

**The Association of Friendly Societies**  
**(Company Limited by Guarantee)**  
**Report and financial statements**  
**Registered number 03063969**  
**Year ended 30 June 2002**



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## Report of the Executive Committee

The Officers of the Executive Committee present their report and financial statement for the period ended 30 June 2002.

### Business review

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

Turnover during the year of £464,238 comprised both members' subscriptions and receipts from other Association activities.

### Directors

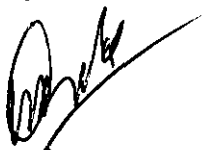
The members of the Executive Committee, who were also directors of the company, during the year were as follows:

Mr Malcolm Berryman	
Mr Graham Berville	elected 12 October 2001
Mr Nigel Brinn	resigned 22 March 2002
Mr Allan Chalkley	elected Treasurer 12 October 2001
Mr Edward Chapman	elected Vice President 12 October 2001
Mr David Foster	resigned 12 October 2001
Mr. Gary Hicks	elected 12 October 2001
Mr John Holme	resigned 12 October 2001; Treasurer until 12 October 2001
Mr Philip Howcroft	elected 12 October 2001
Mr Brian McCaul	
The Rt. Hon. The Lord Naseby	
Mr Colin Paskell	elected President 12 October 2001
Mr Paul Protheroe	
Mr John Reeve	President until 12 October 2001
Mr Malcolm Robertshaw	resigned 12 October 2001
Mr Mark Rothery	
Mr Roy Skidmore	
Mr Robert Thomson	

### Auditors

KPMG were re-appointed as auditors on 12 October 2001. However, since that date their business was transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 30 May 2002 and the Executive Committee thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for the reappointment of KPMG LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

By order of the Executive Committee



MEG Poole  
Secretary

9 August 2002

## **Statement of 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 surplus or deficit for that period. In preparing those financial statements, the directors are 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 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.



**KPMG LLP**

100 Temple Street  
Bristol  
BS1 6AG  
United Kingdom

**Independent auditors' report to the members of The Association of Friendly Societies**

We have audited the financial statements on pages 4 to 11.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

**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 2002 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

*KPMG LLP.*

9 August 2002

**Income and expenditure account**  
*for the year ended 30 June 2002*

	<i>Note</i>	<b>2002</b>	<b>2001</b>
		£	£
<b>Turnover</b>	<b>3</b>	<b>464,238</b>	426,913
Administrative expenses	5	(448,820)	(414,446)
		<hr/>	<hr/>
<b>Operating surplus</b>	<b>4</b>	<b>15,418</b>	12,467
Other interest receivable and similar income		8,434	11,582
		<hr/>	<hr/>
<b>Surplus on ordinary activities before taxation</b>	<b>6</b>	<b>23,852</b>	24,049
Tax on surplus on ordinary activities	8	(633)	(1,356)
		<hr/>	<hr/>
<b>Surplus for the financial period transferred to members' funds</b>	<b>13</b>	<b>23,219</b>	22,693
		<hr/>	<hr/>

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

All income and surplus for the year are derived from continuing operations.

**Balance sheet**  
*at 30 June 2002*

	<i>Note</i>	<b>2002</b>	<b>2001</b>
		£	£
<b>Fixed assets</b>	<b>9</b>		
Tangible assets		14,859	22,517
<b>Current assets</b>			
Debtors	10	14,196	15,275
Cash at bank and in hand		284,493	306,795
		<u>298,689</u>	<u>322,070</u>
<b>Creditors: amounts falling due within one year</b>	<b>11</b>	<b>(27,351)</b>	<b>(79,205)</b>
		<u>271,338</u>	<u>242,865</u>
<b>Net current assets</b>		<b>271,338</b>	<b>242,865</b>
<b>Total assets less current liabilities</b>		<b>286,197</b>	<b>265,382</b>
<b>Creditors: amounts falling due after more than one year</b>	<b>11</b>	<b>(1,728)</b>	<b>(4,132)</b>
		<u>284,469</u>	<u>261,250</u>
<b>Net assets</b>		<b>284,469</b>	<b>261,250</b>
<b>Members' funds</b>	<b>13</b>	<b>284,469</b>	<b>261,250</b>

These financial statements were approved by the Executive Committee on 9 August 2002 and were signed on its behalf by:



**C. Paskell**  
*President*

## 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.

### 2 Accounting policies

#### *Basis of preparation*

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

No cash flow statement has been prepared in accordance with FRS 1, which exempts small companies from this requirement.

The Association's subscription year commences on 1 October which is not coterminous with the financial year. Subscriptions are accounted for on the basis of amounts received during the period. This is a departure from FRS 18 which requires income to be measured on an accruals basis. However, the directors consider that cash accounting for subscription income more fairly reflects the results of the company during the period.

#### *Tangible fixed assets and depreciation*

Fixed assets are carried at cost less accumulated depreciation. Depreciation is provided on a straight line basis at 25% per annum.

#### *Turnover*

Turnover comprises income from membership subscriptions received during the period. Other income includes amounts receivable in respect of the period.

#### *Leases*

Payments in respect of operating leases are charged to the profit and loss account in the period to which they relate. Discounts upon inception of the lease have been allocated over a period ending on the date upon which it is expected that the prevailing market rental will be payable.

Assets held under finance leases are capitalised at the fair value of the asset at the inception of the lease, with an equivalent liability shown under creditors. Finance charges are allocated to accounting periods over the life of each lease based upon capital outstanding during the period.

### 3 Turnover

	2002	2001
	£	£
Members' subscriptions	399,004	371,161
Sales of publications	8,805	9,512
Annual meeting	45,238	19,767
Seminar income and other income	11,191	26,473
	<hr/>	<hr/>
	464,238	426,913
	<hr/>	<hr/>



## Notes (continued)

### 4 Operating surplus

Operating surplus by category of income is as follows:

	2002 £	2001 £
Members' subscriptions	60,007	6,416
Sales of publications	(620)	604
Annual meeting	(45,419)	(3,750)
Seminar income	1,450	9,197
	<hr/>	<hr/>
	15,418	12,467
	<hr/>	<hr/>

### 5 Administrative expenses

	2002 £	2001 £
Salaries and pensions	134,567	117,806
Recruitment	-	52
Travelling	4,398	4,807
Stationery, postage and telephone	18,808	16,511
Professional fees	14,154	11,824
Consultancy	27,165	78,962
Accommodation costs	59,305	55,644
Executive committee expenses	1,107	983
Annual meeting expenses	90,657	23,517
Depreciation	12,024	11,050
Software expenses	720	275
Publicity costs	25,932	29,586
Lobbyists	36,900	33,146
Bank charges	144	70
Sundry	1,481	1,682
Irrecoverable VAT	1,429	966
Seminar expenses	9,739	17,276
Finance charges	865	1,381
Publication expenses	9,425	8,908
	<hr/>	<hr/>
	448,820	414,446
	<hr/>	<hr/>

### 6 Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging the following

	2002 £	2001 £
Amounts paid to auditors (excluding VAT):		
Audit of the statutory accounts	1,000	1,000
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

## Notes (continued)

### 7 Salaries

#### *Directors*

No salaries or fees were paid to directors in the period

#### *Officers and employees*

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

	2002 £	2001 £
Wages and salaries	116,526	96,441
Social security costs	9,099	9,663
Other pension costs	8,942	11,702
	<hr/>	<hr/>
	134,567	117,806
	<hr/>	<hr/>

The average number of permanent and temporary staff of the Association during the period was as follows:

2002	2001
3	3
<hr/>	<hr/>

### 8 Taxation

	2002 £	2001 £
UK corporation tax on interest received at 8.3%	633	1,356
	<hr/>	<hr/>
	633	1,356
	<hr/>	<hr/>

## Notes (continued)

### 9 Tangible fixed assets

	Computer equipment	Other office equipment	Furniture, fixtures and fittings	Total
	£	£	£	£
<b>Cost</b>				
At 1 July 2001	8,457	5,335	46,317	60,109
Additions	1,605	-	2,761	4,366
Depreciation on disposals	-	-	-	-
At 30 June 2002	10,062	5,335	49,078	64,475
<b>Depreciation</b>				
At 1 July 2001	3,934	2,204	31,454	37,592
Provided in the year	2,521	1,565	7,938	12,024
Disposals	-	-	-	-
At 30 June 2002	6,455	3,769	39,392	49,616
<b>Net book value</b>				
At 30 June 2002	3,607	1,566	9,686	14,859
At 30 June 2001	4,523	3,131	14,863	22,517

Included in the total net book value of computer equipment is £1,832 (2001: £3,665) in respect of assets held under finance leases. Depreciation for the year on these assets was £1,833 (2001: £1,838).

Included in the total net book value of other office equipment is £1,565 (2001: £3,131) in respect of assets held under finance leases. Depreciation for the year on these assets was £1,565 (2001: £1,565).

### 10 Debtors

	2002 £	2001 £
Prepayments	9,509	14,197
Other debtors	4,687	1,078
	<u>14,196</u>	<u>15,275</u>

## Notes (continued)

### 11 Creditors

	2002	2001
	£	£
Trade creditors:		
Obligations under finance leases	4,132	8,170
Other	4,813	19,041
Taxation	633	1,356
Accruals and deferred income	19,501	54,770
	<hr/>	<hr/>
	29,079	83,337
Less: finance leases due after one year	(1,728)	(4,132)
	<hr/>	<hr/>
	27,351	79,205

	2002	2001
	£	£
The maturity of obligations under finance leases is as follows:		
Within one year	2,404	4,038
In the second to fifth years	1,728	4,132
	<hr/>	<hr/>
	4,132	8,170

### 12 Commitments

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

	2002	2001
	Land and buildings	Land and buildings
	£	£
Expiring:		
Within one year	33,542	33,542
Over one year and less than five years	134,168	134,168
Over five years	82,569	116,111
	<hr/>	<hr/>
	250,279	283,821

## Notes (continued)

### 13 Reconciliation of movement in members' funds

	2002 £
Opening members' funds – 1 July 2001	261,250
Surplus for the year	23,219
	<hr/>
Closing members funds – 30 June 2002	284,469
	<hr/>

### 14 Related party transactions

During the period, payroll services were outsourced to Communication Workers Friendly Society, which is a member of the association, and whose Chief Executive is also a member of the Executive Committee of the Society. The service is carried out on an arms length basis and at no financial gain to either party. Amounts paid by the Society and reimbursed by the Association during the period totalled £12,502 and the creditor at 30 June 2002 was nil.