

Finance & Leasing Association

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

Directors' report and financial statements

31 December 1994

Registered number 2651248



Finance & Leasing Association

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

Directors' report and financial statements

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Finance & Leasing Association

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

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.

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

Directors and directors' interests

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

David G Hardisty	Close Brothers Group plc	Chairman
Anthony W Jukes	Hill Samuel Asset Finance Ltd	Deputy Chairman
Anthony G Mallin	Hambros Bank Ltd (resigned 9 May 1994)	(Chairman to 9 May 1994)
Ronald J Young	Lombard North Central PLC (resigned 9 May 1994)	(Deputy Chairman to 9 May 1994)
John S Brown	NWS BANK plc	
David C Flanigan	Ford Credit Europe plc	
John D Callender	Barclays Mercantile Business Finance Ltd	

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

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Directors' report (*continued*)

Political and charitable contributions

During the year the company made a donation of £500 to Motor and Allied Trade Benevolent Fund and provided secretariat services to the Money Advice Trust at no cost.

The company made no political contributions during the year.

Liability insurance

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

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. 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



~~NAD Grant CBE~~
Secretary

18 Upper Grosvenor Street
London W1X 9PB

5 April 1995

Finance & Leasing Association

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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.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

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 15.

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 1994 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

5 April 1995

Finance & Leasing Association

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

Profit and loss account

for the year ended 31 December 1994

	<i>Note</i>	1994 £	1993 £
Members' subscriptions		1,404,909	1,298,471
Other trading income	2	444,194	387,185
Administrative expenses		(1,881,626)	(1,706,661)
Trading (loss)/profit		(32,523)	(21,005)
Other operating income		24,289	30,964
Other interest receivable and similar income	6	47,940	51,883
Interest payable and similar charges	7	(11,538)	(4,107)
Profit on ordinary activities before taxation	3	28,168	57,735
Tax on profit on ordinary activities	8	(25,641)	(15,676)
Retained reserves for the year	13	2,527	42,059

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.

Finance & Leasing Association

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

Balance sheet

at 31 December 1994

	Note	1994	1993
		£	£
Fixed assets			
Tangible assets	9	49,121	44,341
Current assets			
Debtors	10	151,597	139,385
Cash at bank and in hand		284,586	368,447
		<u>436,183</u>	<u>507,832</u>
Creditors: amounts falling due within one year	11	<u>(206,617)</u>	<u>(268,225)</u>
Net current assets		<u>229,566</u>	<u>239,607</u>
Total assets less current liabilities		<u>278,687</u>	<u>283,948</u>
Creditors: amounts falling due after more than one year	12	<u>(25,071)</u>	<u>(32,859)</u>
Net assets		<u>253,616</u>	<u>251,089</u>
Capital and reserves			
Reserve fund	13	<u>253,616</u>	<u>251,089</u>

These financial statements were approved by the board of directors on 5 April 1995 and were signed on its behalf by:

DG Hardisty
Director

AW Jukes
Director

Finance & Leasing Association

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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 1994 there were 117 members and 46 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.

In accordance with the requirements of Financial Reporting Standard Number 4, 'Capital instruments', members' loan capital has been reclassified in the balance sheet from capital and reserves to creditors falling due in more than one year.

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

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 vehicle	-	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.

Finance & Leasing Association

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Notes *(continued)*

2 Accounting policies *(continued)*

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other 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 assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

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 and from the sale of publications, excluding value added tax.

Finance & Leasing Association

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Notes (continued)

3 Profit on ordinary activities before taxation

	1994 £	1993 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	8,000	8,000
Other services	1,500	1,500
Depreciation and other amounts written off tangible fixed assets:		
Owned	8,794	6,525
Leased	13,075	13,825
Hire of plant and machinery - rentals payable under operating leases	20,171	19,790
	<hr/>	<hr/>
<i>after crediting</i>		
Rents receivable from property	-	30,964
	<hr/>	<hr/>

The total amount charged to revenue for the hire of plant and machinery amounted to £41,148 (1993:£36,158). This comprises rentals payable under operating leases as well as depreciation on plant and machinery held under finance leases together with the related finance charges.

4 Remuneration of directors

No members of the Executive Board received any remuneration during the year.

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Notes (continued)

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	
	1994	1993
Management	9	8
Administration	15	14
	<u>24</u>	<u>22</u>

The aggregate payroll costs of these persons were as follows:

	1994	1993
	£	£
Wages and salaries	562,605	521,188
Social security costs	56,763	51,827
Other pension costs (see note 16)	72,668	79,185
	<u>692,036</u>	<u>652,200</u>

6 Other interest receivable and similar income

	1994	1993
	£	£
Bank interest receivable	<u>47,940</u>	<u>51,883</u>

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Notes (continued)

7 Interest payable and similar charges

	1994 £	1993 £
On bank loans, overdrafts and other loans wholly repayable within five years	3,905	1,880
Finance charges payable in respect of finance leases and hire purchase contracts	7,633	2,227
	<u>11,538</u>	<u>4,107</u>

8 Taxation

	1994 £	1993 £
UK corporation tax at 25% on the profit for the year on ordinary activities	20,365	14,799
Adjustment relating to an earlier year	5,276	877
	<u>25,641</u>	<u>15,676</u>

The 1994 prior year item relates to adjustments made to the 1992 corporation tax liabilities of the Finance and Leasing Association ('FLA') for which HMIT disallowed the deduction of legal expenditure totalling £21,166.

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Notes (continued)

9 Tangible fixed assets

	Leasehold improvements £	Motor vehicles £	Fixtures, fittings, tools and equipment £	Total £
<i>Cost</i>				
At beginning of period	19,298	13,070	43,659	76,027
Additions	9,514	-	17,135	26,649
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	28,812	13,070	60,794	102,676
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of period	10,135	5,809	15,742	31,686
Charge for year	1,282	4,357	16,230	21,869
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	11,417	10,166	31,972	53,555
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 1994	17,395	2,904	28,822	49,121
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1993	9,163	7,261	27,917	44,341
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the total net book value of fixtures and fittings is £11,595 (1993:£24,670) in respect of assets held under finance leases. Depreciation for the year on these assets was £13,075 (1993:£13,825).

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Notes (continued)

10 Debtors: due within one year

	1994	1993
	£	£
Trade debtors	40,189	24,217
Prepayments and accrued income	111,408	115,168
	<u>151,597</u>	<u>139,385</u>

11 Creditors: amounts falling due within one year

	1994	1993
	£	£
Obligations under finance leases and hire purchase contracts (see note 12)	14,345	14,499
Trade creditors	91,593	163,092
Other creditors including taxation and social security:		
Corporation tax	20,365	47,697
Other taxes and social security	19,345	16,927
	<u>39,710</u>	<u>64,624</u>
Taxation and social security	39,710	64,624
Other creditors	34,591	-
	<u>74,301</u>	<u>64,624</u>
Accruals and deferred income	26,378	26,010
	<u>206,617</u>	<u>268,225</u>

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Notes (continued)

12 Creditors: amounts falling due after more than one year

	1994 £	1993 £
Members' loan capital	25,071	25,071
Obligations under finance leases and hire purchase contracts	-	7,788
	<u>25,071</u>	<u>32,859</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	1994 £	1993 £
Within one year	15,211	15,843
In the second to fifth years	-	8,088
	<u>15,211</u>	<u>23,931</u>
Less future finance charges	(866)	(1,644)
	<u>14,345</u>	<u>22,287</u>

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

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Notes (continued)

13 Reserves

	Reserve fund	
	1994 £	1993 £
At beginning of year	251,089	209,030
Transfer to reserves for year	2,527	42,059
	<hr/>	<hr/>
At end of year	253,616	251,089
	<hr/>	<hr/>

14 Commitments

At 31 December 1994 the Association had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings £	Other £
Operating leases which expire:		
Within 1 year	-	-
2 - 5 years	-	19,598
Over 5 years	335,000	-
	<hr/>	<hr/>
	335,000	19,598
	<hr/>	<hr/>

15 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £72,668 (1993:£79,185).