

Chantrey Vellacott DFK LLP



The Lending Standards Board
Company Limited by Guarantee
Financial statements
31 March 2010

**The Lending Standards Board
Company Limited by Guarantee**

Financial statements

Year ended 31 March 2010

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**The Lending Standards Board
Company Limited by Guarantee**

Company information

The board of directors

Gerard Lemos CMG (Chairman)
Robert Skinner (Chief Executive)
Adnan Coles
Claire Ighodaro CBE
Angela Knight CBE
Sir Robin Mountfield KCB
Alan Whiting
Paul Marsh

Company secretary

Sisec Limited

Registered office

21 Holborn Viaduct
London
EC1A 2DY

Auditor

Chantrey Vellacott DFK LLP
Chartered Accountants
Statutory Auditor
Russell Square House
10 - 12 Russell Square
London
WC1B 5LF

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS

Chantrey Vellacott DFK LLP

The Lending Standards Board Company Limited by Guarantee

Directors' report

Year ended 31 March 2010

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 31 March 2010

Incorporation and change of name

The company was incorporated on 14 October 1999 as a company limited by guarantee and not having share capital. Every member of the Company would be required under the terms of the guarantee to contribute such amount as may be required (not exceeding £10) to the Company's assets if it should be wound up.

The company changed its name from the Banking Code Standards Board Limited to The Lending Standards Board Limited on 2 November 2009.

Principal activities

Prior to the 2 November 2009, the principal activity of the company was the monitoring and enforcement of the Banking and Business Banking Codes, voluntary codes of practice for financial services providers intended to protect customers.

With effect from 1 November 2009, the Financial Services Authority introduced new conduct of business rules for deposit products and payment services which until that date formed a material part of the company's remit. On 2 November a new Lending Code was introduced and the company changed its name to become The Lending Standards Board Limited. The Lending Code is a voluntary code of practice for providers of unsecured personal credit and finance for micro-enterprises and small charities. The company's principal activity, since that date, has been to monitor and enforce the Lending Code.

Directors

The directors who served the company during the year were as follows:

Gerard Lemos CMG (Chairman)	
Robert Skinner (Chief Executive)	
Adnan Coles	
Claire Ighodaro CBE	
Angela Knight CBE	
Sir Robin Mountfield KCB	
Alan Whiting	
Paul Marsh	(Appointed 1 September 2009)
Claire Foster	(Resigned 31 December 2009)
Paul Smee	(Resigned 31 July 2009)

On 3 June 2010 Angela Knight CBE resigned as a director and was replaced on 4 June 2010 by Eric Leenders, executive director of the British Bankers Association.

The Board meets approximately eight times a year. At each Board meeting directors review detailed papers on the activities of the company. Monitoring of Lending Code subscribers is via full subscriber reviews, themed reviews, investigations and mystery shopping; the members of the Board have oversight of this. In addition, each subscriber is required to produce an annual statement confirming full compliance with the Code.

Where a material breach of the Code is identified, an independently chaired Adjudication Committee considers the case and decides upon the sanction. Less serious breaches of the Code are considered by the Chief Executive who agrees appropriate remedial action with the subscriber.

In addition to the Adjudication Committee, there are two further Board committees:

- The Audit and Finance Committee, whose role includes reviewing budgets and the annual accounts, ensuring that internal controls are effective and reviewing the appointment of the Auditors,
- A Remuneration Committee, that makes recommendations on the remuneration of the Chairman, Independent Directors, the Chief Executive and members of staff.

**The Lending Standards Board
Company Limited by Guarantee**

Directors' report (continued)

Year ended 31 March 2010

Directors' responsibilities

The directors are responsible for preparing the directors' report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Insofar as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

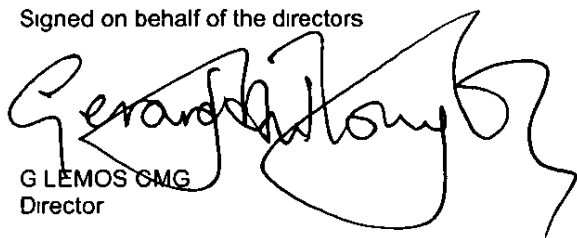
Auditor

Chantrey Vellacott DFK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed on behalf of the directors


G LEMOS CMG
Director

Approved by the directors on 14 July 2010

**The Lending Standards Board
Company Limited by Guarantee**

Independent auditor's report to the members of The Lending Standards Board

Year ended 31 March 2010

We have audited the financial statements of The Lending Standards Board for the year ended 31 March 2010 which comprise the profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



CHRIS MALACRIDA (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
London

14 July 2010

**The Lending Standards Board
Company Limited by Guarantee**

Profit and loss account

Year ended 31 March 2010

	Note	2010 £	2009 £
Turnover		1,695,694	1,595,699
Administrative expenses		1,697,347	1,624,036
Operating loss	2/5	(1,653)	(28,337)
Attributable to			
Operating profit/(loss) before exceptional items		304,932	(28,337)
Exceptional items	5	(306,585)	-
		(1,653)	(28,337)
Interest receivable		7,863	62,051
Profit on ordinary activities before taxation		6,210	33,714
Tax on profit on ordinary activities	6	683	(12,855)
Profit for the financial year		5,527	46,569

All of the activities of the company are classed as continuing

There is no difference between the results shown above and their historical cost equivalents

There were no other recognised gains or losses made by the company during the year and therefore a separate statement of recognised gains and losses is not required

The notes on pages 7 to 11 form part of these financial statements.

**The Lending Standards Board
Company Limited by Guarantee**

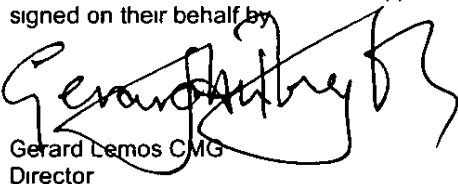
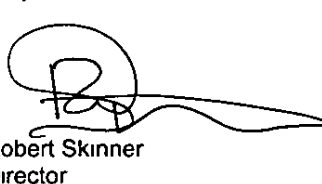
Balance sheet

As at 31 March 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	7	<u>6,492</u>	<u>11,180</u>
Current assets			
Debtors	8	<u>80,953</u>	<u>112,649</u>
Cash at bank		<u>638,186</u>	<u>628,303</u>
		<u>719,139</u>	<u>740,952</u>
Creditors amounts falling due within one year	9	<u>91,240</u>	<u>123,268</u>
Net current assets		<u>627,899</u>	<u>617,684</u>
Total assets less current liabilities		<u><u>634,391</u></u>	<u><u>628,864</u></u>
Reserves			
Profit and loss account	12	<u>634,391</u>	<u>628,864</u>
Members' funds		<u>634,391</u>	<u>628,864</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 14 July 2010, and are signed on their behalf by

Gerard Lemos CMG
Director

Robert Skinner
Director

Company Registration Number 3861859

The notes on pages 7 to 11 form part of these financial statements

**The Lending Standards Board
Company Limited by Guarantee**

Notes to the financial statements

Year ended 31 March 2010

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards

Going Concern

The directors believe the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

Turnover

Turnover comprises annual subscriptions payable for the year ended 31 March 2010

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings	- 33% straight line
Computer and other equipment	- 33% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

Financial instruments

Financial assets such as cash and debtors are measured at the present value of the amounts receivable, less an allowance for the expected level of doubtful receivables. Financial liabilities such as trade creditors, loans and finance leases are measured at the present value of the obligation. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2 Operating loss

Operating loss is stated after charging

	2010 £	2009 £
Depreciation of owned fixed assets	6,364	11,777
Loss on disposal of fixed assets	2,350	-
Auditor's fees	7,250	6,950
Auditor's fees - non audit services	11,150	3,475
Operating lease rentals – land & buildings	38,349	52,684

**The Lending Standards Board
Company Limited by Guarantee**

Notes to the financial statements

Year ended 31 March 2010

3 Directors and staff costs

The average number of staff employed by the company during the financial year (excluding non-executive directors) amounted to 12 (2009 - 15) Pension contributions were paid into an employee Group Personal Pension Plan

The aggregate payroll costs (including all directors) were

	2010 £	2009 £
Wages and salaries	842,343	951,856
Social security costs	104,716	107,783
Other pension costs	69,056	64,811
	<u>1,016,115</u>	<u>1,124,450</u>

4 Directors' remuneration

	2010 £	2009 £
Gerard Lemos CMG	47,188	46,250
Claire Ighodaro CBE	16,000	16,000
Robert Skinner	194,250	167,500
Sir Robin Mountfield KCB	14,000	14,000
Alan Whiting	14,000	14,000
Claire Foster (resigned 31 December 2009)	10,500	14,000
Paul Marsh (appointed 1 September 2009)	-	-
Adrian Coles	-	-
Angela Knight CBE	-	-
Paul Smee (resigned 31 July 2009)	-	-
	<u>295,938</u>	<u>271,750</u>

Contributions totalling £15,300 (2009 £15,000) were paid to a pension arrangement to secure money purchase benefits for Robert Skinner

**The Lending Standards Board
Company Limited by Guarantee**

Notes to the financial statements

Year ended 31 March 2010

5 Exceptional items

	2010 £	2009 £
Recognised in arriving at operating loss		
Reorganisation costs	<u>306,585</u>	<u>-</u>

The reorganisation costs of £306,585 included in the profit and loss account relates to the restructuring of the company during the year. This was due to the change of the company's activities from The Banking Code Standards Board to The Lending Standards Board.

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
UK Corporation tax based on the results for the year at 21% (2009 - 21%)	<u>683</u>	<u>(12,855)</u>
Total current tax	<u>683</u>	<u>(12,855)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is at a lower rate than the standard rate of corporation tax in the UK of 21% (2009 - 21%)

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>6,210</u>	<u>33,714</u>
Profit on ordinary activities multiplied by rate of tax	1,304	7,079
Expenses not deductible for tax purposes	169	1,277
Capital allowances for period in excess of depreciation	(790)	(1,524)
Adjustments to tax charge in respect of previous periods	-	(19,687)
Total current tax (note 6(a))	<u>683</u>	<u>(12,855)</u>

**The Lending Standards Board
Company Limited by Guarantee**

Notes to the financial statements

Year ended 31 March 2010

7 Tangible fixed assets

	Fixtures & Fittings £	Computer and other equipment £	Total £
Cost			
At 1 April 2009	24,017	99,820	123,837
Additions	2,000	2,027	4,027
Disposals	(20,598)	(58,926)	(79,524)
At 31 March 2010	5,419	42,921	48,340
Depreciation			
At 1 April 2009	22,974	89,683	112,657
Charge for the year	995	5,369	6,364
On disposals	(20,048)	(57,125)	(77,173)
At 31 March 2010	3,921	37,927	41,848
Net book value			
At 31 March 2010	1,498	4,994	6,492
At 31 March 2009	1,043	10,137	11,180

8 Debtors

	2010 £	2009 £
Other debtors	80,953	112,649

9 Creditors amounts falling due within one year

	2010 £	2009 £
Trade creditors	39,076	34,909
Corporation tax	518	6,685
Accruals and deferred income	51,646	81,674
	91,240	123,268

**The Lending Standards Board
Company Limited by Guarantee**

Notes to the financial statements

Year ended 31 March 2010

10 Commitments under operating leases

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2010	2009
	£	£
Operating leases which expire		
Within one year	-	35,120
Within two to five years	37,500	-
	37,500	35,120

11 Company limited by guarantee

The company was incorporated on 14 October 1999 as a company limited by guarantee and not having share capital. Every member of the Company would be required under the terms of the guarantee to contribute such amount as may be required (not exceeding £10) to the Company's assets if it should be wound up.

12 Profit and loss account

	2010	2009
	£	£
Balance brought forward	628,864	582,295
Profit for the financial year	5,527	46,569
Balance carried forward	634,391	628,864