

**Intermediary Mortgage Lenders Association (A  
company limited by guarantee)**

**Directors' report and financial  
statements**

**Registered number 2264559**

**Year ended 30 June 2002**



## Contents

Directors' report	1
Statement of directors' responsibilities	3
Report of the independent auditors to the members of Intermediary Mortgage Lenders Association (A company limited by guarantee)	4
Income and expenditure account	5
Balance sheet	6
Notes	7

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2002.

### Principal activities

The Association provides administrative services to its members and acts as a focal point for dealing with government and other trade bodies, in relation to lending in the intermediary market.

### Business review

The Association's work this year has again been focused on regulatory issues. Within this, the Association has sought to ensure that the framework for regulation does not disadvantage lenders who source a significant proportion of their business through intermediaries and that securitisation is not impeded as a funding option for lenders. In particular, proposals to regulate the new activities of "arranging" and "advising" with respect to mortgages has meant that the implications for intermediaries, and therefore IMLA members, have been the focus of much debate. The Association has been involved with facilitating the establishment of a new intermediary trade association and this has culminated in the recent announcement of a strategic alliance between AIFA and NAMBA which will hopefully lead to the formation of the required new trade association.

The Association continues to issue research studies on matters of relevance and interest to the intermediary mortgage market, details of which are given on the Association's website, and PR campaigns have been maintained which has continued to enhance IMLA's profile within the industry.

The directors continue to provide a focal point for lenders and Government and trade associations involved within the intermediary lending market and IMLA provides four representatives on the CML Executive Committee.

### Management committee

The following are members of this management committee serving during the year and to the date of this report.

John Heron	-	Paragon Mortgages Limited
Tony Ward	-	Britannic Money Plc
Richard Brown	-	Bristol & West Plc
Iain Crump	-	AIB Bank
Ron Howell	-	First National Mortgage Company

All correspondence on Association business should be addressed to:

Ms M. Kelly  
Secretary  
Intermediary Mortgage Lenders Association  
3 Savile Row  
London  
W1S 3PB

### Results

The result for the year is shown in the Income and Expenditure account on page 5.

The surplus for the year, after taxation, amounted to £1,759 (2001: £6,530).

## **Directors' report** *(continued)*

### **Directors and directors' interests**

The directors who held office during the year were as follows:

John Heron  
Tony Ward  
Richard Brown (resigned 6 August 2001)  
Iain Crump  
Ron Howell (appointed 1 January 2002)

### **Charitable contributions**

Donations to UK charities amounted to £2,505 (2001: £1,902)

### **Auditors**

Our auditors KPMG have indicated to the directors that their business has transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors during the year and the directors thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



AJ Ward  
Director

3 Savile Row  
London  
W1S 3PB

21 November 2002

## **Statement of directors' responsibilities**

Company law requires the directors 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 surplus or deficit for that period. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



100 Temple Street  
Bristol  
BS1 6AG  
United Kingdom

## **Report of the independent auditors to the members of Intermediary Mortgage Lenders Association (A company limited by guarantee)**

We have audited the financial statements on pages 5 to 9.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 directors' report 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 directors' remuneration and transactions with the company is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with 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 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants  
Registered Auditors*

4 December 2002

**Income and expenditure account**  
*for the year ended 30 June 2002*

	<i>Note</i>	<b>2002</b> £	2001 £
<b>Subscriptions</b>	<b>2</b>	<b>39,000</b>	33,000
<b>Expenses</b>		<b>(44,838)</b>	(31,332)
		<hr/>	<hr/>
<b>Operating (deficit)/surplus</b>	<b>3</b>	<b>(5,838)</b>	1,668
Other income	5	5,542	2,570
Interest receivable	6	2,090	2,644
		<hr/>	<hr/>
<b>Surplus before taxation</b>		<b>1,794</b>	6,882
Taxation	7	(35)	(352)
		<hr/>	<hr/>
<b>Surplus for the financial year after taxation, retained</b>		<b>1,759</b>	6,530
Accumulated surplus brought forward		62,374	55,844
		<hr/>	<hr/>
<b>Accumulated surplus carried forward</b>		<b>64,133</b>	62,374
		<hr/>	<hr/>

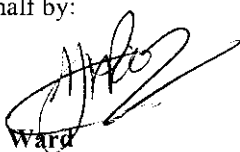
There were no recognised gains or losses other than the result shown above for either year.

All results arose from continuing operations.

**Balance sheet**  
*at 30 June 2002*

	<i>Notes</i>	<b>2002</b> £	£	2001 £	£
<b>Current assets</b>					
Debtors	8	13,777		5,300	
Cash		55,934		62,487	
			<b>69,711</b>		<b>67,787</b>
<b>Creditors:</b> amounts falling due within one year	9		<b>(5,578)</b>		<b>(5,413)</b>
<b>Net assets</b>			<b>64,133</b>		<b>62,374</b>
<b>General reserves</b>					
Accumulated surplus			<b>64,133</b>		<b>62,374</b>

These financial statements were approved by the board of directors on 21 November 2002 and were signed on its behalf by:

  
 AJ Ward  
 Director



## Notes

*(forming part of the financial statements)*

### 1 Company status

The company is limited by guarantee. The maximum amount that may be called in the event of winding up is limited to an amount not exceeding £1 per member. At 30 June 2002 the company had recourse to the guarantees of members totalling £25 (2001: £22).

### 2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

#### (a) *Accounting convention*

The accounts have been prepared under the historical cost convention, in accordance with applicable accounting standards. In accordance with Schedule 4, paragraph 3(3) of the Companies Act 1985, the directors have adapted the headings of the profit and loss account due to the special nature of the business.

#### (b) *Cash flow*

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

#### (c) *Income*

Subscription income is recognised in full as the subscription falls due or on admission.

### 3 Operating surplus

	2002 £	2001 £
<i>Operating surplus is stated after charging:</i>		
Auditors' remuneration	1,750	1,650
	<hr/>	<hr/>

### 4 Staff numbers

The company had four (2001: five) employees in the current year, being the company's directors.

The directors did not receive any remuneration during either year.

### 5 Other income

	2002 £	2001 £
Annual dinner surplus	5,542	2,570
	<hr/>	<hr/>

## Notes (continued)

### 6 Interest receivable

	2002 £	2001 £
Bank deposit interest	2,090	2,644

### 7 Taxation

The directors consider that, for taxation purposes, the association is "mutually trading" with its members and accordingly surpluses and deficits arising from members' subscriptions do not constitute taxable profits or losses. This has been agreed with the Inland Revenue.

The taxation charge for the period, which arises on investment income, is made up as follows:

	2002 £	2001 £
Corporation tax at 10% (2001: 20%)	172	400
Adjustment in respect of prior years	(137)	(48)
	<u>35</u>	<u>352</u>

### 8 Debtors

	2002 £	2001 £
Prepayments	13,777	5,300

### 9 Creditors: amounts falling due within one year

	2002 £	2001 £
Corporation tax	172	400
Accruals	2,056	2,463
Other creditors	3,350	2,550
	<u>5,578</u>	<u>5,413</u>

**Notes** *(continued)*

**10 Commitments**

At the balance sheet date Intermediary Mortgage Lenders Association ("IMLA") was committed to pay £9,471 in respect of its Annual Dinner, which took place on 2 October 2002.

**11 Related Party Transactions**

As current members of the management committee of IMLA, J Heron, AJ Ward and I Crump also sit on the executive committee of the Council of Mortgage Lenders (CML).

During the year, management fees of £28,788 (2001: £19,094) were paid by IMLA to CML, in respect of administration services provided by CML.

## Current list of members

AIB Bank Bankcentre - Britain Belmont Road Uxbridge Middlesex UB8 1SA	Tel: 01895 272 222 Fax: 01895 251 168
BM Solutions PO Box 81 Pendeford Business Park Wobaston Road Wolverhampton WV9 5HZ	Tel: 01902 325 503 Fax: 01902 325 445
Bristol & West PLC (Bank of Ireland Mortgages Ltd) One Temple Way PO Box 27 Bristol BS99 7AX	Tel: 0117 979 2222 Fax: 0117 929 2945
Britannic Money Plc Sir William Atkins House Ashley Avenue Epsom Surrey KT18 5AS	Tel: 01372 737 737 Fax: 01372 737 611
Capital Home Loans Limited Admiral House Harlington Way Fleet Hampshire GU13 8YF	Tel: 01252 365 800 Fax: 01252 811 827
First National Mortgage Company First National House College Road Harrow HA1 1FB	Tel: 020 8909 8000 Fax: 020 8909 7289
Future Mortgages Future House 200 Kings Road Reading RG1 4NN	Tel: 0118 959 9933 Fax: 0118 951 4942
GMAC-RFC Eastern Gate Brants Bridge Bracknell Berkshire RG12 9BZ	Tel: 01344 394 000 Fax: 01344 349 050

## Current list of members

Intelligent Finance 8 Lochside Avenue Edinburgh EH12 9DJ	Tel:	0131 658 2331
Kensington Mortgage Company 1 Derry Street Kensington London W8 5HY	Tel: Fax:	020 7376 0110 020 7937 4406
Leeds & Holbeck Building Society Realtex House 2 Leeds Road Rawdon Leeds LS19 6AX	Tel: Fax:	0113 219 8882 0113 219 8899
The Mortgage Business Plc 36 City Road Chester CH88 3AN	Tel: Fax:	01244 694 823 01244 694 934
Mortgage Express Ltd Endeavour House 1 Lyonsdown Road New Barnett Herts EN5 1HU	Tel: Fax:	020 8449 8888 020 8275 2266
Mortgages Plc Grosvenor Gardens House 35 - 37 Grosvenor Gardens London SW1 0BS	Tel: Fax:	0207 570 2900 0207 570 2905
Paragon Mortgages Ltd St Catherine's Court Herbert Road Solihull West Midlands B91 3QE	Tel: Fax:	0121 712 2323 0121 712 2562
Platform Home Loans Ltd Exchange Tower 2 Harbour Exchange Square London E14 9FR	Tel: Fax:	020 7512 4000 020 7512 4090
Portman Building Society Portman House Richmond Hill Bournemouth Dorset BH2 6EP	Tel:	01202 292 444

## Current list of members

Preferred Mortgages Ltd Oakfield House 35 Perrymount Road Haywards Heath West Sussex RH16 3BX	Tel: Fax:	01444 447 700 01444 412 287
Royal Bank of Scotland/National Westminster Bank The Broadstone 50 South Gyle Crescent Edinburgh EH12 9UZ	Tel: Fax:	0131 523 2249 0131 523 2474
Southern Pacific Mortgage Limited 125 Kensington High Street London W8 5PA	Tel: Fax:	020 7590 1500 020 7538 4563
Standard Life Bank 5th Floor 1 Conference Square Edinburgh EH3 8RA	Tel: Fax:	0131 245 5556 0131 222 0761
Sun Bank plc The Icon Lytton Way Stevenage Hertfordshire SG1 1ZE	Tel: Fax:	01438 744 656 01438 744 556
UCB Home Loans Corporation UCB House 36 Sutton Court Road Sutton Surrey SM1 4TE	Tel: Fax:	020 8401 4000 020 8401 4492
Verso PO Box 1332 Leek ST13 5TP	Tel: Fax:	01538 393 500 01538 393 522
West Bromwich Building Society 374 High Street West Bromwich West Midlands B70 8LR	Tel: Fax:	0121 525 7070 0121 525 4751