



The Association of Friendly Societies

(Company Limited by Guarantee)

Report and Financial Statements

Registered number 03063969

Year Ended 30 June 2008

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Report of the Directors

The directors present their report and financial statements for the year ended 30 June 2008

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 second year of its out-sourcing arrangements with the International Cooperative and Mutual Insurance Federation (ICMIF) during the year

Turnover during the year was £290,444 of which subscriptions amounted to £175,280. A new category of membership, Associate membership, was introduced in 2007. Associate member subscriptions were £35,500 for the year. The subscriptions from regular members were not increased from the previous year. Two members did not renew their subscriptions.

The Association continued to receive accountancy, general administration, printing and support services through its ICMIF contract.

Against a budgeted deficit of £28,141 the Company pleasingly returned a surplus of £8,043. The key driver behind this result is the growth in income, in particular from the new Associate members, Seminars and Annual Meeting.

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
- Conference
- Policy & External Affairs
- Taxation
- Legislation
- Training & Development
- Income Protection

Report of the Directors (*continued*)

Directors of the Company during the year were as follows

Mr Andrew Townsley - President
Mr Philip Howcroft - Vice President
Mr Graham Berville
Mr Steve Burnett (resigned 5 October 2007)
Mr Rodney Cook
Mr Kevin Dobson (appointed 5 October 2007)
Mrs Elaine Fairless
Mr Peter Green (appointed 5 October 2007)
Mr Andrew Haigh
Mr Paul Hudson
Mrs Fiona McBain
Mr David McGregor (appointed 5 October 2007)
Mr John Reeve
Mr Mark Rothery (appointed 5 October 2007, resigned 15 February 2008)
Mr Richard Sear (appointed 5 October 2007)
Mr Terry Trinder (resigned 5 October 2007)
Mr Colin Paskell - Treasurer

General Secretary of the Company
Martin Shaw

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 they ought to have taken as a director in order to make themselves 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 2007. 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



Colin Paskell
Director

PO Box 21
Altrincham
Cheshire
WA14 4PD

20 August 2008

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

St James' Square
Manchester
M2 6DS
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 2008 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 2007).

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 2008 and of its surplus 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 Auditor
20 August 2008

Profit and loss account
for the year ended 30 June 2008

	<i>Note</i>	2008	2007
		£	£
Turnover	<i>3</i>	290,444	252,784
Administrative expenses	<i>4</i>	(290,166)	(280,444)
Operating surplus/(deficit)		278	(27,660)
Other interest receivable and similar income		9,737	11,406
Surplus/(deficit) on ordinary activities before taxation	<i>5</i>	10,015	(16,254)
Tax on surplus on ordinary activities	<i>7</i>	(1,972)	(2,196)
Surplus/(deficit) for the financial year transferred to members' funds	<i>10</i>	8,043	(18,450)

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 2008

	<i>Note</i>	2008	2007
		£	£
Current assets			
Debtors	8	8,090	1,987
Cash at bank and in hand		191,566	202,914
		<u>199,656</u>	<u>204,901</u>
Creditors amounts falling due within one year	9	(18,647)	(31,935)
		<u>181,009</u>	<u>172,966</u>
Net current assets		<u>181,009</u>	<u>172,966</u>
Total assets less current liabilities		<u>181,009</u>	<u>172,966</u>
 Members' funds	 10	 <u>181,009</u>	 <u>172,966</u>

These financial statements were approved by the Board of Directors and authorised for issue on 20 August 2008 and were signed on its behalf by



Colin Paskell
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 2008, there were 47 full members (2007 49) and 16 associate members, a new category of membership introduced in 2007

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 2007) ('FRSSE')

Under FRSSE the company is not required to prepare a cash flow 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.

Expenses

Expenses are recognised on an accruals basis

3 Turnover

	2008	2007
	£	£
Members' subscriptions	175,280	141,280
Sales of publications	-	4,675
Annual meeting	109,509	103,829
Seminar income	5,655	3,000
	<hr/>	<hr/>
	290,444	252,784
	<hr/>	<hr/>

Notes (continued)

4 Administrative expenses

	2008	2007
	£	£
Sundry costs including insurance, stationery, postage and telephone	1,052	982
Professional fees	7,157	8,495
Consultancy	5,000	2,175
Association of British Insurers costs	-	(1,046)
ICMIF costs	146,850	136,500
One-off transfer and set-up costs with ICMIF	-	18,000
Annual meeting expenses	100,114	71,790
Bank charges and interest	31	-
Irrecoverable VAT	25,332	21,549
Seminar expenses	398	2,009
Publication expenses	-	17,445
Subscriptions	4,180	2,545
Bad debts	52	-
	<u>290,166</u>	<u>280,444</u>

5 Notes to the profit and loss account

Surplus/(deficit) on ordinary activities before taxation is stated after charging

	2008	2007
	£	£
Amounts paid to auditors (excluding VAT)		
Audit of the statutory accounts	<u>5,250</u>	<u>5,500</u>

Notes (continued)

6 Salaries

Directors

No salaries or fees were paid to directors in the year (2007 £nil)

Officers and employees

No salaries were paid to officers and there were no employees during the year (2007 £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

	2008 £	2007 £
UK corporation tax on interest received	1,972	2,196
	<u>1,972</u>	<u>2,196</u>
	2008 £	2007 £
Current tax reconciliation		
Surplus/(deficit) on ordinary activities before tax	10,015	(16,254)
	<u>2,103</u>	<u>(3,251)</u>
Current tax at 21% (2007 20%)		
Effects of		
Non-taxable income/(expenses)	(58)	5,533
Change in small companies' tax rate	(73)	(86)
	<u>1,972</u>	<u>2,196</u>
Total current tax charge (see above)		

Only interest income is taxable. Interest income for the first nine months of the year is taxable at 20%. Interest income for the last three months of the year is taxable at 21%.

Notes (continued)

8 Debtors

	2008 £	2007 £
Prepayments	633	237
Other debtors	7,457	1,750
	<u>8,090</u>	<u>1,987</u>

9 Creditors

	2008 £	2007 £
Taxation	1,972	2,196
Accruals and deferred income	16,675	29,739
	<u>18,647</u>	<u>31,935</u>

10 Reconciliation of movement in members' funds

	£
Opening members' funds – 1 July 2007	172,966
Surplus for the year	8,043
	<u>181,009</u>
Closing members funds – 30 June 2008	

11 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.

For the avoidance of doubt the Company regards ICMIF to be a related party. During the year ICMIF charged the company £146,050 (2006 £136,500) for out-sourced services. At the year end there were no outstanding balances with ICMIF (2006 £nil).

There were no other transactions with related parties, including key management personnel during the current or preceding year.