

2005

**THE LONDON SOCIETY OF CHARTERED ACCOUNTANTS**

FINANCIAL STATEMENTS

For the year ended

31 December 2005

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## PRESIDENT'S REPORT

### LSCA Annual Review 2005

#### President's Report

It seems like only yesterday that I accepted the LSCA President's badge from Tony Morwood-Leyland at the start of my year of office.

At that time, we were just coming out of several years of deficit, and I am pleased to say that our finances are now on a much firmer footing. This is due in no small way to the efforts of Ian Strange and his team, who have raised a considerable amount of sponsorship, enabling us to continue with our work in supporting our London members

You will read elsewhere of the achievements of our many committees which continue to act on behalf of our members and make representations to government when appropriate.

- Our Business Governance & Ethics Panel has flagged up the issues for corporate governance arising from the take-over of UK companies by overseas entities and will be working on this in the months to come.
- Our Taxation and Technical committees continue to respond to Government consultation papers and no doubt the former will be vociferous over the recent proposal to bring forward the self-assessment filing deadline in 2008.
- Our Enterprise Committee (CABEL) continues to work with the London Development Agency and Business Link to promote and support businesses in London and provides a much needed forum for discussion and education.
- We have continued to provide a programme of life and management skills for our younger members and now have an active group of younger members led by Ian Sparshott, who will look at further ways we can engage with this sector of our membership.
- The failure of the merger vote in October has not stopped our Business Board and Public Sector group from working closely with our CIPFA and CIMA counterparts, in the provision of joint CPD events.

I and my fellow District Society Presidents have worked hard to build on the achievements of our predecessors and ensure that the District Societies are an essential part of the ICAEW strategy for the future. The success and reputation of our Institute is rooted in the District Societies and if we are to survive the many changes taking place in the business community and regulatory framework it is essential that we engage with our membership at grass roots level.

The high spot of the year (literally) has to be the walk in the Alps that raised over £5,000 for the Fredericks Foundation. Thanks to all those who accompanied me and/or supported us. I would also like to thank Ian Strange and all of the staff at London Region for the way they have supported me, the Main Committee and the many committees of the Society during the year, enabling us to deliver services and events to our members. I have also been fortunate in my fellow office holders who have helped to make the past year so enjoyable and worthwhile.

Susan Field

## TREASURER'S REPORT

The financial results for 2005 showed a surplus of £28,147, compared to a deficit of £21,921 for the previous year. Following major changes in our cost and revenue structure, we were fairly cautious in our prediction of surplus for the year, but we benefited from a continued improvement in net revenues from courses and events and a high level of sponsorship income. In addition, our partnership agreement with CCH produced the guaranteed payment of £40,000 for the London Courses Programme, as agreed with them in 2004.

Salaries and most other costs of administration were again borne by ICAEW, against a fixed charge of £42,000 for the year, and we also recovered costs in relation to Area Society activities and our specialist committee secretary. For 2006, the administration charge has been dropped but, in exchange for this, LSCA will be initiating and funding a number of development activities that were previously covered by ICAEW.

It has been agreed that our policy should be to maintain sufficient reserves to safeguard the long-term existence of the Society and enable us to fulfil our objectives properly. I am pleased to say that the results for 2005 and the forecast for 2006 will satisfy those criteria. The Society faces many challenges in providing support to its members and we need to be assured that funds will be there to carry out our functions effectively.

As mentioned, sponsorship income makes a major contribution to our resources and the London Region staff have performed an excellent job in producing a sustained flow of funds from existing and new sponsors.

Ken Solomons

## STATEMENT OF THE RESPONSIBILITIES OF THE MAIN COMMITTEE OF THE SOCIETY

The Society's Rules require financial statements to be prepared for each financial year, which are to be submitted to the Society's Annual General Meeting.

In preparing these statements the Main Committee of the Society is expected to:

- select suitable accounting policies and apply them consistently unless there are special reasons for not doing so;
- make judgements and estimates that are reasonable and prudent;
- state whether appropriate accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and;
- prepare the financial statements on a going concern basis.

The Main Committee confirms that the financial statements comply with the above requirements.

The Main Committee is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Society, and to ensure that the financial statements comply with the rules of the Society. They are responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT EXAMINER'S REPORT**

### **TO THE MEMBERS OF THE MAIN COMMITTEE OF THE LONDON SOCIETY OF CHARTERED ACCOUNTANTS**

for the year ended 31 December 2005

We report on the accounts of The London Society of Chartered Accountants for the year ended 31 December 2005, which are set out on pages 7 to 11.

#### **Respective responsibilities of members of the Main Committee and examiner**

As the members of the Main Committee of The London Society of Chartered Accountants you are responsible for the preparation of the accounts. You have asked that we carry out an examination and report to you on the Society's financial statements for the year ended on 31 December 2005.

#### **Basis of independent examiner's report**

An examination includes a review of the accounting records kept by the Society and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as members of the Main Committee concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently We do not express an audit opinion on the view given by the accounts.

#### **Independent examiner's statements**

In connection with our examination, no matter has come to our attention:

- (1) which gives us reasonable cause to believe that in any material respect the requirements
  - a) to keep accounting records in accordance with the Rules of the Society
  - b) to prepare accounts which accord with the accounting recordshave not been met; or
- (2) to which, in our opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

BAKER TILLY

Chartered Accountants  
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Tunbridge Wells  
Kent  
TN1 1ED

25 April 2006

# THE LONDON SOCIETY OF CHARTERED ACCOUNTANTS

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## INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 December 2005

	Notes	2005 £	2004 £
<b>INCOME</b>			
London Courses Programme		41,320	35,000
Income from services, conferences and other events after direct costs	3	34,951	31,156
Interest receivable	4	4,674	3,213
Corporation tax	5	-	-
		<b>80,945</b>	<b>69,369</b>
<b>EXPENDITURE</b>			
Committee activities, member services and grants to area societies		(2,347)	(1,520)
London Accountant	6	(2,000)	(38,124)
Management fees payable	7	(42,000)	(37,295)
Secretariat costs	8	-	(6,667)
Administration costs		(6,451)	(7,684)
		<b>(52,798)</b>	<b>(91,290)</b>
<b>Surplus/(Deficit)</b>	11	<b>28,147</b>	<b>(21,921)</b>

**Note:** All the Society's activities are classed as continuing, with the exception of London Accountant (see note 6), and there were no acquisitions in the year. The Society has no recognised gains or losses in the year other than those shown in the Income and Expenditure Account, and no separate statement has been prepared.

The accounting policies and notes on pages 9 to 11 form part of these financial statements

# THE LONDON SOCIETY OF CHARTERED ACCOUNTANTS

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## BALANCE SHEET

At 31 December 2005

	Notes	2005 £	2004 £
<b>CURRENT ASSETS</b>			
Debtors and prepayments	9	51,274	75,802
Cash at bank and in hand		204,125	134,874
		<b>255,399</b>	<b>210,676</b>
<b>CURRENT LIABILITIES</b>			
Creditors and accruals	10	(99,091)	(82,515)
<b>NET CURRENT ASSETS</b>		<b>156,308</b>	<b>128,161</b>
<b>TOTAL ASSETS</b>		<b>156,308</b>	<b>128,161</b>
Financed by:			
<b>ACCUMULATED FUNDS</b>	11	<b>156,308</b>	<b>128,161</b>

The financial statements on pages 7 to 11 were approved on 25 April 2006.

Susan Field  
President

Ken Solomons  
Treasurer

The accounting policies and notes on pages 9 to 11 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

1 Accounting Policies

• **Basis of accounting**

The financial statements have been prepared in accordance with the provisions of the Financial Reporting Standards for Smaller Entities (January 2005).

• **Accounting convention**

The financial statements are prepared in accordance with the historical cost convention.

• **Self financing activities**

Fees and direct expenditure on activities are reflected in the year in which the relevant events occur.

• **Society's finances**

The ICAEW London Region provides all of the Society's ongoing secretariat support, office and establishment requirements.

The Society is charged a quarterly management fee by the ICAEW for the provision of accommodation, secretariat and other support services.

The Society now operates within its own resources, from surpluses on events and activities, from commission on the London Course Programme operated by CCH Wolters Kluwer, from sponsorship and from reserves.

2 Going concern

These accounts have been prepared on a going concern basis, which assumes the Society will have the ability to continue its operations to its members as a going concern.

3 Income from services, conferences and other events

The Society carries out certain activities for the benefit of members of the Society, which are financed by participating members or from other sources of income such as sponsorships. Total sponsorship raised in 2005 was £39,725 (2004: £34,400).

The results of these activities, after charging direct expenses, but before any contribution to the Society's overheads for running the activities, are as follows: -

	2005			2004		
	Income	Expenses	Net	Income	Expenses	Net
	£	£	£	£	£	£
Small practitioners' conference	66,109	(50,997)	15,112	67,879	(54,212)	13,667
Enquiry service	9,811	(3,541)	6,270	9,901	(1,961)	7,940
Other self financing events	93,980	(80,411)	13,569	56,990	(47,441)	9,549
	<b>169,900</b>	<b>(134,949)</b>	<b>34,951</b>	<b>134,770</b>	<b>103,614</b>	<b>31,156</b>

4 Interest

	2005	2004
	£	£
<b>Interest receivable</b>		
Short term deposits	<b>4,674</b>	<b>3,213</b>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2005

5 Corporation tax

	2005	2004
	£	£
<b>Taxation is based on:</b>		
Tax charge for the year	-	-
United Kingdom corporation tax	-	-

6 London Accountant

	2005	2004
	£	£
Editorial	-	(19,791)
Printing	(2,000)	(28,000)
Cost of London Accountant	(2,000)	(47,791)
Sponsorship	-	9,667
<b>Net cost of London Accountant</b>	<b>(2,000)</b>	<b>(38,124)</b>

During the year, the editorial, printing and funding responsibilities for London Accountant were taken over by the ICAEW. The LSCA pays £2,000 towards the publishing of the annual report in London Accountant.

7 Management fees payable

	2005	2004
	£	£
Management fees payable to the ICAEW	<b>(42,000)</b>	<b>(37,295)</b>

Management fees payable to the ICAEW are in respect of secretariat and other support services.

8 Secretariat costs

	2005	2004
	£	£
Consultants' costs	(26,360)	(24,817)
Agreed contribution by ICAEW towards consultants' costs	26,360	18,317
Others	-	(167)
	-	<b>(6,667)</b>

9 Debtors: *falling due within one year*

	2005	2004
	£	£
Trade debtors	17,850	69,285
Prepayments	33,424	6,517
<b>At 31 December</b>	<b>51,274</b>	<b>75,802</b>

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

for the year ended 31 December 2005

10 **Creditors: falling due within one year**

	<b>2005</b>	<b>2004</b>
	£	£
Trade creditors	(15,786)	(8,330)
Conference/subscription fees received in advance	(55,881)	(47,289)
Accruals	(27,424)	(26,896)
<b>At 31 December</b>	<b>(99,091)</b>	<b>(82,515)</b>

11 **Accumulated fund**

	<b>2005</b>	<b>2004</b>
	£	£
At 1 January 2005	128,161	150,082
Income and Expenditure Account	28,147	(21,921)
<b>At 31 December 2005</b>	<b>156,308</b>	<b>128,161</b>

12 **Contingent liabilities and capital commitments**

At 31 December 2005 the Society had no contingent liabilities or capital commitments.

13 **Post balance sheet events**

At the date of signing these financial statements the Main Committee is not aware of any significant events which would materially affect these financial statements.