



The Association of Friendly Societies

(Company Limited by Guarantee)

Report and Financial Statements

Registered number 03063969

Year Ended 30 June 2009

SATURDAY



A43

AXCGOFQS

12/12/2009

342

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 2009.

Principal activities

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

Business Review

Turnover during the year was £245,536 of which subscriptions amounted to £187,530. A new category of membership, Associate membership, was introduced in 2007. Associate member subscriptions were £45,000 for the year. The subscriptions from regular members were not increased from the previous year. One member did not renew their subscriptions.

The Association completed the third year of its out-sourcing arrangements with the International Cooperative and Mutual Insurance Federation (ICMIF) during the year. ICMIF provides accountancy, general administration, printing and other support services to the Association. Remuneration and expenses for the General Secretary of £99,829 were paid directly by the Association and not included in the ICMIF contract as in previous years (2008:£94,627).

Against a budgeted deficit of £31,212 the Company pleasingly returned a surplus of £14,506. The key driver behind this result in the growth in income, in particular from the new Associate members, Seminars and Bank Interest.

The investments of the AFS have continued with a low risk strategy with funds invested in bank term deposit accounts. With the condition of the financial market in the Autumn 2008 funds were invested in long term accounts, of six, nine and twelve month at good fixed interest rates. With the collapse of interest rates due to the credit crunch on maturity similar rates will not be available therefore consideration will have to be given on what other investment would provide value for the available funds.

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 Philip Howcroft - President
Mr Paul Hudson - Vice President
Mr Andrew Townsley – Immediate Past President
Mr Graham Berville (resigned 3 October 2008)
Mr Rodney Cook
Mr Kevin Dobson
Mrs Elaine Fairless
Mr Peter Green
Mr Andrew Haigh
Ms Fiona McBain
Mr David McGregor
Mr John Reeve
Mr Richard Sear
Mr Colin Paskell - Treasurer

General Secretary of the Company:
Martin Shaw

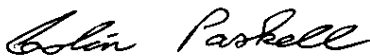
Disclosure of information to auditors

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 3 October 2008. In accordance with Section 487 of the Companies Act 2006, 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

7 October 2009

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 2006. 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 2009 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 April 2008).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. 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 2006. 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 2009 and of its surplus for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report is consistent with the financial statements.



Jonathan Matthew Holt (Senior Statutory auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants


1 The Embankment

Neville Street

Leeds

LS1 4DW

United Kingdom

 *October 2009*

Profit and loss account
for the year ended 30 June 2009

	<i>Note</i>	2009	2008
		£	£
Turnover	3	245,536	290,444
Administrative expenses	4	(237,631)	(290,166)
		<hr/>	<hr/>
Operating surplus		7,905	278
Other interest receivable and similar income		8,356	9,737
		<hr/>	<hr/>
Surplus on ordinary activities before taxation		16,261	10,015
Tax on surplus on ordinary activities		(1,755)	(1,972)
		<hr/>	<hr/>
Surplus for the financial year	10	14,506	8,043
		<hr/>	<hr/>

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 2009

	<i>Note</i>	2009	2008
		£	£
Current assets			
Debtors	8	14,138	8,090
Cash at bank and in hand		205,657	191,566
		<hr/>	<hr/>
		219,795	199,656
Creditors: amounts falling due within one year	9	(24,280)	(18,647)
		<hr/>	<hr/>
Net current assets		195,515	181,009
		<hr/>	<hr/>
Total assets less current liabilities		195,515	181,009
		<hr/>	<hr/>
 Members' funds	 10	 195,515	 181,009
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions in part 15 of the Companies Act 2006 relating to small companies. They were approved by the Board of Directors and authorised for issue on 7 October 2009 and were signed on its behalf by:

Colin Paskell

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 2009, there were 44 full members (2008: 47) and 19 associate members (2008: 16).

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 April 2008) ('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

	2009	2008
	£	£
Members' subscriptions	187,530	175,280
Annual meeting	51,441	109,509
Friendly Face Advertising	750	-
Seminar income	5,815	5,655
	<hr/>	<hr/>
	245,536	290,444
	<hr/>	<hr/>

Notes (continued)

4 Administrative expenses

	2009	2008
	£	£
Sundry costs including insurance, stationery, postage and telephone	810	1,052
Professional fees	5,250	7,157
Consultancy	7,165	5,000
ICMIF costs	54,600	146,850
General Secretary contract & expenses	99,829	-
Annual meeting expenses	48,259	100,114
Bank charges and interest	60	31
Irrecoverable VAT	20,548	25,332
Seminar expenses	610	398
Subscriptions	500	4,180
Bad debts	-	52
	<u>237,631</u>	<u>290,166</u>

5 Notes to the profit and loss account

Surplus on ordinary activities before taxation is stated after charging:

	2009	2008
	£	£
Amounts paid to auditors (excluding VAT) :		
Audit of the statutory accounts	<u>5,250</u>	<u>5,250</u>

Notes (continued)

6 Salaries

Directors

No salaries or fees were paid to directors in the year (2008: £nil).

Officers and employees

No salaries were paid to officers and there were no employees during the year (2008: £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

	2009 £	2008 £
UK corporation tax on interest received	1,755	1,972
	<u>1,755</u>	<u>1,972</u>
	2009 £	2008 £
Current tax reconciliation		
Surplus on ordinary activities before tax	16,261	10,015
	<u>3,415</u>	<u>2,103</u>
Current tax at 21% (2008 : 21%)		
Effects of:		
Non-taxable income/(expenses)	(1,660)	(58)
Change in small companies' tax rate	-	(73)
	<u>1,755</u>	<u>1,972</u>
Total current tax charge (see above)		

Only interest income is taxable.

Notes (continued)

8 Debtors

	2009 £	2008 £
Prepayments	8,477	633
Other debtors	5,661	7,457
	<u>14,138</u>	<u>8,090</u>

9 Creditors

	2009 £	2008 £
Taxation	1,755	1,972
Accruals and deferred income	22,525	16,675
	<u>24,280</u>	<u>18,647</u>

10 Reconciliation of movement in members' funds

	£
Opening members' funds – 1 July 2008	181,009
Surplus for the year	14,506
Closing members funds – 30 June 2009	<u>195,515</u>

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 £54,600 (2008: £146,050) for outsourced services. At the year end there was an outstanding balance of £12,775 with ICMIF (2008: £nil).

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