve
Malcolm Robertshaw
Ernest Roy Skidmore
Robert Glen Thomson



The Association of Friendly Societies
(Company limited by guarantee)

Report to the Executive Committee (Continued)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:-

- select suitable 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



MEG Poole
Secretary

**Auditors' report to the members of The Association of
Friendly Societies**
(Company limited by guarantee)

We have audited the financial statements on pages 4 to 10

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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.

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 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 the company's affairs as at 30 June 1997 and its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



12 August 1997

KPMG

Chartered Accountants
Registered Auditors

The Association of Friendly Societies
(Company limited by guarantee)

Profit and loss account
for the year ended 30 June 1997

	Note	Year 1996/7	Period 2.6.95 to 30.6.96
		£	£
Turnover	3	236,928	263,383
Administrative expenses	4	(222,469)	(211,203)
Operating profit		14,459	52,180
Interest receivable		5,491	3,838
Profit on ordinary activities before taxation	5	19,950	56,018
Tax on profit on ordinary activities	7	(1,277)	(871)
Profit for the financial period transferred to reserves		<u>18,673</u>	<u>55,147</u>

The company has no recognised gains or losses other than those reflected in its profit and loss account.

Reconciliation of movements in members' funds

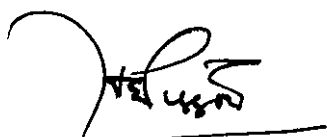
	£	£
Opening members' funds	55,147	-
Profit for the financial period	18,673	55,147
Closing members' funds	<u>73,820</u>	<u>55,147</u>

The Association of Friendly Societies
(Company limited by guarantee)

Balance sheet
at 30 June 1997

	Note	£	1997 £	1996 £
Fixed assets				
Tangible assets	8		10,109	17,829
Current assets				
Debtors and prepayments	9	11,424		7,136
Cash at bank		113,536		100,065
		<u>124,960</u>		<u>107,201</u>
Current liabilities				
Creditors and accrued expenses	10	(61,249)		(69,883)
Net current assets less current liabilities			63,711	37,318
Total assets less current liabilities			<u>73,820</u>	<u>55,147</u>

These financial statements were approved by the Executive Committee on 17 July 1997 and were signed on its behalf by:-



HE Piggott
President

The Association of Friendly Societies
(Company limited by guarantee)

Notes

(forming part of the financial statements)

1 Status of the company

The company is limited by guarantee and does not have a share capital.

Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while a member, or within one year after ceasing to be a member, such amount as may be required not exceeding £1.

2 Accounting policies

Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible fixed assets and depreciation

Fixed assets are carried at cost less accumulated depreciation. Depreciation is provided on a straight line basis at rates up to 33% (1996 - 20%).

3 Turnover

Turnover represents income from membership subscriptions and other sources and comprises amounts receivable in respect of the period. Subscriptions relating to a subsequent period are carried forward as deferred income.

Turnover comprised:-

	Year 1996/7	Period 2.6.95 to 30.6.96
Members' Subscriptions	216,358	164,945
Donations:		
Transferred from the National Conference of Friendly Societies	-	89,280
Other donations	-	2,656
Sundry	-	625
Sales of publications	12,681	4,374
Seminar Income	7,889	1,503
	<u>236,928</u>	<u>263,383</u>

The Association of Friendly Societies
(Company limited by guarantee)

Notes (continued)

4 Administrative expenses

	Year 1996/7	Period 2.6.95 to 30.6.96
	£	£
Salaries and pensions	93,774	67,611
Travelling	2,681	3,939
Stationery, postage and telephone	11,962	14,794
Professional fees	34,422	25,265
Accommodation costs	34,111	21,650
Executive committee expenses	11,562	13,524
Annual meeting expenses	4,905	2,469
Depreciation	8,876	7,047
Preparation of Yarrow Report	-	30,252
Lobbyists	20,176	17,966
Year book costs	-	6,686
	<u>222,469</u>	<u>211,203</u>

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging the following:-

Auditors' remuneration:

In respect of audit	1,175	1,175
Other services	-	1,175
Adjustment in respect of previous year's accrual	<u>(588)</u>	-

6 Salaries

Directors

No salaries or fees were paid to directors in the period.

The Association of Friendly Societies
(Company limited by guarantee)

Notes (Continued)

6 Salaries (Continued)

Officers and employees

The salaries paid to officers and employees during the period were as follows:-

	Year 1996/7	Period 2.6.95 to 30.6.96
	£	£
Wages and salaries	76,945	52,500
Social security costs	9,824	8,536
Other pension costs	7,005	6,575
	<u>93,774</u>	<u>67,611</u>
The average number of employees of the Association during the period	<u>3</u>	<u>3</u>

7 Taxation

	£	£
Corporation tax due	<u>1,277</u>	<u>871</u>

The Association of Friendly Societies
(Company limited by guarantee)

Notes (Continued)

8 Tangible fixed assets

	Computer Equipment	Other Office Equipment	Furniture Fixtures and Fittings	Total
	£	£	£	£
<i>Cost</i>				
At 1 July 1996	12,492	392	21,134	34,018
Additions	200	0	956	1,156
Disposals	(1,619)	0	0	(1,619)
At 30 June 1997	<u>11,073</u>	<u>392</u>	<u>22,090</u>	<u>33,555</u>
<i>Accumulated depreciation</i>				
At 1 July 1996	6,636	255	9,298	16,189
Provided in the year	4,475	78	4,323	8,876
Disposals	(1,619)	0	0	(1,619)
At 30 June 1997	<u>9,492</u>	<u>333</u>	<u>13,621</u>	<u>23,446</u>
<i>Net Book Value</i>				
At 30 June 1997	<u>1,581</u>	<u>59</u>	<u>8,469</u>	<u>10,109</u>
At 30 June 1996	<u>5,856</u>	<u>137</u>	<u>11,836</u>	<u>17,829</u>

9 Debtors and prepayments

	1997	1996
	£	£
Prepayments	10,309	6,908
Other debtors	<u>1,115</u>	<u>228</u>
	<u>11,424</u>	<u>7,136</u>

The Association of Friendly Societies
(Company limited by guarantee)

Notes (Continued)

10 Creditors and accruals

	1997 £	1996 £
Trade creditors	4,229	7,484
Taxation	1,277	1,244
Accruals and deferred income	55,743	61,155
	<u>61,249</u>	<u>69,883</u>

11 Commitments

- (a) There are no capital commitments outstanding at the period end.
- (b) Annual commitments under operating leases at 30 June 1997 are as follows:-

	Land and Buildings		Other	
	1997	1996	1997	1996
Expiring:-				
Within one year	-	-	-	646
Over one year and less than five years	15,040	14,750	-	-
Over five years	-	-	-	-
	<u>15,040</u>	<u>14,750</u>	<u>-</u>	<u>646</u>