



THE ASSOCIATION OF CORPORATE TREASURERS

ANNUAL REPORT 1999 • 2000

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CENTRAL OFFICE

Director General	David Creed
General Manager	Kate Hoyle
Technical Officer	Caroline Bradley
Accountant	John Murphy
Conference Manager	Catherine Kennedy
Education Operations Manager	Yvonne Dineen
IT Systems Manager	Mette Lindahl
Managing Editor	Michael Henigan
Membership Secretary	Sarah Jarvis
Office Manager and Company Secretary	Ria Robinson

COMMITTEES & CHAIRS

CPD	Philip Rand
Editorial	Valerie Hawkes
Education	Christopher Bunton
Member Services	Christopher Jones
Programme	Melanie Duke
Publications	Arthur Burgess
Regional Groups	Paul Johns
Technical	Philip Gillett

CONTACT

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 Registered No. 1445322

## PRESIDENT'S STATEMENT



On 15th March the Association celebrated its coming of age at 21 years. The Treasury profession and the Association have come a long way since the early days of naive financial markets as UK exchange controls were abolished and the euro markets became part of life. Many companies then established treasury functions for the first time and treasurers came together at Association events, sharing experiences and helping to further the collective knowledge base which culminated in the first examination sitting in 1985.

As an indication of our maturity the Association recently launched its Continuing Professional Development Programme. It is impressive and the Association's thanks go to all those involved in producing this pioneering internet-based programme. If you have not yet visited the site I would strongly encourage you to do so at [www.treasurers.org](http://www.treasurers.org) joining the thousands who visit each week. In complete privacy you can follow the competency tests and hone your skills. We are all individually responsible for maintaining our personal skills base so that it is relevant and up-to-date. In the dynamic field of our chosen careers, this can be difficult. The Association is here, through its member services, education and conference activities, to help you.

The surplus of £247,000 is lower than the record level of £305,000 as indicated in my statement for 1998/1999. This reflects the investment made in member services and the Association's support activities, notably the new computer system and database and the upgraded website. We have also taken the opportunity to invest in our staff. Our thanks go to those who have moved on for the contribution they have made. Our welcome goes to the newcomers, with a special appreciation to the individual managers ably led by Kate Hoyle and David Creed, for their continuing loyalty to and support of the Association. For this, the Council and members are grateful, as we are to all those who contribute their time so generously to the furtherance of the Association's values and vision. I would give particular thanks also to those companies which directly sponsor the Association or which allow time for their senior personnel to assist us – I should, of course, include spouses and partners too.

The development of strategic alliances is a key aim of the Association. This helps spread the word of treasury and the effectiveness of a qualified treasurer in contributing to the overall performance of a company. As the Turnbull recommendations are implemented in companies, this becomes more pertinent as treasurers lead or assist in the risk assessment process.

Risk assessment has always been a major platform for us and the current syllabus review has re-looked at the content of this in our examination process. The review will be completed by the end of the year. In the meantime the debate continues as to the nature of treasury, the role of the treasurer and the future. This is a timeless debate which I'm sure will run and run, just as centralisation versus decentralisation has, and now whether to outsource or not. Whatever is the case for an individual company, it is a truism to say that in matters treasury, one size does not fit all. There are common components such as policies and controls, but not common approaches as those policies will differ from one company to the next depending on the nature of its business.

It has been an honour to serve as the Association's President. I have greatly appreciated the personal opportunity it has given me in meeting people and being able to represent treasurers to a wider audience.

I have much enjoyed working first with David Cromwell and now Mike Northeast as Chairman, both of whom have demonstrated their dedication and consummate ability in managing Council. The President's mantle is, I am pleased to report, to be taken up by Anthony Stern of Bass PLC, who, with the new Vice-Presidents of Christopher Bunton, Philip Gillett and Brian Welch, will lead the Association forward in its next stage of development and the 21st century.

A handwritten signature in blue ink that reads "Philippa Foster Back". The signature is written in a cursive, flowing style.

**Philippa Foster Back** President  
27th September 2000

REVIEW OF THE YEAR

During the year our membership passed the 3,000 mark as we celebrated our 21st birthday with an anniversary supplement to *The Treasurer*, introduced with a foreword from the Governor of the Bank of England. The profession of treasurer, and the Association's role in its development, is now widely understood although there remains much to do in improving the education and training of financial managers in treasury matters and in developing better services for our members.

MEMBERSHIP

MEMBER NUMBERS	2000	1999
Honorary Fellows (Hon FCT)	8	8
Fellows (FCT)	483	495
Members (MCT)	1386	1385
Associate Members (AMCT)	1232	1006
	<b>3109</b>	<b>2894</b>

The total number of members increased by 7.4% (1999: 7.7%) during the year. Once again the number of Associate Members rose substantially with a small decrease in the number of Fellows. Membership by industry sector was as follows:

	2000	1999
Banking	694	616
Financial Services	439	443
Industry and Commerce	1650	1434
Other	326	401
	<b>3109</b>	<b>2894</b>

REGIONAL AND SPECIALIST GROUPS

The regional groups arrange presentations or discussions on relevant topics, to which members, students and other interested parties are invited. These activities provide a service to those attending and raise the profile of the Association wherever treasury practitioners work. Meetings are arranged by an organiser in each region, giving members the opportunity to hear presentations on a variety of relevant topics and issues and a chance to network with fellow professionals, exchanging information and ideas. This provides an opportunity for non-members to get an introduction to the Association as well as providing support for students who are studying for our examinations.

Further progress has been made in co-ordinating the activities of the regional groups with central ACT initiatives, for example in communicating the launch of the CPD programme and through a greater number of visits by Ocean House staff to regional meetings. Increased use of the internet is allowing more frequent and more effective communication with members and hopefully making the Association more accessible to them.

Following research into the type of conferences members would be interested in attending outside London, a well-attended

half-day course was held in Birmingham on treasury fundamentals. The success of this initiative has led to plans for similar events in other regions.

EDUCATION

STUDENT NUMBERS	2000	1999
Associateship level	912	1029
Membership level	146	177
	<b>1058</b>	<b>1206</b>

The AMCT student enrolments for 2000 were lower than in 1999. Following an analysis of the drop-out rate and length of time taken to complete the AMCT study course, attention has been given this year to the provision of additional support by arranging additional tuition days for students sitting papers V and VI.

The number of students sitting papers V and VI has increased, reflecting the launch of the strategic alliance with the Chartered Institute of Management Accountants. The first examination under the terms of the CIMA agreement took place in April 2000. Thirty-five students from CIMA sat paper V and 27 sat the modified paper VI. The results of the first examination were better for paper V than for paper VI (CIMA). Steps have been taken to ensure that students studying for paper VI (CIMA) are fully aware of the study requirements associated with the course.

Compared with previous years smaller numbers sat the October 1999 and April 2000 Membership examinations, but the overall pass rates for each sitting were sound (53% in April and an encouraging 63% in October). The pass rate on the Corporate Finance paper was 69%, the highest ever.

The number of MCT students attending the Winter and Summer Schools was small and regretfully seems to be diminishing, although enrolments for the MCT have begun to increase again. Subscriptions to the tuition days, conversely, were very healthy.

The Cash Management Course for October 1999 was heavily subscribed, but the April 2000 course attracted only 57 students against a budget of 80. This may imply that the UK market for the course, which has been dominated by the major banks, has peaked.

A new marketing campaign was launched during the year to attract more students to all our qualifications.

#### CPD UPDATE

The Continuing Professional Development facility was launched in April 2000, sponsored by Standard & Poor's. This is an on-line knowledge service enabling members to keep up-to-date with current treasury practice via the ACT website. A series of multiple choice

tests containing 190 questions covering core technical topics enables treasury professionals to identify their knowledge gaps. Members are then directed to relevant resources so that they can develop themselves further in these areas and revisit the tests a few months later to measure their progress. Resources include *Treasurer* articles and chapters from our education manuals.

The Association expects members to keep themselves up-to-date across these core areas. There is no requirement for members to submit a log of their CPD activity although they may find it useful to keep their own records. The whole framework is designed to be flexible and user friendly.

This innovative knowledge service, which is offered free of charge to members, is a major new initiative for the Association. Non-members may also find the tools useful and have free access for an introductory period. The launch has proved highly successful, with 336 visitors in the first week. During the forthcoming year it is intended that the number of questions is doubled to 380 and that questions are replaced or updated at least every 12 months.

#### TECHNICAL

There has been no let up in the volume of work coming in during the year, and in the resulting pressure on the technical committee

and technical staff. Although much of the work done may not be immediately obvious to members, the Technical Hotline in each month's *Treasurer* provides regular up-dates on the most important projects. One important advance this year has been the ability to publish on the Association's website the full text of the various Association press releases and responses to discussion and consultation papers issued by the committee so that members can have easy access to the detailed work behind the brief Hotline reports.

The Association continues to be represented on many prestigious bodies and working groups and these were listed in the July/August 2000 edition of *The Treasurer*. It is encouraging that our reputation in the City as a valuable contributor to discussions on financial issues continues to grow. We were delighted that the Governor of the Bank of England paid tribute to the Association's contribution on a wide range of technical matters in his foreword to our 21st Anniversary Supplement published in June 2000.

The year saw rapid change in many areas affecting corporate treasury. A considerable amount of work has been done with the FSA in developing codes of conduct for investment products, on the categorisation of investors, the definition of market abuse and other aspects of the new regulatory regime. In addition, we

REVIEW OF THE YEAR CONTINUED

continue to work with the Bank of England in developing the successor to the London Code for dealing in deposits and foreign exchange.

There has also been a large number of proposals issued by accounting standards setters and we have commented on the accounting treatment of deferred tax, distributable reserves, pension schemes, leasing, the format of the profit and loss account and, of course, derivatives. Where appropriate, articles have been generated on these topics and published in *The Treasurer*.

One of the main achievements of the year was the work undertaken with the Loan Markets Association and the British Bankers Association on the development of the LMA's syndicated loan documentation template. This was followed in July 2000 by the publication of the ACT's own guide to using the documentation template, the *ACT's Guide to the LMA Agreement*. We are indebted to Slaughter and May for their work on this project and we hope that the Guide, which is freely available on our website, will be widely used.

The prospects for the year 2000/01 are for more of the same. In particular, the Financial Services and Markets Act and its associated legislation is not now due to be effective until summer 2001, as a great deal of work remains

to be done. In addition, a controversial draft standard on accounting for financial instruments is to be published by the Accounting Standards Board in the autumn. The technical section will continue to represent member interests on these and other topics and is always ready to provide advice and support on issues of concern to treasurers.

COMMERCIAL ACTIVITIES

**EDITORIAL** The editorial content of *The Treasurer* has continued to grow and improve. Readers are getting articles of better quality and relevance and more pages than ever before. The Editorial Committee and Managing Editor have been keen to ensure that all areas of responsibility for treasurers are given proper coverage and have endeavoured to keep readers up to date with changing technology and e-commerce.

Subscriber levels fell in the year, as it has proved difficult to sustain renewals and to generate new readers in new markets. However, this has been more than offset by an increase in advertising revenue, which is set to continue given that *The Treasurer* has increased its profile among the advertising community at large, as well as among key decision makers within banks and financial services companies.

Internally, the secretariat implemented a major

change in personnel and a reorganisation resulting in a more efficient and streamlined approach to editorial and production, enabling an improvement in quality without requiring an increase in costs.

**PUBLICATIONS** *The Treasurers' Handbook* underwent a transformation, partly as a result of a new three-year sponsorship agreement signed with Abbey National Treasury Services. A new cover and substantially revised content meant that the *Handbook* has proved itself again to be a useful tool for the treasurer in his day-to-day work. Advertising revenue reached record levels, up by 74% on the previous year.

It proved more difficult to generate new publications in other areas – the only new Business of Finance publication was *Introduction to Treasury Management*, which has proved to be reasonably successful in terms of sales. KPMG agreed to purchase a number of copies which helped to defray much of the cost of publishing the book.

*The ACT Manual of Corporate Finance and Treasury Management* and the *ACT Manual of Tax and Accounting in Corporate Treasury Transactions* were marketed quite strongly by the co-publishers, Gee Publishing, and this was reflected in increased royalty receipts by the Association.

#### CONFERENCES AND OTHER EVENTS

The programme for the year was similar to that for 1999 with 24 events comprising nine conferences, nine workshops, three symposia, two papers and one dinner. These events generated a record financial surplus for the Association, the income from them coming from sponsorship (25%) and delegate fees (75%).

Conferences and workshops covered current treasury practice, developments in pensions funding, raising corporate finance and FRS 13 implications, together with our regular events designed to introduce an understanding of bank and corporate treasury and associated tax and systems issues.

Two new features last year were our first joint venture with AIRMIC, which discussed the value generated by captive insurance companies, and a new regional training event with Générale Bank, which will be repeated in 2000/01.

The three symposia were: in February "The Evolving Role of the Treasurer" sponsored by Whitehead Mann, in March "Whose Risk is it Anyway?" sponsored by Lloyd's of London and "An Evening with the Corporate Ratings Team" sponsored by Moody's.

The papers, which are premier events to which members are invited, were: in February "Banking Consolidation in Europe" sponsored

by BNP Paribas and in March "The Internet Investment Choice" sponsored by Bloomberg.

In November our Annual Dinner was attended by almost 1200 guests who heard Michael Foot, Managing Director and Head of Financial Supervision at the FSA, talk about its work on developing the regulatory regime.

**THE WEBSITE** The ACT website has changed address and is now available at <http://www.treasurers.org>. The ACT website is a gateway for information for treasury professionals at all levels through its own content and through links and interfaces to other relevant sites. The number of visitors to the site has tripled over the last year and the site now receives an average of 11,000 visitors a month.

A large number of new developments took place during the year. The provision of the CPD facility via the website represents an innovative way of providing unique services to members and students and as such represents one of the key strategies for deploying the ACT website.

An electronic, password-protected version of *The ACT Directory* was launched in the spring of 2000. This is updated on a monthly basis and is one of the most visited sections of the website.

The year also saw a launch of the careers section, which includes an interface with a treasury and finance jobs database, and an interactive Cash Management Survey sponsored by J P Morgan.

The monthly updating process has been taken in-house to enable the Association to respond more effectively to changes and developments on the website. More emphasis has been placed on making members, students and the treasury community at large aware of these developments. As an example, members received an e-mail newsletter updating them on Association activities and this will be circulated on a quarterly basis in the future.

Work will continue to improve and extend the website and the services offered via the internet. During the coming year there are plans to redevelop the structure and content of the website to improve it further as a quick and efficient means of communication across regions and time zones.

#### STAFF AND VOLUNTEERS

As in previous years I wish to give my thanks to our staff and volunteer members who work hard to ensure the progress and success of the Association. Our effort to move the Association to a greater level of professionalism would not be possible without their considerable commitment.

REVIEW OF THE YEAR CONTINUED

During the year our new management information system, Target, was brought online after a two-year planning and implementation period. This system, which provides a much better data capture and processing platform for all our activities, will improve the service we give to members and enable much tighter control to be exercised over all the Association's activities. However, like all new systems, Target was not easy to install and my special thanks go to Mette Lindahl, our systems manager, and those who worked with her in their unstinting effort to give us a smooth transfer to the new database, which is working well.

The staff at the Secretariat now number 37, of whom 8 are part-time. This additional resource will enable us to improve our services to members next year, particularly in our education products, which means that the Association is looking forward to another successful year in 2000/01.

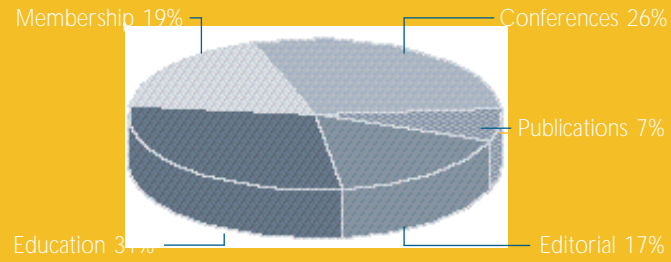
On behalf of Council



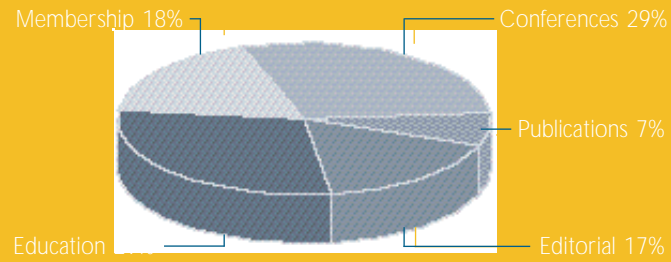
**David Creed** Director General  
27th September 2000

INCOME AND GROSS SURPLUS (INCLUDING SHARE OF JOINT VENTURE)

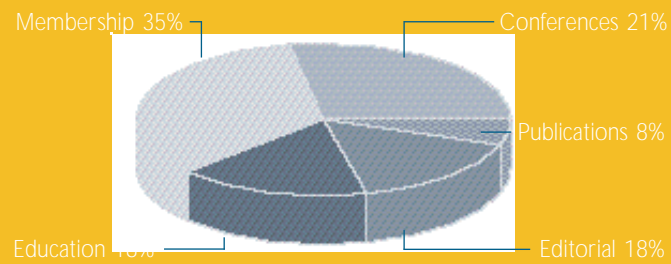
INCOME 2000 £3,073,541



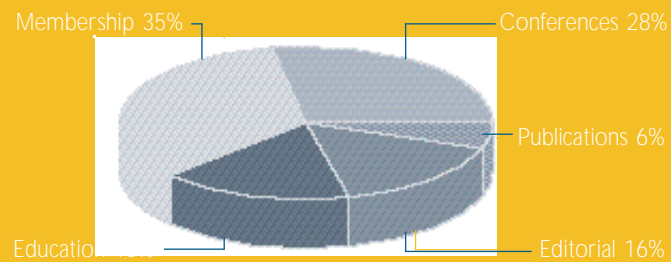
INCOME 1999 £2,796,628



GROSS SURPLUS 2000 £1,595,950



GROSS SURPLUS 1999 £1,417,571

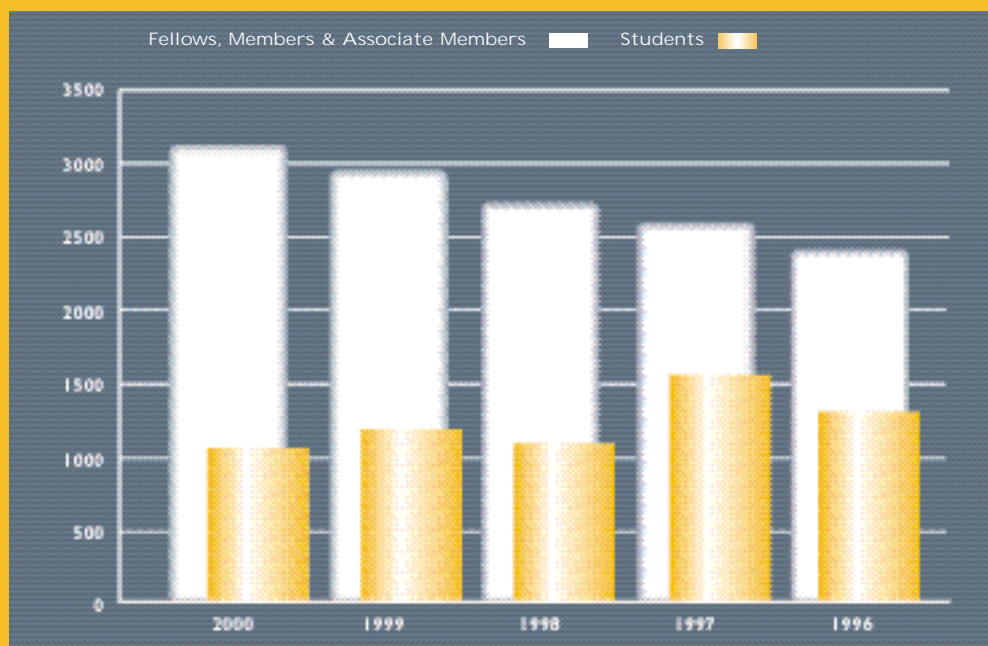


FIVE YEAR FINANCIAL SUMMARY

£'000	2000	1999	1998	1997*	1996*
Income (Including share of joint venture)	3074	2797	2668	2325	2187
Surplus before taxation	247	305	249	130	209
Current asset investments	1635	1379	864	638	613
Net assets	1480	1233	928	678	549
Current assets ratio	2.20	1.79	2.12	1.58	1.88
Average number of employees	27	24	23	22	19

\* Figures have been restated to conform with FRS 9 (accounting policies note 7).

MEMBERS & STUDENTS



REPORT OF COUNCIL COUNCIL MEMBERS

The Members who served on Council during the year are listed below:

		Michael Northeast <i>(retired 31/12/99)</i>		Hugh Clark Group Treasurer, Carillion	52	Janine Peake <i>(retired 31/12/99)</i>	41
<b>President</b>	<b>Age</b>	Anthony Stern Director of Treasury, Bass	52	Melanie Duke <i>(retired 31/12/99)</i>		Christopher Purser <i>(retired 31/12/99)</i> Consultant, Brakeley Green Associates	61
Philippa Foster Back	45			<b>Elected Members</b>			
<b>Vice-Presidents:</b>		<b>Immediate Past President:</b>		Andrew Fabian <i>(retired 31/12/99)</i>	38	Philip Rand Finance Director, Utiylx	48
Michael Bryant Director of Group Treasury and Tax, The Mayflower Corporation	53	Paul Spencer UK Chief Executive, Royal & SunAlliance	50	Finance Director, Statpro Group		Philip Smith Chairman, Intercontinental Utilities	53
Stephen East Finance Director, MEPC	42	<b>Immediate Past Chairman:</b> David Cromwell <i>(appointed 1/1/00)</i>		Philip Gillett Taxation Controller, ICI	49	David Tilston Finance Director, OverNet Data	42
John Laurie Group Treasurer, Scottish & Newcastle	55	Gareth Jones <i>(retired 31/12/99)</i> Managing Director, Treasury & Wholesale Banking, Abbey National	51	Judith Harris-Jones Valerie Hawkes Director, Valerie Hawkes Ltd	53 40	Brian Welch Treasury Consultant, Usercare	52
<b>Chairman of Council:</b>		<b>Director General:</b>		Paul Johns Director, Tax & Treasury, Madge Networks	43	<b>Co-opted Members:</b>	
David Cromwell <i>(retired 31/12/99)</i> Resources, Strategy and Planning Director, Post Office Network Bank	50	David Creed The Association of Corporate Treasurers	57	Christopher Jones Partner, PricewaterhouseCoopers	44	Phillip Bentley <i>(retired 31/12/99)</i> Finance Director, United Distillers & Vintners	41
Michael Northeast <i>(appointed 1/1/00)</i> Finance Director, Kuwait Petroleum (Benelux) BV	48	<b>Elected Members:</b> David Adams <i>(appointed 1/1/00)</i> Group Treasurer, Express Dairies	48	Andrew McMillan Head of Insurance, The Royal Bank of Scotland	47	<b>Honourary Life President:</b>	
<b>Vice Chairmen of Council:</b>		Christopher Bunton Director, Westcape Corporate Finance	52	Lance Moir <i>(appointed 1/1/00)</i> Senior Lecturer, Cranfield School of Management	43	Norman Tribble Court of Assistants & Deputy Treasurer, The Worshipful Company of Musicians	73
Melanie Duke <i>(appointed 1/1/00)</i> Group Treasurer, EMAP	36	Arthur Burgess <i>(appointed 1/1/00)</i>	59				

REPORT OF COUNCIL CONTINUED

The Council of The Association of Corporate Treasurers has pleasure in presenting its report together with group financial statements for the year ended 30th April 2000.

GROUP AND ACTIVITIES

The group comprises The Association of Corporate Treasurers, ACT (Administration) Ltd (wholly-owned subsidiary of the Association) and ACTICAS (joint venture between the Association (including its subsidiary) and The Institute of Chartered Accountants of Scotland).

The group is principally engaged in:

- the encouragement and promotion of the study and practice of corporate treasury management and related subjects, including the education and training of those engaged therein;
- the arranging of conferences, seminars and meetings for the members and others;
- the production, sale and distribution of *The Treasurer* and other publications;
- the enrolment of and administration relating to members of the Association and students taking the Association's examinations.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

For a review of the Association's business and future developments see the Review of the Year on pages 2 to 7.

RESULTS

The group surplus for the year amounted to £247,281 (1999 surplus: £305,226). The surplus has been added to reserves.

FIXED ASSETS

Movements in fixed assets during the year are detailed in note 8.

COUNCIL'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and the group as at the end of the financial year and of the surplus or deficit of the group for that period. In preparing those financial statements the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and the group to enable them to ensure that the financial statements comply with the Companies Act 1985.

They are also responsible for safeguarding the assets of the Association and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

YEAR 2000

The group suffered no impact from the year 2000 date change, nor did any of its major customers, suppliers or trading partners.

AUDITORS

Grant Thornton offer themselves for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

On behalf of Council



**Philippa Foster Back**  
President



**Michael Northeast**  
Chairman of Council  
27th September 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF THE ASSOCIATION OF CORPORATE TREASURERS

We have audited the financial statements on pages 12 to 24, which have been prepared under the accounting policies set out on pages 12 to 13.

**RESPECTIVE RESPONSIBILITIES OF COUNCIL AND AUDITORS**

As described on page 10 the Council is responsible for the preparation of financial statements in accordance with applicable United Kingdom law and Accounting Standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**BASIS OF OPINION**

We conducted our audit in accordance with United Kingdom 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 Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 affairs of the group and the Association at 30th April 2000 and of the surplus of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


**Grant Thornton**  
Registered Auditors  
Chartered Accountants

**London**  
27th September 2000

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30TH APRIL 2000

The financial statements have been prepared under the historical cost convention as modified by the revaluation of the investment in ACT (Administration) Limited and in accordance with applicable accounting standards. The principal accounting policies are set out below. The accounting for the investment in the joint venture is in line with FRS 9, "Associates and Joint Ventures". All accounting policies remain unchanged from the previous year.

1. BASIS OF CONSOLIDATION

The consolidated financial statements comprise those of The Association of Corporate Treasurers and its subsidiary undertaking, ACT (Administration) Limited, and have been prepared for the year ended 30th April 2000.

2. ENTRY FEES AND SUBSCRIPTIONS

New members are elected by the Member Services Committee under delegated powers from the Council. Entry fees are payable on election and annual subscriptions are payable on 1st May each year.

3. RECOGNITION OF INCOME AND EXPENDITURE

A) PUBLICATIONS

All income and related expenditure arising from the printing and publication of *The Treasurer* and all other publications are accounted for in the year in which the sales are made.

The cost of production of books, other than *The Treasurer's Handbook*, is spread over a period of 12 months from the date of publication. No value is placed on copies of *The Treasurer* or *The Treasurer's Handbook* remaining unsold at the end of the accounting period.

B) CONFERENCES

Income and expenditure arising from conferences, seminars and similar events are taken into account in the period in which they take place.

C) ASSOCIATION PAPERS

The Association receives sums from prominent organisations to finance the preparation and presentation of professional papers and symposia. The receipts, together with the cost of presentation of the papers and symposia, are accounted for on the date of the presentation.

Where receipts exceed presentation costs, the excess is transferred to a specific reserve to finance future papers and meetings, the establishment of examination and educational facilities and other costs related to the long-term development of the Association.

D) EDUCATIONAL ACTIVITIES

Income arising from educational activities consists of examination fees, sale of course manuals, enrolment fees and residential course fees. Expenditure relates to the cost of setting

and holding examinations, preparation of course material and holding student meetings, seminars and residential courses.

Income from correspondence course fees is spread over a period of 15 months for the Membership level course; this is the average length of time taken by students from despatch of study materials to sitting the examination. The deferral period is reviewed annually and takes into account any exemptions available to students and the number of examination sittings deferred. Costs of the courses i.e. production and distribution of manuals, link test marking and the cost of the examination sitting and marking of papers, are recognised as they arise.

E) INTANGIBLE ASSET

The group's investment in the original development costs of the Membership level examination syllabus was classified as an intangible asset. The intangible asset was amortised over three years commencing on the date that enrolments were first made. At least every five, but no more than every three years, a major review of the syllabus is carried out and the further development costs arising from this review are also classified as an intangible asset and amortised over three years commencing from the date that revised course material is issued to students. The cost of annual technical revisions to the syllabus is recognised in the year in which they are incurred.

#### F) STOCK

Stationery and stocks relating to the educational activities are carried on the balance sheet as stock and are valued at the lower of cost and net realisable value.

#### G) INTEREST

Deposit interest is accounted for on an accruals basis.

#### 4. DEPRECIATION

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets by equal annual instalments over their expected useful economic lives.

##### The rates used are:

Leasehold improvements	20%
Computer equipment and software	25%
New membership system	25%
Fixtures and fittings	20%

#### 5. LEASED ASSETS

All leases currently in operation are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

#### 6. CONTRIBUTIONS TO PENSION FUNDS

The pension costs (note 4) charged against income represent the amount of the contributions payable to defined contribution schemes in respect of the accounting period.

#### 7. JOINT VENTURE

The joint venture is accounted for using the gross equity method under which the group's share of any surplus or deficit is included in the income and expenditure account and its share of assets and liabilities is shown as an investment in the balance sheet. This treatment is in line with FRS 9 "Associates and Joint Ventures".

GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH APRIL 2000

	Notes	2000	1999
		£	£
Income Group	1	3,073,541	2,796,628
Less: share of joint venture	9	(427,113)	(384,171)
		2,646,428	2,412,457
Direct costs	2	(1,141,372)	(1,086,567)
Gross surplus	1	1,505,056	1,325,890
Administrative expenses	3	(1,439,971)	(1,206,673)
Operating surplus		65,085	119,217
Share of operating surplus in joint venture		90,894	91,681
		155,979	210,898
Interest receivable Association & subsidiary		90,037	84,030
Share of joint venture		1,265	10,298
Surplus on ordinary activities before taxation		247,281	305,226
Tax on surplus on ordinary activities	5	–	–
Group retained surplus for the financial year	6 & 14	£247,281	£305,226
Surplus/(deficit) retained:			
By the Association		305,941	283,363
By the subsidiary		(150,819)	(80,116)
Share of joint venture		92,159	101,979
		£247,281	£305,226

All the activities of the group are derived from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	2000	1999
Surplus for the financial year:			
Association & subsidiary		155,122	203,247
Share of joint venture	9	92,159	101,979
Total gains and losses recognised since last annual report		£247,281	£305,226

The accounting policies and notes on pages 12 and 13 and 18 to 24 form part of these financial statements.

GROUP BALANCE SHEET AS AT 30TH APRIL 2000

	Notes	2000		1999	
		£	£	£	£
Fixed assets					
Intangible asset	7		13,293		13,447
Tangible assets	8		233,496		130,647
Investment in joint venture	9				
Share of gross assets		305,116		449,818	
Share of gross liabilities		(251,651)	53,465	(233,517)	216,301
			300,254		360,395
Current assets					
Stock		4,672		5,463	
Debtors	11	488,165		545,449	
Investments	12	1,635,402		1,379,198	
Cash at bank & in hand		32,634		40,358	
		2,160,873		1,970,468	
Creditors: amounts falling due within one year	13	(980,805)		(1,097,822)	
Net current assets			1,180,068		872,646
Total assets less current liabilities			£1,480,322		£1,233,041
Reserves					
Retained surplus	14		1,006,588		825,371
Other funds	14		473,734		407,670
			£1,480,322		£1,233,041

The financial statements were approved by Council on 27th September 2000.



Philippa Foster Back President



Michael Northeast Chairman of Council

The accounting policies and notes on pages 12 and 13 and 18 to 24 form part of these financial statements.

ASSOCIATION BALANCE SHEET AS AT 30TH APRIL 2000

	Notes	2000		1999	
		£	£	£	£
Fixed asset					
Investment	10		–		20,252
Current assets					
Debtors	11	1,519,403		1,299,550	
Investments	12	50,916		56,793	
Cash at bank & in hand		27,461		26,398	
		1,597,780		1,382,741	
Creditors: amounts falling due within one year	13	(117,458)		(169,952)	
Net current assets			1,480,322		1,212,789
Total assets less current liabilities			£1,480,322		£1,233,041
Reserves					
Retained surplus	14		£1,480,322		£1,233,041

The financial statements were approved by Council on 27th September 2000.

  
 Philippa Foster Back President

  
 Michael Northeast Chairman of Council

The accounting policies and notes on pages 12 and 13 and 18 to 24 form part of these financial statements.

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH APRIL 2000

	Notes	2000		1999	
		£	£	£	£
Net cash inflow from operating activities	15		205,281		101,350
Distribution from joint venture			254,995		50,000
Returns on investments and servicing of finance					
Interest received			90,037		84,030
Capital expenditure and financial investment					
Purchase of tangible fixed assets	8	(161,034)		(73,059)	
Disposal of tangible fixed assets			235		–
Development cost	7	(5,373)	(166,172)	(13,447)	(86,506)
Management of liquid resources	15				
Increase in short-term deposits			(256,204)		(514,903)
Financing					
(Repayment)/receipt of loan from joint venture			(135,661)		365,000
Decrease in cash	15		£(7,724)		£(1,029)

The accounting policies and notes on pages 12 and 13 and 18 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 2000

**1. INCOME AND GROSS SURPLUS**

Income comprises subscriptions from members, income from conferences, seminars and educational activities, and sales of *The Treasurer* and other publications.

	2000		1999	
	Income £	Gross Surplus £	Income £	Gross Surplus £
Subscriptions and educational activities	1,124,940	754,628	929,325	614,309
Conferences, publications and other activities	1,521,488	750,428	1,483,132	711,581
	<u>£2,646,428</u>	<u>£1,505,056</u>	<u>£2,412,457</u>	<u>£1,325,890</u>

**2. DIRECT COSTS**

Direct costs comprise the costs of printing and distribution of *The Treasurer* and other publications, the expenses of conferences, seminars and the costs of administering the educational activities. Direct costs include amortisation of intangible assets amounting to £5,527 (1999: £13,886).

**3. ADMINISTRATION EXPENSES**

	2000 £	1999 £
Salaries and related expenses (note 4)	844,922	697,176
Legal and professional charges	8,664	769
Accommodation and services	123,109	115,875
Auditors' remuneration		
Audit work	12,000	12,000
Non-audit work	2,000	1,700
Depreciation	57,950	56,136
Other expenses	391,326	323,017
	<u>£1,439,971</u>	<u>£1,206,673</u>

#### 4. COUNCIL MEMBERS AND EMPLOYEES

	2000 £	1999 £
Staff costs during the year:		
Wages and salaries	714,933	609,061
Social security costs	71,983	51,862
Other pension costs	58,006	36,253
	<u>£844,922</u>	<u>£697,176</u>

The average number of employees in the group during the year was 27 (1999: 24). This average is calculated by including part-time employees as a proportion of full-time employees, based on the number of actual days worked per week. One Council member acting as Director General, received emoluments during the year and these totalled £70,553 (1999: two Council members acting as Directors General received emoluments totalling £71,875).

#### 5. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is liable to United Kingdom corporation tax at the small companies rate on its income to the extent that it is not derived from membership subscriptions. Its subsidiary, ACT (Administration) Limited, is liable to corporation tax as a normal trading company at the marginal rate. There is no tax charge for the year as a result of trading losses incurred in the period and brought forward from previous periods.

#### 6. SURPLUS AFTER TAXATION

The Association has not included its own income and expenditure account as permitted by Section 230(2) of the Companies Act 1985. The consolidated surplus for the year includes a surplus of £247,281 (1999 – surplus: £305,226) which is dealt with in the accounts of the Association.

The surplus dealt with in the accounts of the Association is after writing down the investment in its subsidiary to ENil and making a further provision of £38,408 (note 13) to reflect the diminution of the value of the subsidiary's net assets.

#### 7. INTANGIBLE FIXED ASSET

The intangible fixed asset relates to the development costs to provide training and examination facilities for the Membership level examination. The amortisation period is three years from the date that revised course material is issued to students.

	2000 £	1999 £
As at 1st May 1999	13,447	13,886
Add: expenditure in the year	5,373	13,447
Less: amortised in the year	(5,527)	(13,886)
As at 30th April 2000	<u>£13,293</u>	<u>£13,447</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. TANGIBLE FIXED ASSETS

The group	Leasehold improvements	Fixtures & fittings	Computer equipment	New membership system	Total
	£	£	£	£	
<b>Cost</b>					
At 1st May 1999	43,364	43,161	185,117	–	271,642
Additions	–	2,155	23,879	135,000	161,034
Disposals	–	–	(36,727)	–	(36,727)
<b>At 30th April 2000</b>	<b>43,364</b>	<b>45,316</b>	<b>172,269</b>	<b>135,000</b>	<b>395,949</b>
<b>Depreciation</b>					
At 1st May 1999	19,065	20,388	101,542	–	140,995
Disposals	–	–	(36,492)	–	(36,492)
Provided in the year	8,673	7,893	36,417	4,967	57,950
<b>At 30th April 2000</b>	<b>27,738</b>	<b>28,281</b>	<b>101,467</b>	<b>4,967</b>	<b>162,453</b>
<b>Net book amount</b>					
At 30th April 2000	£15,626	£17,035	£70,802	£130,033	£233,496
At 30th April 1999	£24,299	£22,773	£83,575	£nil	£130,647

Disposals with a cost of £36,727, accumulated depreciation of £36,492 and net book value of £235 relate to obsolete assets that have been written off to the income and expenditure account at 30th April 2000.

9. INVESTMENT IN JOINT VENTURE

Share of net tangible assets	2000	1999
	£	£
At 1st May 1999	216,301	164,322
Profit for the year	92,159	101,979
Distribution made	308,460 (254,995)	266,301 (50,000)
<b>At 30th April 2000</b>	<b>£53,465</b>	<b>£216,301</b>

The joint venture (ACTICAS) is between The Association of Corporate Treasurers (including its subsidiary) and The Institute of Chartered Accountants of Scotland. The principal activity of ACTICAS is to provide professional education. The agreement dated 1st November 1991 was for an initial period of five years but is now regarded as evergreen, subject to two years' notice of termination.

## 9. INVESTMENT IN JOINT VENTURE CONTINUED

Up to 31st December 1999, the parties shared equally in surpluses and deficits of the venture. At 31st December 1999, the whole of the reserves of the joint venture were distributed in equal amounts to each of the two partners and at 1st January 2000 the group's share in any surpluses or deficits was increased to two-thirds to reflect the acknowledged share of the costs and benefits borne for the venture.

The accounts for the joint venture had previously been made up to 31st December in each year. This was changed to 30th April with a four-month period of account to 30th April 2000. All subsequent accounting periods will be prepared for 12-month periods ending on 30th April.

The Association's (including its subsidiary) share of the results, gross assets and gross liabilities is as follows:

	2000 £	1999 £
Turnover	427,113	384,171
Surplus before and after taxation	92,159	101,979
Fixed assets	18,133	20,240
Current assets	286,983	429,578
Liabilities due within one year	251,651	233,517

## 10. FIXED ASSET INVESTMENT

### The Association

The Association owns 100% of the issued share capital of ACT (Administration) Limited which is registered in England and Wales. At 30th April 2000 the total investment of £1,500,000 has been written down to £Nil and a further provision of £38,408 (note 13) has been made to reflect the net assets of the subsidiary as follows:

	Share capital £
At cost	
At 1st May 1999	1,500,000
Provided in the year	—
At 30th April 2000	<u>£1,500,000</u>
At valuation	
At 1st May 1999	20,252
Provided in the year	<u>(20,252)</u>
At 30th April 2000	<u>£Nil</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. DEBTORS

	2000		1999	
	Group £	Ass'n £	Group £	Ass'n £
Trade debtors	277,053	1,225	326,281	–
Amount owed by subsidiary	–	1,513,272	–	1,296,948
Other debtors	44,228	2,200	49,248	2,450
Prepayments and accrued income	166,884	754	169,920	152
Amount due from joint venture	–	1,952	–	–
	£488,165	£1,519,403	£545,449	£1,299,550

All amounts fall due within one year.

Included in prepayments at 30th April 1999 was £54,295, representing the development cost at that date of the new membership system. During the year, a further £80,705 was incurred prior to the system going live on 10th April 2000. At that time the total expenditure of £135,000 was taken to fixed assets and is being depreciated in line with the stated accounting policy.

During the year surplus funds arising in the Association have been loaned interest-free to its subsidiary, ACT (Administration) Limited.

12. CURRENT ASSET INVESTMENTS

Investments represent short-term deposits.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000		1999	
	Group £	Ass'n £	Group £	Ass'n £
Trade creditors	179,610	307	123,717	–
Other creditors	1,854	132	18,456	–
Taxation and social security	73,211	–	59,353	–
Accruals and deferred income	491,975	78,611	531,296	125,634
Amounts owed to joint venture	4,816	–	–	44,318
Loan from joint venture	229,339	–	365,000	–
Provision against amounts due from subsidiary	–	38,408	–	–
	£980,805	£117,458	£1,097,822	£169,952

Surplus funds arising in the joint venture have been distributed to the two joint venture partners in the form of interest-free loans. Up to 31st December 1999, loans were distributed equally to each partner and from 1st January 2000 the loans have been split in the ratio of two-thirds for the account of the Association (including its subsidiary), and one-third for the account of the Institute of Chartered Accounts of Scotland. The loans made by the joint venture are repayable following one week's written notice.

#### 14. RESERVES

<b>The Group</b>	Retained Surplus £	Foundation Fund £	Examination Fund £	Prize Fund £	Total Fund £
At 1st May 1999	825,371	346,345	61,187	138	1,233,041
Add: Retained surplus for the year	247,281	–	–	–	247,281
Reallocation to/ (from) funds	(66,064)	62,716	3,340	8	–
At 30th April 2000	<u>£1,006,588</u>	<u>£409,061</u>	<u>£64,527</u>	<u>£146</u>	<u>£1,480,322</u>

<b>The Association</b>	Retained Surplus £
At 1st May 1999	1,233,041
Add: Surplus for the year	247,281
At 30th April 2000	<u>£1,480,322</u>

#### 15. CASH FLOW STATEMENT

	2000 £	1999 £
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	65,085	119,217
Depreciation	57,950	56,136
Amortisation of development costs	5,527	13,886
Decrease in stock	791	15,782
Decrease/(increase) in debtors	57,284	(270,128)
Increase in creditors	18,644	166,457
Net cash inflow from operating activities	<u>£205,281</u>	<u>£101,350</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**Reconciliation of net cash flow to movement in net funds**

	2000 £	1999 £
Decrease in cash in the period	(7,724)	(1,029)
Cash outflow/(inflow) from increase in debt	135,661	(365,000)
Cash used to increase liquid resources	256,204	514,903
Changes in net funds	384,141	148,874
Net funds at 1st May 1999	1,054,556	905,682
Net funds at 30th April 2000	£1,438,697	£1,054,556

**Analysis of changes in net funds**

	At 1st May 1999 £	Cash flows £	At 30th April 2000 £
Cash at bank and in hand	40,358	(7,724)	32,634
Current asset investments	1,379,198	256,204	1,635,402
Debt due within one year	(365,000)	135,661	(229,339)
Total	£1,054,556	£384,141	£1,438,697

**16. CONTINGENT LIABILITIES**

There were no contingent liabilities for the group or the Association at 30th April 2000 or 30th April 1999.

**17. CAPITAL COMMITMENTS**

There were no capital commitments for the group or the Association at 30th April 2000 (1999: £79,074).

**18. OPERATING LEASE COMMITMENTS**

Operating lease payments amounting to £110,449 (1999: £110,449) are due within one year. The leases, which give rise to the annual commitments to make payments included in this sum, expire as follows:

The Group	Land & Buildings		Other		Total	
	2000 £	1999 £	2000 £	1999 £	2000 £	1999 £
Within one year	-	-	-	-	-	-
Between two and five years	-	-	22,872	17,568	22,872	17,568
After five years	77,850	77,850	9,727	15,031	87,577	92,881
	£77,850	£77,850	£32,599	£32,599	£110,449	£110,449

The Association had no operating lease commitments at 30th April 2000 or 30th April 1999.

## THE ACT WEBSITE

# www.treasurers.org

24 hour access to information, publications and services

- Electronic, password protected Members' Directory
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- ACT publications, including ordering details
- Details of the AMCT and MCT study programme, the Cash Management course and the CIMA initiative
- Education order forms, dates and deadlines, Student Handbook and student chat forum
- Membership information, including application and upgrade forms

- *The Treasurer*, including advertising details, selected articles, an article search engine and an index of the current issue
- ACT conferences, events details and booking forms
- Telephone numbers and e-mail addresses of all staff at the Secretariat

The number of visitors has trebled over the last year. The site gets an average of 11,000 visitors a month staying for an average of 11 minutes.

The website has grown significantly over the last year and a major redevelopment and restructuring exercise will therefore take place in 2000/01. Specific additional developments for the coming year include a data feed, the ability to view and download the education manuals, extensions to the Links section and an e-commerce facility.

Please visit - you'll be pleasantly surprised.



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