

**Finance & Leasing Association**

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

**Directors' report and financial statements**

31 December 2000

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 2000.

### 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 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 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 with trade solely outside the UK.

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

### Remuneration Committee

The 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.

### Audit Committee

The Board has set up an Audit Committee comprising three non-executive directors.

### Directors and directors' interests

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

Michael Brian	PSA Finance Plc	Chairman
John Davies	Lloyds UDT Finance Ltd	
Sam Geneen	Five Arrows Leasing Group Ltd	(appointed 18 May 2000)
Philip George	First National Group	
Martin A Hall	Finance & Leasing Association	Director General
Roger Halliwell	Capital Bank plc	(ceased 18 May 2000)
Adrian Hill	HFC Bank plc	
Peter B Miles	Lloyds TSB Leasing Limited	(appointed 18 May 2000)
Peter de Rousset-Hall	Ford Credit Europe	(appointed 18 May 2000)
Charles S Taylor	Sovereign Finance plc	(ceased 18 May 2000)
Richard Whitton	Daimler Chrysler Financial Services Ltd	(ceased 4 April 2000)

All members of the Board are directors of the Association for Companies Act purposes. No members of the 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 £1,000 to BEN.

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.



D Jeffrey  
Company Secretary  
April 2001

Imperial House  
15-19 Kingsway  
London WC2B 6UN

## 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.

## **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 page 5 to 12.

### **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. 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 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**KPMG**  
Chartered Accountants  
Registered Auditors

London

*20 April 2001*

**Profit and loss account**  
for the year ended 31 December 2000

	<i>Note</i>	Total 2000 £	Total 1999 £
Members' subscriptions		2,012,434	1,882,090
Other trading income		522,673	491,240
Administrative expenses		<u>(2,142,813)</u>	<u>(2,251,304)</u>
<b>Trading profit</b>		<b>392,294</b>	<b>122,026</b>
Other operating income		0	14,970
Other interest receivable and similar income	7	<u>90,515</u>	<u>32,277</u>
<b>Profit on ordinary activities before taxation</b>	3	<b>482,809</b>	<b>169,273</b>
Tax on profit for the financial year	8	<u>(122,056)</u>	<u>(58,706)</u>
<b>Retained profit for the financial year</b>		<u><b>360,753</b></u>	<u><b>110,567</b></u>

The company made no acquisitions and had no discontinued activities.

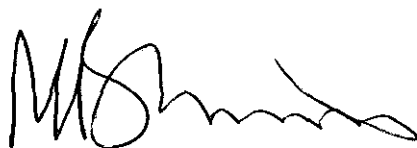
In both the current and preceding years the company made no recognised gains or losses other than those reported above.

**Balance sheet**  
at 31 December 2000

	Note	2000	1999
		£	£
<b>Fixed assets</b>			
Tangible assets	9	179,901	183,130
<b>Current assets</b>			
Debtors	10	316,542	344,635
Cash at Bank & in hand		<u>495,713</u>	<u>112,281</u>
		812,255	456,916
<b>Creditors: amounts falling due within one year</b>	11	<u>(784,635)</u>	<u>(597,518)</u>
<b>Net current assets/(liabilities)</b>		<u>27,620</u>	<u>(140,602)</u>
<b>Total assets less current liabilities</b>		207,521	42,528
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(2,100)</u>	<u>(8,400)</u>
<b>Net assets</b>		<u>205,421</u>	<u>34,128</u>
<b>Amounts due to members</b>	13	415,191	604,651
<b>Capital and reserves</b>			
Reserve Fund	14	<u>(209,770)</u>	<u>(570,523)</u>
		<u>205,421</u>	<u>34,128</u>

These financial statements were approved by the board of directors in April 2001 and were signed on its behalf by:

M Brian  
Director



M A Hall  
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 2000 there were 95 full members and 69 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

#### **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)

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

	2000 £	1999 £
<b>Profit on ordinary activities before taxation is stated</b>		
after charging		
Auditors' remuneration:		
Audit	6,750	5,250
Other services	1,750	7,450
Depreciation and other amounts written off tangible fixed assets:		
Owned	91,416	64,189
Hire of plant and machinery – rentals payable under operating leases	49,840	45,160
Rentals payable under other operating leases	243,010	166,320

### 4. Remuneration of directors

The emoluments, excluding pension contributions of Mr Hall, the only paid director, were £175,986 (1999: £169,007). These were determined by the Remuneration Committee of the Board.

The emoluments include a performance bonus of £27,040 in respect of 2000 (1999: £22,750) which was approved by the Remuneration Committee in February 2001 and paid in March 2001. Pension contributions in respect of the Association's money purchase scheme were £ 20,280 (1999: £19,695).

## 5. Staff numbers and costs

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

	Number of employees	
	2000	1999
Management	10	10
Administration	10	9
	<u>20</u>	<u>19</u>

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£	£
Wages and salaries	771,144	729,205
Exceptional settlements	0	10,503
Social security costs	79,787	75,350
Other pension costs (see note 16)	<u>86,393</u>	<u>85,626</u>
	<u>937,324</u>	<u>900,684</u>

## 6. Exceptional costs

The Association incurred expenditure of £1,141,745 in 1997 in connection with the surrender cost of the lease in respect of the former offices and the relocation to the current offices.

## 7. Other interest receivable and similar income

	2000	1999
Bank interest receivable	£52,216	£32,277
Rent Increase	<u>£38,299</u>	<u>0</u>
	<u>£90,515</u>	<u>£32,277</u>

## 8. Taxation

	2000	1999
UK corporation tax at 24.85% (1999:21%) on the profit for the year on ordinary activities	<u>£122,056</u>	<u>£58,706</u>

## 9. Tangible fixed assets

	Leasehold Improvements	Fixtures, Fittings tools and equipment	Total
	£	£	£
<b>Cost</b>			
At beginning of period	131,484	189,090	320,574
Additions	<u>59,987</u>	<u>28,200</u>	<u>88,187</u>
At end of period	<u>191,471</u>	<u>217,290</u>	<u>408,761</u>
<b>Depreciation</b>			
At beginning of period	54,137	83,307	137,444
Charge for year	<u>48,110</u>	<u>43,306</u>	<u>91,416</u>
At end of period	<u>102,247</u>	<u>126,613</u>	<u>228,860</u>
<b>Net book value</b>			
At 31 December 2000	<u>89,224</u>	<u>90,677</u>	<u>179,901</u>
At 31 December 1999	<u>77,347</u>	<u>105,783</u>	<u>183,130</u>

## 10. Debtors: amounts falling due within one year

	2000	1999
	£	£
Trade debtors	136,175	58,364
Other debtors	30,674	197,158
Prepayments and accrued income	<u>149,693</u>	<u>89,113</u>
	<u>316,542</u>	<u>344,635</u>

The Trade Debtors include debtors for projects managed by the Association on behalf of members.

## 11. Creditors: amounts falling due within one year

	2000	1999
	£	£
Trade creditors	156,364	214,351
Other creditors including taxation and social security:		
Corporation tax	121,499	58,706
Other taxes and social security	<u>22,320</u>	<u>24,683</u>
Taxation and social security	143,819	83,389
Other creditors	<u>308,733</u>	<u>148,454</u>
	<u>452,552</u>	231,843
Accruals and deferred income	<u>175,719</u>	<u>151,324</u>
	<u>784,635</u>	<u>597,518</u>

Trade Creditors include creditors for projects managed by the Association on behalf of members.

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

	2000	1999
Other creditors	<u>£2,100</u>	<u>£8,400</u>

**13. Amounts due to members**

	2000 £	1999 £
Members' loan capital	25,071	25,071
Pre payments	<u>390,120</u>	<u>579,580</u>
	<u>415,191</u>	<u>604,651</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 from Upper Grosvenor Street in 1997 (Note 6), the members agreed to pay subscriptions in advance. This interest free amount is being repaid to members in equal annual instalments over the period 1998 – 2002.

**14. Reserves**

	2000 £	1999 £
At beginning of year	(570,523)	(681,090)
Transfer to reserves for year	<u>360,753</u>	<u>110,567</u>
At end of year	<u>(209,770)</u>	<u>(570,523)</u>

**15. Commitments**

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	<u>2000</u>		<u>1999</u>	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire:				
Within 1 year	0	0	0	15,503
2-5 years	243,010	39,484	242,730	19,116
Over 5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>243,010</u>	<u>39,484</u>	<u>242,730</u>	<u>34,619</u>

## **16. Pension scheme**

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

The pension cost charge for the year represented contributions payable by the company and amounted to £86,393(1999: £85,626).

## **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.