

## **Finance & Leasing Association**

(A company limited by guarantee and not having share capital)

### **Directors' report and financial statements**

31 December 1997

Registered number 2651248



## **Directors' report and financial statements**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

### **Principal activities**

The principal activities of the Association have been to continue to improve the business opportunities for members, to put the collective views of the members to government departments, Parliament, European institutions and other relevant organisations on matters which affect them, to promote honourable practices and encourage the highest standards of professionalism, to provide a forum for members to raise and have discussed general issues affecting their business and to provide business information to Members.

### **Business review**

Full Membership of the Association is available to organisations which are engaged in the business of providing consumer credit and finance, instalment finance or asset finance or asset leasing in the United Kingdom. Associate Membership is available to organisations with an interest in the same areas of business or providing professional advice or other services to full members or overseas organisations that satisfy the full membership criteria solely outside the UK.

The results for the period are set out in the profit and loss account on page 5.

### **Remuneration committee**

The Executive Board has set up a Remuneration Committee comprising three non-executive directors. Its role is to set and monitor the remuneration and performance targets of any executive directors (currently only the Director General) and to keep remuneration policies under review.

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

The members of the Executive Board who served during the period were as follows:

Michael A Woodall	Beneficial Bank PLC	Chairman from 22 May 1997
David A Baggaley	Lloyds Bowmaker Finance Group (resigned 22 May 1997)	
Michael Brian	Lombard North Central PLC	
John D Callender	Barclays Mercantile Business Finance Ltd	
David G Dunsmore	Abbey National Personal Finance (appointed 22 May 1997)	
Martin A Hall	Director General	
Timothy V Holmes	Forward Trust Limited	
Graham E Picken	First Direct, Business to Business (appointed 22 May 1997)	
Charles S Taylor	Sovereign Finance PLC	

The members of the Executive Board are directors of the Association for Companies Act purposes. No members of the Executive Board had any personal interest in the loan capital of the Association.

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

### **Political and charitable contributions**

During the year the company made a donation of £600 to Motor and Allied Trades Benevolent Fund.

The company made no political contributions during the year.

### **Liability insurance**

During the year the company maintained liability insurance for its officers.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**ME Waldren**  
*Company Secretary*

Imperial House  
15-19 Kingsway  
London WC2B 6UN

9 April 1998

## **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 profit or loss of the company 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 maintaining 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.



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## **Auditors' report to the members of Finance & Leasing Association**

(A company limited by guarantee and not having share capital)

We have audited the financial statements on pages 5 to 13.

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

As described on page 3 the company's directors are responsible for the preparation of financial statements. 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 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 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

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

9 April 1998

## Profit and loss account

*for the year ended 31 December 1997*

	<i>Note</i>	<b>Pre-exceptional items 1997 £</b>	<b>Exceptional items (note 6) 1997 £</b>	<b>Total 1997 £</b>	<b>1996 £</b>
Members' subscriptions		1,700,900	-	1,700,900	1,636,329
Other trading income		1,124,348	-	1,124,348	767,210
Administrative expenses		(2,887,570)	(1,141,745)	(4,029,315)	(2,498,869)
<b>Trading (loss)/profit</b>		<b>(62,322)</b>	<b>(1,141,745)</b>	<b>(1,204,067)</b>	<b>(95,330)</b>
Other operating income		22,281	-	22,281	31,751
Other interest receivable and similar income	7	81,882	-	81,882	64,389
<b>Profit/(loss) on ordinary activities before taxation</b>	3	<b>41,841</b>	<b>(1,141,745)</b>	<b>(1,099,904)</b>	<b>810</b>
Tax on profit on ordinary activities	8	13,815	-	13,815	(3,717)
<b>Retained profit/(loss) for the financial year</b>		<b>55,656</b>	<b>(1,141,745)</b>	<b>(1,086,089)</b>	<b>(2,907)</b>

The company made no acquisitions and had no discontinued activities.

In both the current and preceding years the company made no recognised gains or losses other than those reported above.

## Balance sheet

at 31 December 1997

	Note	1997	1996
		£	£
<b>Fixed assets</b>			
Tangible assets	9	280,301	26,216
<b>Current assets</b>			
Debtors	10	153,883	207,728
Cash at bank and in hand		102,432	280,641
		<u>256,315</u>	<u>488,369</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(320,679)</u>	<u>(191,129)</u>
<b>Net current assets/(liabilities)</b>		<u>(64,364)</u>	<u>297,240</u>
<b>Total assets less current liabilities</b>		<u>215,937</u>	<u>323,456</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(11,770)</u>	<u>-</u>
<b>Net assets</b>		<u>204,167</u>	<u>323,456</u>
<b>Amounts due to members</b>	13	991,871	25,071
<b>Capital and reserves</b>			
Reserve fund	14	(787,704)	298,385
		<u>204,167</u>	<u>323,456</u>

These financial statements were approved by the board of directors on 9 April 1998 and were signed on its behalf by:

MA Woodall  
Director

JD Callender  
Director



## **Notes**

*(forming part of the financial statements)*

### **1 Status of the Association**

The Finance and Leasing Association is a company limited by guarantee and does not have share capital. In the event of winding up, each full member is liable to contribute an amount not exceeding £1 towards its debts and liabilities. At 31 December 1997 there were 109 members and 56 associate members.

### **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.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

A cash flow statement has not been prepared on the grounds that the company qualifies as a small company.

#### ***Members' subscriptions***

Members' subscriptions are recognised on an accruals basis.

#### ***Fixed assets and depreciation***

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	period of lease
Fixtures and fittings	-	3 to 5 years (or over the period of a lease)
Motor vehicles	-	3 years

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### ***Leases***

All leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### ***Pension costs***

The company operates a defined contribution pension scheme. The contributions are made to the Group Personal Pension Scheme as set out in Note 16. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

## Notes

### 2 Accounting policies *(continued)*

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Other trading income*

Other trading income represents income from conferences and training courses held during the year, income from statistical services, diploma courses and from the sale of publications, excluding value added tax.

### 3 Profit on ordinary activities before taxation

	1997 £	1996 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	6,000	5,000
Other services	26,214	7,200
Depreciation and other amounts written off tangible fixed assets:		
Owned	22,485	25,302
Leased	-	-
Hire of plant and machinery - rentals payable under operating leases	40,229	31,487
Rentals payable under other operating leases	315,930	335,000
	<u>          </u>	<u>          </u>

### 4 Remuneration of directors

The emoluments, excluding pension contributions, of Mr Hall the only paid director were £148,126 (1996:£116,416). These were determined by the Remuneration Committee of the Executive Board.

The 1997 figure includes a performance bonus of £17,250 (1996:£nil) in respect to 1997 which was approved by the Remuneration Committee in February 1998 and paid in March 1998.

## 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1997	1996
Management	9	10
Administration	16	16
	<hr/>	<hr/>
	25	26
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1997	1996
	£	£
Wages and salaries	748,235	759,800
Exceptional settlements	75,038	39,427
Social security costs	73,032	78,475
Other pension costs (see note 16)	75,019	91,036
	<hr/>	<hr/>
	971,324	968,738
	<hr/>	<hr/>

## 6 Exceptional costs

	1997	1996
	£	£
Move expenses	(1,141,745)	-
	<hr/>	<hr/>

The move expenses relate to the surrender cost of the lease at Upper Grosvenor Street and associated costs.

## 7 Other interest receivable and similar income

	1997	1996
	£	£
Bank interest receivable	81,882	64,389
	<hr/>	<hr/>

## Notes (continued)

### 8 Taxation

	1997 £	1996 £
UK corporation tax at 24% or 25% on the profit for the year on ordinary activities	-	2,930
Adjustment relating to an earlier year	(4,925)	787
Tax credit in respect of losses carried back	(8,890)	-
	<u>(13,815)</u>	<u>3,717</u>

There are tax losses carried forward of £8,320 at 31 December 1997 (1996:£nil).

### 9 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings, tools and equipment £	Total £
<b>Cost</b>			
At beginning of period	40,712	27,567	68,279
Additions	131,484	157,281	288,765
Disposals	(40,712)	(17,136)	(57,848)
	<u>131,484</u>	<u>167,712</u>	<u>299,196</u>
<b>Depreciation</b>			
At beginning of period	23,915	18,148	42,063
Charge for year	5,766	16,719	22,485
On disposals	(28,909)	(16,744)	(45,653)
	<u>772</u>	<u>18,123</u>	<u>18,895</u>
<b>Net book value</b>			
At 31 December 1997	<u>130,712</u>	<u>149,589</u>	<u>280,301</u>
At 31 December 1996	<u>16,797</u>	<u>9,419</u>	<u>26,216</u>

**Notes (continued)**

**10 Debtors: amounts falling due within one year**

	1997 £	1996 £
Trade debtors	30,637	36,745
Other debtors	86,096	64,151
Prepayments and accrued income	37,150	106,832
	<u>153,883</u>	<u>207,728</u>

**11 Creditors: amounts falling due within one year**

	1997 £	1996 £
Trade creditors	129,513	79,986
Other creditors including taxation and social security:		
Corporation tax	-	2,930
Other taxes and social security	22,409	38,531
	<u>22,409</u>	<u>41,461</u>
Taxation and social security	22,409	41,461
Other creditors	9,230	-
	<u>31,639</u>	<u>41,461</u>
Accruals and deferred income	159,527	69,682
	<u>320,679</u>	<u>191,129</u>

**Notes (continued)**

**12 Creditors: amounts falling due after more than one year**

	1997	1996
	£	£
Other creditors	11,770	-
	<u>11,770</u>	<u>-</u>

**13 Amounts due to members**

	1997	1996
	£	£
Members' loan capital	25,071	25,071
Advanced subscriptions	966,800	-
	<u>991,871</u>	<u>25,071</u>

The members' loan capital has no fixed maturity date and members have waived their entitlement to interest thereon.

In order to finance the payment of the move costs referred to in note 6, the members agreed to pay subscriptions in advance in respect of their membership during the years 1998 to 2002. These interest free amounts will be repaid by means of members receiving discounts on their subscriptions due in respect of each of the years 1998 to 2002.

**14 Reserves**

	Reserve fund	
	1997	1996
	£	£
At beginning of year	298,385	301,292
Transfer to reserves for year	(1,086,089)	(2,907)
	<u>(787,704)</u>	<u>298,385</u>

## Notes (continued)

### 15 Commitments

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as set out below:

	1997		1996	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within 1 year	-	6,600	-	4,000
2 - 5 years	-	43,772	335,000	22,833
Over 5 years	166,320	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	166,320	50,372	335,000	26,833
	<hr/>	<hr/>	<hr/>	<hr/>

### 16 Pension scheme

The company operated a defined contribution pension scheme to November 1996. From November 1996 the Company contributed to the Group Personal Pension Scheme. Transferring of assets from the existing fund is at the discretion of members.

The pension cost charge for the year represents contributions payable by the company to either fund and amounted to £75,019 (1996:£91,036).

### 17 Counter indemnities in respect of bank guarantees

Barclays Bank plc has entered into counter indemnities on behalf of the company in respect of guarantees to the sum of £83,160 in favour of the company's Landlords.