



# **The Association of Friendly Societies**

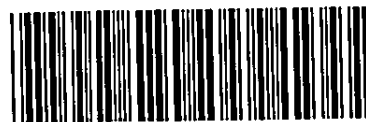
**(Company Limited by Guarantee)**

## **Report and Financial Statements**

**Registered number 03063969**

**Year Ended 30 June 2007**

SATURDAY



\*A0G5F1Q1\*

A13

26/07/2008

155

COMPANIES HOUSE

## Contents

Report of the Directors	2
Statement of directors' responsibilities in respect of the directors' report and financial statements	4
Independent auditors' report to the members of the Association of Friendly Societies	5
Profit and loss account	7
Balance sheet	8
Notes	9-12

## Report of the Directors

The directors present their report and financial statements for the year ended 30 June 2007

### Principal activities

The principal activities of the Association involve the promotion and advancement of the interests of friendly societies

### Business review

The Association completed the transfer of its out-sourcing arrangements with the International Cooperative and Mutual Insurance Federation (ICMIF) during the year. A number of non-recurring transfer costs were incurred and these have impacted results for the year.

Turnover during the year was £252,784 of which subscriptions amounted to £141,280. The increase in subscriptions when compared with the prior year reflects the new subscription structure adopted as part of the Association's "Options for the Future" review. Five members did not renew their subscriptions.

Both income and expenditure from the Association's Annual General Meeting showed significant increases. These reflect the centralised billing procedure through which attendees settled their hotel bills and other related costs through the Association's agent rather than on a direct basis as in previous years. There was an overall surplus from the Annual General Meeting reflecting increased income from trade exhibitors.

The Association now receives accountancy, general administration, printing and support services through its ICMIF contract. These had previously been obtained from a range of external suppliers.

The results for the year produced a deficit of £18,450. This was after charging non-recurring transfer costs which in aggregate amounted to approximately £18,000.

### Directors

Directors of the Association must be nominated by member societies and seek election at the Annual General Meeting.

They hold office for one year and must seek re-election on an annual basis.

All directors are employees of member societies and receive no remuneration from the Association for their time or work as directors.

In addition the Association, through its Board, has established a number of sub-committees comprising

- Management & Finance
- Annual Meeting
- Policy & External Affairs
- Taxation
- Legislation
- Training & Development
- Holloway Societies

Directors of the Company during the year were as follows

Mr Colin Paskell – President  
Mr Andrew Townsley – Vice-President  
Mr Graham Berville  
Mr Steve Burnett  
Ms Elaine Fairless  
Mr Andrew Haigh  
Mr Philip Howcroft  
Mr Paul Hudson  
Ms Fiona McBain  
Mr John Reeve  
Mr Terry Trinder - Treasurer

#### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information and to establish that the company's auditors are aware of that information

#### **Auditors**

KPMG LLP were re-appointed as auditors on 5 October 2006. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board



**Terry Trinder**  
Director

PO Box 21  
Altrincham  
Cheshire  
WA14 4PD

9 August 2007

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.



## KPMG LLP

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ASSOCIATION OF FRIENDLY SOCIETIES**

We have audited the financial statements of The Association of Friendly Societies for the year ended 30 June 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 2005).

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 work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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 Directors' Report is consistent with the financial statements.

In addition we 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' Report 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 June 2007 and of its deficit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditors*

9 August 2007

**Profit and loss account**  
*for the year to 30 June 2007*

	<i>Note</i>	<b>2007</b>	<b>2006</b>
		£	£
Turnover	3	252,784	174 497
Administrative expenses	4	(280,444)	(180 680)
<b>Operating deficit</b>		<b>(27,660)</b>	<b>(6,183)</b>
Other interest receivable and similar income		11,406	9,093
<b>(Deficit) /surplus on ordinary activities before taxation</b>	5	<b>(16,254)</b>	<b>2,910</b>
Tax on surplus on ordinary activities	7	(2,196)	(431)
<b>(Deficit) /surplus for the financial year transferred to members' funds</b>	11	<b>(18,450)</b>	<b>2 479</b>

The company has no recognised gains or losses other than those reflected in its income and expenditure account

All income and expenditure for the year is derived from continuing operations



**Balance sheet**  
*at 30 June 2007*

	<i>Note</i>	2007	2006
		£	£
<b>Current assets</b>			
Debtors	8	1,987	12,226
Cash at bank and in hand		202,914	251,236
		<u>204,901</u>	<u>263,462</u>
<b>Creditors' amounts falling due within one year</b>	9	(31,935)	(72,046)
		<u>172,966</u>	<u>191,416</u>
<b>Net current assets</b>			
		<u>172,966</u>	<u>191,416</u>
<b>Total assets less current liabilities</b>		<u>172,966</u>	<u>191,416</u>
 <b>Members' funds</b>	 11	 <u>172,966</u>	 <u>191,416</u>

These financial statements were approved by the Board of Directors and authorised for issue on 9 August 2007 and were signed on its behalf by



**Terry Trinder**  
*Director*

## Notes

*(forming part of the financial statements)*

### 1 Status of the company

The company is limited by guarantee and does not have 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 At 30 June 2007, there were 49 members (2006 54 members)

### 2 Accounting policies

#### *Basis of preparation*

These financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) ('FRSSE')

Under FRSSE the company is not required to prepare a cashflow statement

#### *Turnover*

Turnover comprises income from membership subscriptions received during the year The Association's subscription year commences on 1 October which is not coterminous with the financial year However, subscriptions are paid in relation to the financial year in which they are due and are accounted for as they fall due The directors believe that this is the appropriate accounting policy for the Association

Other income includes amounts receivable in respect of the year

#### *Expenses*

Expenses are recognised on an accruals basis

### 3 Turnover

	2007	2006
	£	£
Members subscriptions	141,280	120,830
Sales of publications	4,675	5,298
Annual meeting	103,829	42,851
Seminar income and other income	3,000	5,518
	<u>252,784</u>	<u>174,497</u>

**Notes (continued)**

**4 Administrative expenses**

	2007	2006
	£	£
Sundry costs including insurance, stationery, postage and telephone	982	1,074
Professional fees	8,495	21,001
Consultancy	2,175	26,551
Accommodation costs	-	(7,709)
Association of British Insurers costs	(1,046)	51,709
ICMIF costs	136,500	-
One-off transfer and set-up costs with ICMIF	18,000	-
Executive committee expenses	-	205
Annual meeting expenses	71,790	44,668
Publicity costs	-	2,691
Lobbyists	-	4,179
Bank charges and interest	-	44
Irrecoverable VAT	21,549	18,516
Seminar expenses	2,009	5,449
Publication expenses	17,445	9,442
Subscriptions	2,545	2,860
	<u>280,444</u>	<u>180,680</u>

**5 Notes to the profit and loss account**

(Deficit)/surplus on ordinary activities before taxation is stated after charging

	2007	2006
	£	£
Amounts paid to auditors (excluding VAT)		
Audit of the statutory accounts	5,500	5,500
	<u>5,500</u>	<u>5,500</u>

## Notes (continued)

### 6 Salaries

#### Directors

No salaries or fees were paid to directors in the year (2006 £nil)

#### Officers and employees

No salaries were paid to officers and there were no employees during the year (2006 £nil)

Bookkeeping, accountancy and secretariat services were outsourced throughout the year There were no permanent or temporary staff employed by the Association during the year

### 7 Taxation

	2007 £	2006 £
UK corporation tax on interest received	2,196	431
	<u>2,196</u>	<u>431</u>
Current tax reconciliation	2007 £	2006 £
(Deficit)/surplus on ordinary activities before tax	(16,254)	2 910
Current tax at 20% (2006 19%)	(3,251)	553
Effects of		
Non-taxable income/(expenses)	5,533	(122)
Change in small companies' tax rate	(86)	-
Total current tax charge (see above)	<u>2,196</u>	<u>431</u>

The company has recorded a deficit for the year Only interest income is taxable Interest income for the first nine months of the year is taxable at 19% Interest income for the last three months of the year is taxable at 20%

## Notes (continued)

### 8 Debtors

	2007 £	2006 £
Prepayments	237	12,167
Other debtors	1,750	59
	<u>1,987</u>	<u>12,226</u>

### 9 Creditors

	2007 £	2006 £
Trade creditors	-	18,895
Taxation	2,196	431
Accruals and deferred income	29,739	52,720
	<u>31,935</u>	<u>72,046</u>

### 10 Commitments

- (a) There are no capital commitments outstanding at the year end
- (b) There are no annual commitments under operating leases at 30 June 2007 (2006 nil)

11 Reconciliation of movement in members' funds	2007 £
Opening members' funds – 1 July 2006	191,416
Deficit for the year	<u>(18,450)</u>
Closing members funds – 30 June 2007	<u>172,966</u>

### 12 Related party transactions

The directors of the company are representatives of individual friendly societies which the Association represents. The directors did not receive emoluments for their work on behalf of the Association. There were no other transactions with related parties, including key management personnel during the current or preceding year.