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Company Registration No. 00109150 (England and Wales)

**THE GUILD OF FREEMEN OF THE CITY OF
LONDON**

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2006



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THE GUILD OF FREEMEN OF THE CITY OF LONDON

(A COMPANY LIMITED BY GUARANTEE)

COMPANY INFORMATION

The Board of Directors of the company are members of The Court of Assistants which comprises 22 life members of the Guild and 11 members who are elected triennially.

The Court of Assistants

Master Mrs Barbara P Newman, CBE CC

Senior Warden Mr Gordon M Gentry, Bsc FRSA FSA (Scot)

Renter Warden Mr Francis J Bergin, BA FCIS FSCA

Junior Warden Mr Peter Lewis - Crown, OBE FInstD

Under Warden Mr Anthony JK Woodhead, CBE FCA

Past Masters Mr Harold Gould, OBE JP DL BA FCA

Sir Anthony Grant

Mr David J Eldridge

Mr Donald du Parc Braham

(Died 19 August 2005)

Mr Clifford J Newbold, DiplArch FRIBA FCI Arb

Dr John Breen, MRCGP DRCOG DFFP

Mr Rex S Johnson, FRIBA DiplArch FCI Arb

(Appointed 23 November 2005)

Mr Derek L Kemp, CC

Sir Clive H Martin, OBE TD DL

Mr Terry Nemko, JP FCA

Mr Joseph, CFB Byllam Barnes, FCIB FFA FRSA

Mr David Irving, FHCIMA

The Lady Moorea Black, MBE JP

Mr Raymond G Holl, MBE CEng MIEE MCMI

Mr Richard D Agutter, JP FCA

Mr Leslie V Lewis, FIMF

Assistants

Mr William T Charnock, FCIT

(Resigned 22 November 2005)

Deputy Pauline Halliday

Dr Brian J Ridgewell, BSc PhD FIM

Mr J Don Lunn, FInstT FInstD

Dr Joseph L Herzberg, Bsc MBBS MPhil

Mr John A Clarke

(Resigned 22 January 2006)

Alderman Simon Walsh MA MCI Arb

Mrs Anne E Holden

Mr Anthony B Fleming

Dr John A Smail, JP BDS (Hons) LDS RCS

Mr Roger K Mallindine

Lady Cooksey, OBE DL

Master Nicolas W Bragge, LLB

Mr Peter R Allcard

(Appointed 5 October 2005)

Alderman Sir Gavyn Arthur

(Appointed 22 January 2006)

THE GUILD OF FREEMEN OF THE CITY OF LONDON
(A COMPANY LIMITED BY GUARANTEE)
COMPANY INFORMATION

Honorary Assistants

Mr John E Harvey, CBE
Sir Peter Gadsen, GCB AC FREng (Died 4 December 2006)
H Wimburn S Horlock Esq, MA
General Sir Peter Whiteley, GCB OBE DL
Sir Clifford Chetwood, Hon FICE FCIOB HonFCGI
Vice Admiral Sir Peter Buchanan, KBE

Secretary

Brigadier Michael Keun

Company number

00109150

Registered office

4 Dowgate Hill
London
EC4R 2SH

Auditors

H.W. Fisher & Company
Acre House
11-15 William Road
London
NW1 3ER

THE GUILD OF FREEMEN OF THE CITY OF LONDON
(A COMPANY LIMITED BY GUARANTEE)
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THE GUILD OF FREEMEN OF THE CITY OF LONDON
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2006

The directors present their report and accounts for the year ended 31 July 2006.

Principal activities

The object of the Guild is to bring together Freemen of the City of London for the purpose of Charity, Benevolence, Education and Social Activities.

Results and dividends

The surplus for the year after taxation amounted to £2,765.

Directors and their interests

The directors had no beneficial interests in the Guild.

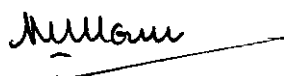
Charitable contributions

During the year the company made charitable donations of £250 (2005: £250).

Auditors

H.W. Fisher & Company were appointed auditors to the company and a resolution proposing that they be reappointed will be put to the members at the next Annual General Meeting.

On behalf of the Board



Brigadier Michael Keun

Secretary

Dated: 22nd November 2006

THE GUILD OF FREEMEN OF THE CITY OF LONDON
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts 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 of the company for that period.

In preparing these accounts, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * prepare the accounts 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 to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**THE GUILD OF FREEMEN OF THE CITY OF LONDON
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS**

We have audited the accounts of The Guild of Freemen of the City of London for the year ended 31 July 2006 set out on pages 4 to 10. These accounts have been prepared under the accounting policies set out on page 6.

This report is made solely to the Guild'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 Guild's members those matters we are required to state to them in an auditors' 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 Guild and the Guild'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

As described on page 2 the Guild's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts 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 accounts 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 accounts, if the Guild 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Guild'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 accounts 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 accounts.

Opinion

In our opinion the accounts

- * give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Guild's affairs as at 31 July 2006 and of its profit for the year then ended; and
- * have been properly prepared in accordance with the Companies Act 1985.

H W Fisher & Co.

H.W. Fisher & Company

Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

Dated: *12 December 2006*

THE GUILD OF FREEMEN OF THE CITY OF LONDON
(A COMPANY LIMITED BY GUARANTEE)
INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2006

		2006	2005
	Notes	£	£
Turnover	2	119,486	100,492
Administrative expenses		(138,549)	(116,904)
Operating deficit	3	(19,063)	(16,412)
Other income	5	23,644	16,060
Surplus/(Deficit) on ordinary activities before taxation		4,581	(352)
Tax on surplus on ordinary activities	6	(1,816)	(983)
Surplus/(Deficit) on ordinary activities after taxation		2,765	(1,335)
Retained surplus brought forward		149,169	149,600
Transfers from other reserves	12	112	904
Retained surplus carried forward		152,046	149,169

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the income and expenditure account.

THE GUILD OF FREEMEN OF THE CITY OF LONDON
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET
AS AT 31 JULY 2006

		2006		2005	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		1,103		2,319
Investments	8		298,551		278,837
			<u>299,654</u>		<u>281,156</u>
Current assets					
Stocks	9	6,071		6,019	
Debtors	10	7,028		7,709	
Cash at bank and in hand		43,069		41,615	
		<u>56,168</u>		<u>55,343</u>	
Creditors: amounts falling due within one year	11	(57,314)		(49,966)	
Net current (liabilities)/assets			<u>(1,146)</u>		<u>5,377</u>
Total assets less current liabilities			<u>298,508</u>		<u>286,533</u>
Capital and reserves					
Other reserves	12		146,462		137,364
Income and expenditure account			152,046		149,169
Members' funds	13		<u>298,508</u>		<u>286,533</u>

The accounts were approved by the Court of Assistants on 22nd November 2006

Barbara P Newman

Mrs Barbara P Newman, CBE CC
Director / Master

THE GUILD OF FREEMEN OF THE CITY OF LONDON
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2006

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

1.2 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT and subscription income recognised on the basis of entitlement.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25% straight line
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1.4 Investments

Fixed asset investments are stated at cost less any provision for permanent diminution in value.

1.5 Stock

Stock is stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom. Turnover includes subscriptions, fees, surplus on sale of merchandise and surplus from entertainments.

3 Operating deficit

	2006	2005
	£	£
Operating deficit is stated after charging:		
Depreciation of owned tangible fixed assets	1,216	1,301
Auditors' remuneration	2,840	2,089

THE GUILD OF FREEMEN OF THE CITY OF LONDON
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2006

4 Employees

Number of employees

The average monthly number of employees during the year was:

	2006 Number	2005 Number
Administrative - full time	1	1
Administrative - part time	2	2
	<u>3</u>	<u>3</u>

Employment costs

	£	£
Wages and salaries	73,163	71,297
Social security costs	7,460	7,128
	<u>80,623</u>	<u>78,425</u>

5 Other income

	2006 £	2005 £
Surplus on disposal of investments	9,443	1,845
Interest receivable and similar income	14,201	14,215
	<u>23,644</u>	<u>16,060</u>

THE GUILD OF FREEMEN OF THE CITY OF LONDON
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2006

6	Tax on surplus on ordinary activities	2006 £	2006 £	2005 £	2005 £
	Current tax				
	<u>UK corporation tax</u>				
	Current tax on income for the period	1,816		983	
			1,816		983
	Factors affecting the tax charge for the year				
	Profit/(loss) on ordinary activities before taxation		4,581		(352)
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005: 0.00%)		870		-
	Dividends and distributions received		2,562		983
	Starting Rate Relief		(1,616)		-
	Current tax charge		1,816		983
7	Tangible fixed assets				
				Fixtures, fittings & equipment £	
	Cost				
	At 1 August 2005 and at 31 July 2006			7,416	
	Depreciation				
	At 1 August 2005			5,097	
	Charge for the year			1,216	
	At 31 July 2006			6,313	
	Net book value				
	At 31 July 2006			1,103	
	At 31 July 2005			2,319	

Silver and other valuables owned by the Guild, with an insured value of £179,440 are not included as assets in these financial statements.

THE GUILD OF FREEMEN OF THE CITY OF LONDON
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2006

8 Fixed asset investments

	Listed investments £
Cost	
At 1 August 2005	278,837
Additions	62,545
Disposals	(42,831)
At 31 July 2006	<u>298,551</u>
At 31 July 2005	<u>278,837</u>

At 31 July 2006 the market value of investments was £401,627 (2005: £364,800).

9 Stocks	2006 £	2005 £
Finished goods and goods for resale	<u>6,071</u>	<u>6,019</u>

10 Debtors	2006 £	2005 £
Other debtors	-	2,472
Prepayments and accrued income	<u>7,028</u>	<u>5,237</u>
	<u>7,028</u>	<u>7,709</u>

11 Creditors: amounts falling due within one year	2006 £	2005 £
Corporation tax	811	-
Other taxes and social security costs	2,702	-
Other creditors	86	2,363
Accruals and deferred income	<u>53,715</u>	<u>47,603</u>
	<u>57,314</u>	<u>49,966</u>

THE GUILD OF FREEMEN OF THE CITY OF LONDON
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2006

12 Statement of movements on reserves

	Entertainment reserve	Life subscription reserve £	Centenary reserve £	Total £
Balance at 1 August 2005	22,853	104,511	10,000	137,364
Income taken directly to reserves	-	13,948	-	13,948
Transfer to income and expenditure account	(112)	-	-	(112)
Transfer to income	-	(4,738)	-	(4,738)
Balance at 31 July 2006	22,741	113,721	10,000	146,462

13 Reconciliation of movements in members' funds

	2006 £	2005 £
Surplus/(Deficit) for the financial year	2,765	(1,335)
Transfer from other reserves to income and expenditure account	(4,738)	(4,355)
Income taken directly to reserves	13,948	1,835
Net addition to/(depletion in) members' funds	11,975	(3,855)
Opening members' funds	286,533	290,388
Closing members' funds	298,508	286,533

14 Limited by guarantee

All members have a guarantee limited to £1 on the winding up of the Guild.