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FINANCE INDUSTRY STANDARDS ASSOCIATION
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH FEBRUARY 2007

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FINANCE INDUSTRY STANDARDS ASSOCIATION

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FINANCE INDUSTRY STANDARDS ASSOCIATION

**COMPANY INFORMATION
FOR THE YEAR ENDED 28TH FEBRUARY 2007**

DIRECTORS:

B R Barwick (Chairman)
K M Allwood
K J Bishop
P Creatura
M Goldberg
S B Harwood
D A Johnson
S F Marshall
J S Nutley
I R Warrilow
J M C Webb

SECRETARY:

M R Barrow

REGISTERED OFFICE:

24 Boston Road
Sleaford
Lincolnshire
NG34 7ET

REGISTERED NUMBER:

02177048 (England and Wales)

AUDITORS:

Duncan & Toplis
Chartered Accountants
18 Northgate
Sleaford
Lincolnshire
NG34 7BJ

FINANCE INDUSTRY STANDARDS ASSOCIATION

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 28TH FEBRUARY 2007

The directors present their report with the financial statements of the company for the year ended 28th February 2007

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of enhancing the status of the finance industry and the standard of the advertisements disseminated therefrom

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

The strategic review carried out by the board in late 2006 showed strong support among members and regulators alike in a number of areas. It also highlighted the need for major change including the structure of governance of FISA. A new chief executive was appointed in 2007.

Among the major changes planned for 2007/08 are

- implementation of the new governance regulations, particularly the reconstitution of the board under an independent chairman with equal numbers of broker and lender representatives
- determination by the new board of a clear strategy for FISA including the services that it will provide for members, the resources required to deliver these effectively and how the organisation should be best financed
- the application for OFT accreditation of the FISA code of practice
- general improvement in the management of FISA, including financial management, use of performance indicators and management of staff

As 2007/08 will be a year of transition with considerable one-off expenditure, the organisation is likely to incur a significant loss. This will be of an order which can comfortably be funded from reserves. During the course of the year the board will agree and implement the future funding strategy to ensure planned expenditure is met from annual income.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st March 2006 to the date of this report

B R Barwick (Chairman)
K J Bishop
S B Harwood
D A Johnson
S F Marshall
J S Nutley
I R Warrilow
J M C Webb

Other changes in directors holding office are as follows

K M Allwood - appointed 7th March 2006
S M Bloor - resigned 7th March 2006
A Coles - appointed 31st October 2006 - resigned 26th February 2007
P Creatura - appointed 9th August 2006
M Goldberg - appointed 9th August 2006
R J Owen - resigned 31st October 2006
C Pryor - resigned 9th August 2006

FINANCE INDUSTRY STANDARDS ASSOCIATION

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 28TH FEBRUARY 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Duncan & Toplis, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



B R Barwick (Chairman) - Director

Date 01/08/2007

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FINANCE INDUSTRY STANDARDS ASSOCIATION

We have audited the financial statements of Finance Industry Standards Association for the year ended 28th February 2007 on pages six to ten. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 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 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 directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

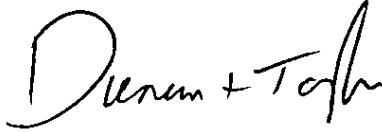
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FINANCE INDUSTRY STANDARDS ASSOCIATION**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 28th February 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



Duncan & Toplis
Chartered Accountants
18 Northgate
Sleaford
Lincolnshire
NG3 7BJ

Date

12/10/07

FINANCE INDUSTRY STANDARDS ASSOCIATION

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 28TH FEBRUARY 2007**

| | Notes | 2007 £ | 2006 £ |
|---|-------|------------------|----------------|
| INCOME | | 399,008 | 489,555 |
| Cost of sales | | <u>80,710</u> | <u>112,496</u> |
| GROSS MARGIN | | 318,298 | 377,059 |
| Administrative expenses | | <u>539,166</u> | <u>356,106</u> |
| OPERATING (DEFICIT) /SURPLUS | 3 | (220,868) | 20,953 |
| Interest receivable and similar income | | <u>18,555</u> | <u>18,809</u> |
| (DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (202,313) | 39,762 |
| Tax on interest received | 4 | <u>3,399</u> | <u>2,092</u> |
| (DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR AFTER TAXATION | | <u>(205,712)</u> | <u>37,670</u> |

The notes form part of these financial statements

FINANCE INDUSTRY STANDARDS ASSOCIATION

BALANCE SHEET 28TH FEBRUARY 2007

| | Notes | 2007 £ | 2006 £ |
|--|-------|----------------|----------------|
| FIXED ASSETS | | | |
| Tangible assets | 5 | 1,973 | 3,705 |
| CURRENT ASSETS | | | |
| Debtors | 6 | 23,259 | 19,665 |
| Cash at bank | | <u>357,940</u> | <u>561,584</u> |
| | | 381,199 | 581,249 |
| CREDITORS | | | |
| Amounts falling due within one year | 7 | <u>12,475</u> | <u>8,545</u> |
| NET CURRENT ASSETS | | <u>368,724</u> | <u>572,704</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>370,697</u> | <u>576,409</u> |
| RESERVES | | | |
| Income fund | 9 | <u>370,697</u> | <u>576,409</u> |
| | | <u>370,697</u> | <u>576,409</u> |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board of Directors on its behalf by

1/8/07

and were signed on



B R Barwick (Chairman) - Director

The notes form part of these financial statements

FINANCE INDUSTRY STANDARDS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28TH FEBRUARY 2007

1 Status

The company is limited by guarantee and does not have a share capital. Liability is limited and is not to exceed £1 per member.

2 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Income

Income represents subscriptions by members and ancillary income.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 33% on cost

Lease payments

Rentals paid under operating leases are charged to income as they fall due.

3 OPERATING (DEFICIT)/SURPLUS

The operating deficit (2006 - operating surplus) is stated after charging

| | 2007 | 2006 |
|--|---------------|---------------|
| | £ | £ |
| Depreciation - owned assets | 3,256 | 5,173 |
| Auditors remuneration | 1,500 | 1,510 |
| Operating leases | <u>17,370</u> | <u>19,440</u> |
| Directors' emoluments and other benefits etc | <u>-</u> | <u>-</u> |

4 TAXATION

Analysis of the tax charge

The tax charge on the interest received for the year was as follows

| | 2007 | 2006 |
|--------------------------|--------------|--------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax | <u>3,399</u> | <u>2,092</u> |
| Tax on interest received | <u>3,399</u> | <u>2,092</u> |

FINANCE INDUSTRY STANDARDS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 28TH FEBRUARY 2007

5 TANGIBLE FIXED ASSETS

| | Computer equipment £ |
|-----------------------|----------------------------|
| COST | |
| At 1st March 2006 | 22,331 |
| Additions | <u>1,524</u> |
| At 28th February 2007 | <u>23,855</u> |
| DEPRECIATION | |
| At 1st March 2006 | 18,626 |
| Charge for year | <u>3,256</u> |
| At 28th February 2007 | <u>21,882</u> |
| NET BOOK VALUE | |
| At 28th February 2007 | <u>1,973</u> |
| At 28th February 2006 | <u>3,705</u> |

6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2007 £ | 2006 £ |
|---------------|---------------|---------------|
| Trade debtors | 21,339 | 18,356 |
| Other debtors | <u>1,920</u> | <u>1,309</u> |
| | <u>23,259</u> | <u>19,665</u> |

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2007 £ | 2006 £ |
|------------------------------|---------------|--------------|
| Trade creditors | 5,556 | 1,373 |
| Taxation and social security | 4,969 | 5,172 |
| Other creditors | <u>1,950</u> | <u>2,000</u> |
| | <u>12,475</u> | <u>8,545</u> |

8 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

| | 2007 £ | 2006 £ |
|----------------------------|---------------|---------------|
| Expiring | | |
| Within one year | 7,005 | 5,471 |
| Between one and five years | 4,750 | 8,809 |
| In more than five years | <u>-</u> | <u>5,560</u> |
| | <u>11,755</u> | <u>19,840</u> |

FINANCE INDUSTRY STANDARDS ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2007**

9 RESERVES

| | Income fund £ |
|-----------------------|---------------------|
| At 1st March 2006 | 576,409 |
| Deficit for the year | <u>(205,712)</u> |
| At 28th February 2007 | <u>370,697</u> |

10 ACCOUNTING REQUIREMENTS

Where the description or analysis of any item appearing in the accounts differs from that set out in the Companies Act 1985, the directors consider that the departure is justified by the special nature of the company's business

FINANCE INDUSTRY STANDARDS ASSOCIATION

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 28TH FEBRUARY 2007

| | 2007 | | 2006 | |
|--|---------------|------------------|----------------|----------------|
| | £ | £ | £ | £ |
| Income | | | | |
| Annual subscriptions | 223,687 | | 222,256 | |
| Booklets | 96,710 | | 211,314 | |
| Training | 48,611 | | 50,985 | |
| Fines | <u>30,000</u> | | <u>5,000</u> | |
| | | 399,008 | | 489,555 |
| Cost of sales | | | | |
| Opening stock | - | | 130 | |
| Cost of printing booklets | <u>80,710</u> | | <u>112,366</u> | |
| | | <u>80,710</u> | | <u>112,496</u> |
| GROSS MARGIN | | 318,298 | | 377,059 |
| Other income | | | | |
| Interest received | 18,551 | | 18,809 | |
| Corporation tax interest | <u>4</u> | | <u>-</u> | |
| | | <u>18,555</u> | | <u>18,809</u> |
| | | 336,853 | | 395,868 |
| Expenditure | | | | |
| Rent and rates | 6,142 | | 6,018 | |
| Insurance | (500) | | 500 | |
| Light and heat | 727 | | 491 | |
| Repairs to property | 80 | | 98 | |
| Salaries, including National Insurance | 355,960 | | 225,616 | |
| Other operating leases | 10,998 | | 14,280 | |
| Consultancy | 42,621 | | 42,212 | |
| Telephone and postages | 7,497 | | 9,677 | |
| Printing, stationery and office expenses (including public relations) | 9,428 | | 7,230 | |
| Advertising | 9,180 | | - | |
| Travelling expenses | 7,687 | | 10,681 | |
| Cost of meetings | 33,614 | | 32,590 | |
| Company registration fee | 30 | | 30 | |
| Sundry expenses | 182 | | - | |
| External consultancy fees | 50,764 | | - | |
| Auditors remuneration | <u>1,500</u> | | <u>1,510</u> | |
| | | <u>535,910</u> | | <u>350,933</u> |
| | | (199,057) | | 44,935 |
| Depreciation | | | | |
| Computer equipment | | <u>3,256</u> | | <u>5,173</u> |
| NET (DEFICIT)/SURPLUS | | <u>(202,313)</u> | | <u>39,762</u> |

This page does not form part of the statutory financial statements