

**REPORT OF THE COMMITTEE TO THE MEMBERS OF
HEREFORD SOCIETY FOR AIDING THE INDUSTRIOUS
A COMPANY LIMITED BY GUARANTEE**

The Committee present their Report and Audited Financial Statements for the year ended 5th April, 2003.

Statement of Committee Members' Responsibilities

Company Law requires the committee members 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 profit or loss of the Company for that period. In preparing those financial statements, the committee members are 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 Company will continue in business

The committee members 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 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.

Principal Activities

The principal activities of the Company continue to be the maintenance of almshouses in Bath Street and Friar Street, Hereford and to provide assistance to those in need who are seeking to better themselves by their own efforts.

Committee

Committee members at the balance sheet date are as follows:


H G M Bricknell	(Chairman)
G E Kent	
A W Morris	
J C Holland	
Dr R G Miller	
M Jones	
J A Turner	
C R George	
Mrs J E O'Donnell	
Mrs M E Phillips	



Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution reappointing Thorne Widgery as Auditors will be put to the Annual General Meeting.

This Report, which has been prepared taking advantage of special exemptions applicable to small companies, was approved by the Committee on 18 August 2003 and signed on their behalf.


H/G M BRICKNELL
Chairman
18 Venns Close,
Hereford.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HEREFORD SOCIETY FOR AIDING THE INDUSTRIOUS
A COMPANY LIMITED BY GUARANTEE

We have audited the financial statements of HEREFORD Society for Aiding the Industrious on pages 3 to 8 for the year ended 5 April 2003. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company'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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE COMMITTEE MEMBERS AND AUDITORS

As described in the report of the committee, the committee members are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Account Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 report of the committee 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 committee members remuneration and transactions with the company is not disclosed.

We read the report of the committee and consider the implications for our report if we become aware of any apparent misstatements within it.

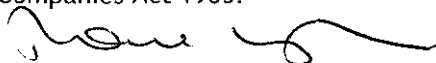
BASIS OF AUDIT OPINION

We conducted our audit in accordance with 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 committee 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 as to whether 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 company as at 5 April 2003 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



THORNE WIDGERY
Chartered Accountants,
Registered Auditors,
HEREFORD.
18 August 2003

HEREFORD SOCIETY FOR AIDING THE INDUSTRIOUS

A COMPANY LIMITED BY GUARANTEE

SURPLUS ACCOUNT FOR THE YEAR ENDED 5TH APRIL, 2003

	<u>2003</u>	<u>2002</u>
	£	£
Almshouse and Investment Income	70,413	67,508
Almshouse costs and donations	(63,412)	(64,767)
<u>Gross Surplus</u>	7,001	2,741
Administrative expenses	(13,532)	(13,557)
Operating Surplus (Deficit)	(6,531)	(10,816)
Surplus (Deficit) on disposal of fixed asset investments	(2,164)	(8,277)
<u>Surplus (Deficit) on ordinary activities before interest</u>	(8,695)	(19,093)
Interest receivable	1,209	952
Retained Surplus (Deficit) for the Year	(7,486)	(18,141)
Realised Investment Valuation Surpluses	15,961	28,093
Retained Surplus brought forward	371,372	361,420
	<u>379,847</u>	<u>371,372</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 5TH APRIL, 2003

	<u>2003</u>	<u>2002</u>
	£	£
Surplus (Deficit) for the financial year	(7,486)	(18,141)
Unrealised Surplus (Deficit) on revaluation of investments	(129,810)	(17,583)
Excess (Deficit) of annual maintenance allocation over actual expenditure	20,354	19,445
Total recognised gains (losses) for the Year	(116,942)	(16,279)

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE YEAR ENDED 5TH APRIL, 2003

	<u>2003</u>	<u>2002</u>
	£	£
Surplus (Deficit) for the financial year	(7,486)	(18,141)
<u>Less</u> Surplus (Deficit) on asset disposals	2,164	8,277
Surplus (Deficit) on asset disposals over original cost	13,797	19,816
Historical Cost Surplus (Deficit) for the financial year	<u>8,475</u>	<u>9,952</u>

HEREFORD SOCIETY FOR AIDING THE INDUSTRIOUS

A COMPANY LIMITED BY GUARANTEE

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 5TH APRIL, 2003

	<u>2003</u>		<u>2002</u>
	Unrestricted Funds £	Designated Funds £	Total Funds £
<u>INCOME AND EXPENDITURE</u>			
<u>Incoming Resources</u>			
Operating Activities of the Charity:			
Almshouse Income	42,315		42,315
Investment Income:			
Interest and Dividends	29,307		29,307
Realised Gains (Deficits) on Investment disposals	(2,164)		(2,164)
<u>Total Incoming Resources</u>	<u>69,458</u>		<u>69,458</u>
<u>Resources Expended</u>			
Charitable Expenditure:			
Grants Payable	13,665		13,665
Almshouse Expenditure	2,077	27,316	29,393
Management and Administration	13,532		13,532
<u>Total Resources Expended</u>	<u>29,274</u>	<u>27,316</u>	<u>56,590</u>
<u>Net Incoming Resources</u>			
<u>Before Transfers</u>	<u>40,184</u>	<u>(27,316)</u>	<u>12,868</u>
<u>Gross Transfers between funds</u>	<u>(47,670)</u>	<u>47,670</u>	<u>-</u>
<u>Net Incoming Resources before</u>			
<u> revaluation of investments</u>	<u>(7,486)</u>	<u>20,354</u>	<u>12,868</u>
<u>OTHER RECOGNISED GAINS OR LOSSES</u>			
Unrealised Gains (Losses) on investment revaluations	(129,810)	-	(129,810)
<u>Net Movement in Funds</u>	<u>(137,296)</u>	<u>20,354</u>	<u>(116,942)</u>
<u>Total Funds brought forward</u>	<u>673,898</u>	<u>8,813</u>	<u>682,711</u>
<u>Total Funds carried forward</u>	<u>536,602</u>	<u>29,167</u>	<u>565,769</u>

HEREFORD SOCIETY FOR AIDING THE INDUSTRIOUS

A COMPANY LIMITED BY GUARANTEE

BALANCE SHEET - 5TH APRIL, 2003

	<u>Note</u>	<u>2003</u>	<u>2002</u>
		£	£
			£
			£
<u>FIXED ASSETS</u>			
Tangible Assets	(1[b],3)	13,396	16,047
Investments	(4)	<u>516,817</u>	<u>622,851</u>
		530,213	638,898
<u>CURRENT ASSETS</u>			
Debtors	(5)	2,387	4,223
Cash at bank and in hand		<u>34,785</u>	<u>40,559</u>
		<u>37,172</u>	<u>44,782</u>
<u>CREDITORS</u> - amounts falling due within one year	(6)	<u>1,616</u>	<u>969</u>
<u>NET CURRENT ASSETS</u>		<u>35,556</u>	<u>43,813</u>
<u>NET ASSETS</u>		<u>565,769</u>	<u>682,711</u>
<u>RESERVES</u>			
Maintenance Reserve	(7)	29,167	8,813
Revaluation Reserve	(8)	156,755	302,526
Surplus Account		<u>379,847</u>	<u>371,372</u>
<u>TOTAL RESERVES</u>	(9)	<u>565,769</u>	<u>682,711</u>

The officers of the Company have taken advantage, in the preparation of these accounts, of special exemptions applicable to small companies on the grounds that the Company qualifies as a small company by virtue of Section 247 of the Companies Act 1985.

These accounts were approved by the committee on 18 August 2003 and signed on its behalf.

 H G M BRICKNELL (Chairman)

HEREFORD SOCIETY FOR AIDING THE INDUSTRIOUS
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5TH APRIL, 2003

1. ACCOUNTING POLICIES

The accounting policies adopted by the Company are set below and are consistent with those previously adopted except in regard to investments.

(a) Basis of Accounting

The financial statements are prepared on the historical cost basis, with the exception of investments, and in accordance with the statement of recommended practice for accounting by Charities and include the results of the Company's activities as described in the report of the committee, all of which are continuing.

(b) Fixed Assets

The original costs of Venns Close Memorial Homes and John Venn Memorial Homes and improvements to both properties were written off over ten years on a straight line basis. Office equipment is depreciated on a reducing balance basis at an annual rate of 20%. An office building is being depreciated on a straight line basis over ten years from the date of completion and occupation.

(c) Investments

In accordance with the Statement of Recommended Accounting practice for Charities, investments are stated at open market valuation.

(d) Maintenance

The cost of maintaining the Almshouses is accounted for on a five-year basis, with an annual allocation charged to the surplus account from a maintenance reserve, with actual expenditure in the year charged against the reserve.

2. SURPLUS ON ORDINARY ACTIVITIES

	<u>2003</u>	<u>2002</u>
The surplus is stated after charging:	£	£
Depreciation	2,651	2,553
Auditors' Remuneration	<u>870</u>	<u>825</u>

3. TANGIBLE ASSETS

	<u>Total</u>	<u>Almshouses</u>	<u>Office</u>	<u>Office</u>
	£	£	£	Equipment £
Cost:				
At beginning and end of year	<u>141,044</u>	<u>114,173</u>	<u>23,957</u>	<u>2,914</u>
Accumulated depreciation:				
At beginning of Year	124,997	114,173	9,185	1,639
Provision for the Year	<u>2,651</u>	-	<u>2,396</u>	<u>255</u>
At end of Year	<u>127,648</u>	<u>114,173</u>	<u>11,581</u>	<u>1,894</u>
Net book value:				
At beginning of Year	16,047	-	14,772	1,275
At end of Year	<u>13,396</u>	-	<u>12,376</u>	<u>1,020</u>

HEREFORD SOCIETY FOR AIDING THE INDUSTRIOUS

A COMPANY LIMITED BY GUARANTEE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5TH APRIL, 2003 (CONTINUED)

4. INVESTMENTS

	<u>Cost</u>	<u>Valuation</u>
	£	£
Opening Balance	320,325	622,851
Additions	75,007	75,007
Sales	(35,271)	(51,231)
Surplus (Deficit) on revaluation	-	(129,810)
Closing balance	<u>360,061</u>	<u>516,817</u>

5. DEBTORS

	<u>2003</u>	<u>2002</u>
	£	£
<u>Due after more than one year:</u>		
Loans	450	690
<u>Due within one year:</u>		
Loans	470	810
Income Tax Recoverable	1,467	2,277
Other Debtors	-	446
	<u>2,387</u>	<u>4,223</u>

6. CREDITORS - Amounts falling due within one year

	<u>2003</u>	<u>2002</u>
	£	£
Accruals and deferred income	<u>1,616</u>	<u>969</u>

7. MAINTENANCE RESERVE

	<u>Total</u>	<u>John Venn</u>	<u>Venns Close</u>
		<u>Memorial</u>	<u>Memorial</u>
		<u>Homes</u>	<u>Homes</u>
	£	£	£
Balance brought forward	8,813	(22,015)	30,828
Annual allocation - Year 3	47,670	17,437	30,233
Expenditure in the Year	(27,316)	(14,442)	(12,874)
Balance carried forward	<u>29,167</u>	<u>(19,020)</u>	<u>48,187</u>

8. REVALUATION RESERVE

	<u>2003</u>	<u>2002</u>
	£	£
Opening balance	302,526	348,202
Revaluation deficit (surplus) on investments sold transferred to Surplus account	(15,961)	(28,093)
Surplus (Deficit) on revaluation in the current year	(129,810)	(17,583)
Closing Balance	<u>156,755</u>	<u>302,526</u>

HEREFORD SOCIETY FOR AIDING THE INDUSTRIOUS
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5TH APRIL, 2003 (CONTINUED)

9. <u>MOVEMENTS ON RESERVES</u>	<u>2003</u>	<u>2002</u>
	(7,486)	(18,141)
Transfers to (from) Maintenance reserve	20,354	19,445
Surplus (Deficit) on Revaluation of Investments	(129,810)	(17,583)
Opening Reserves	<u>682,711</u>	<u>698,990</u>
Closing Reserves	<u>565,769</u>	<u>682,711</u>

10. <u>DIRECT CHARITABLE EXPENDITURE</u>	<u>2003</u>	<u>2002</u>
	£	£
Grants Payable		
To Institutions	9,200	8,675
To Individuals	<u>4,465</u>	<u>6,612</u>
	<u>13,665</u>	<u>15,287</u>

Grants to Institutions include:

St. Michael's Hospice	1,000	1,000
St. Owen's Centre PFSA	1,000	1,000
Recover Enterprises	-	1,000

Grants payable to individuals in 2003
numbered 13 (2002 - 17)

11. <u>MANAGEMENT AND ADMINISTRATION</u>	<u>2003</u>	<u>2002</u>
	£	£
Staff Salaries and Expenses	7,425	7,099
Insurance	706	668
Audit	870	825
Office establishment costs	<u>4,531</u>	<u>4,965</u>
	<u>13,532</u>	<u>13,557</u>

Included in the costs of insurance stated above is cover to protect the charity and its trustees against neglect or default of £321 (2002 - £321)

Salaries paid amount to £6,058 (2002 - £5,783) in respect of two members of staff.