

**Consumer Credit Trade Association
(A Company limited by guarantee)**

Report and Accounts

Year Ended

31 December 1999

Registered Number 34278



BDO Stoy Hayward
Chartered Accountants

CONSUMER CREDIT TRADE ASSOCIATION

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

Registered Number 34278

Officers as at 31 March 2000

President:	Lord Russell of Liverpool
Chairman:	G. Wilkinson, George Wilkinson Associates
Vice Chairman:	W. Powell, Marks & Spencer Financial Services Limited
Honorary Treasurer:	A Keene, Kingstone Limited

Members of Council:	K. Buckley, Hitachi Credit (UK) PLC
	B C Dixon, Wessex West Country Finance Limited
	J S McCulloch, Creation Financial Services Limited
	C Oakes, Courts Furnishers (UK) Limited
	P Ross, Richmond Investments Limited
	R Sherras, Halstead Consulting Limited
	S A Segal, Humber Finance Limited
	G Wiggins, Peterborough Investment Company

Director General:	R Keith Mather LLB MICM
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Auditors:	BDO Stoy Hayward
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Solicitors:	Paisner & Co.
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Consumer Credit Trade Association

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Report and Accounts for the Year Ended 31 December 1999

CHAIRMAN'S REPORT

Given the challenges currently facing the credit industry and the potential for substantial and fundamental change which these challenges portend it is difficult to know where to begin in reviewing the year just passed.

We started with the prospect of the implementation of the Data Protection Act 1998 and its associated Regulations in the Spring only to find that eventually this was not to occur until 1st March 2000. This delay however did not alter any of the underlying dates embedded in the legislation and therefore 24th October 2001 still remains the date when the 1984 Act will cease to apply to processing underway on 24th October 1998.

Continuing the data theme the year has also been dominated by the debates surrounding the availability of the electoral register and the use of third party data. As I write this report we know that Government has accepted the crucial role played by the electoral register information in ensuring the continuance of responsible lending and has agreed that, subject to appropriate restrictions and controls, the full register should continue to be available for credit purposes. However, this result was not achieved without a substantial amount of effort on the part of all those involved in the credit industry, including CCTA. The consequences of not being successful in persuading government of the need to retain such access did not bear contemplation.

Through the Cross Industry Working Party chaired by myself the consumer credit industry has spent a substantial amount of time gaining a comprehensive understanding of the importance and relevance of third party data to lending decisions. Whilst it has to be acknowledged that changes in data protection law require an effective review of existing uses and practices it remains nonetheless the case that in the absence of some form of universal national identity record system (which is a common feature of other countries within the EEC) third party data remains an important feature of the UK credit industry and CCTA, again with others in the industry, will continue discussions with the Office of the Data Protection Registrar to ensure that there is a full understanding of the importance of this information.

The early part of the year also saw the publication of the Financial Services and Markets Bill. The newly appointed Chief Ombudsman for the Financial Services Authority, Mr Walter Merricks (formerly Insurance Ombudsman) publicly invited the unsecured credit sector to discussions with him on the possibility of utilising the voluntary ombudsman scheme within that legislation. In the absence of industry consensus in this area there have been few developments in response to that clarion call. Nonetheless the future structure of Codes of Practice and the development of effective customer redress processes will both need to be addressed by the industry if the ambitions set out in the Government's consumer White Paper are to be fulfilled.

The consumer White Paper, "Modern Markets: Confident Consumers" was a wide ranging review by the Government of its intentions with regard to consumer support and protection. The government have stated themselves to be committed to improving the availability of information, the level of understanding amongst consumers, and the available means of redress. These are all areas which impact substantially on the consumer credit industry and which will in the fullness of time need to be addressed in consultation with government and other regulators.

On the European scene we were disappointed to see the Finance & Leasing Association resign from Eurofinas, the European Federation of Finance Houses. This resignation took effect at the end of 1999. The effect on CCTA was to leave it without any form of presence in the European arena. CCTA therefore applied for and was admitted to Eurofinas as an independent member with effect from 1 January 2000. This development will ensure that our voice can be heard at the European level and the interests of our diverse membership base represented.

During 1999 CCTA continued to prosper and to function well under the stewardship of its new Director General, Keith Mather. Much behind the scenes activity has been undertaken which both I and your Council believe will strengthen and develop the inheritance which John Patrick was able to hand over upon his retirement.

In reviewing the year I am therefore conscious of the way in which change is impacting your Association and, in the wider context, the consumer credit industry as a whole. I have no doubts that both will rise to the challenge that this presents.

George Wilkinson
Chairman

REPORT OF THE COUNCIL to the Members of Consumer Credit Trade Association

The Council has pleasure in presenting its Annual Report and Statement of Account for the year ended 31 December 1999.

□ CCTA – Development

Direction

The year 1999 has been one of considerable change for the Association. The end of March saw the retirement of John Patrick as Director after twenty five years of service and the appointment of Keith Mather to succeed him as Director General. Following a review by the new Director General the Council approved both a Direction Strategy and an Implementation Plan for the Association covering the succeeding three years.

The mission of CCTA as a trade association is:

'To be a recognised and strongly independent trade association within the consumer credit industry providing innovative services which meet the needs of members in a professional, cost effective and easily accessible format'

The mission deliberately emphasises the focus that CCTA has on its membership and the provision of services and on ensuring that those services are provided as cost effectively as can be achieved

People

The year saw the resignation from Council of both Jim Burton of Intrum Justicia and Trevor Cookson of Mercantile Financial Securities Limited. Council records its great appreciation of the contribution made by both Jim Burton and Trevor Cookson who was Chairman of the Association from 1994 to 1997. We have been pleased however to welcome Gwenno Lloyd, General Counsel at GE Insurance Holdings Limited to membership of the Legal Technical and European Committee.

Apart from the retirement of John Patrick, 1999 also saw the departure of Deputy Director Anthony Sharp at the end of September to manage his own consultancy. The Council expresses its thanks to Anthony Sharp for his contribution to CCTA over his twelve years of service and wishes him every success in his new venture.

Council would also like to take the further opportunity to record its congratulations to John Patrick upon the Award in 1999 of the MBE which he received from Her Majesty The Queen on 2 December for services to the credit industry. The award reflects well on the contribution of John Patrick, and upon that of CCTA over the years.

Facilities

During the year a major investment has been made in computer equipment and the administration offices now have the benefit of a local area network supported by a central server which is capable of running up to eight workstations. The investment also included the acquisition of portable equipment to support improvements to the quality of visual aids used during the seminars and presentations run for the benefit of members.

Finance

The performance over the year saw gross income at £392,000. Administration costs were approximately 3% ahead of budget. The main contributors to this were additional depreciation following the acquisition of the computer equipment and an increase to professional fees. The surplus before taxation of just over £31,000 however was in line with budget expectations. Cash at bank and in hand at the year end stood at £714,737, even after the substantial investment in office equipment. The Association therefore continues its strong financial position. Nevertheless Council is conscious of the need to continue that financial prudence which has ensured the current satisfactory position and accordingly determined to increase subscriptions from January 2000 in line with inflation to ensure that increases in costs caused by inflation are matched by a corresponding increase in income. Council remains confident that the Association's subscription rates are highly competitive with those of other trade bodies.

□ CCTA – Membership

At the end of the year the Association had 604 full members a reduction from the start of the year of 23 full members. The causes of withdrawals from membership remain largely consistent with previous years, retirement, consolidation of companies and withdrawal from product lines being the most common reasons for not continuing with membership of CCTA. Council is gratified that on no occasions during the year has dissatisfaction with the services provided by CCTA been given as a reason for withdrawal.

New members have continued to be attracted and CCTA has maintained its presence at major events in the year, including both Credit 99 in Hammersmith, Credit North and speaking engagements throughout the sector.

Following the computer developments introduced during the year the Association has established an entirely new membership database which now provides enhanced information about the location, business and composition of the membership

☐ CCTA – Representing Members Interests

Whilst there has been little new legislation reaching the statute book 1999 has been marked by an explosion of activity both in relation to existing regulation and new proposals from government and regulators. CCTA has been heavily involved in a wide variety of issues.

Data Protection

Two particular issues have dominated the year the first concerning the future use of third party data and the second the continued availability of the Electoral Register for commercial purposes. CCTA has contributed extensively to both with Chairman, George Wilkinson chairing the cross industry working group on third party data and both he and the Director General being involved in wide ranging representations on the future of the Electoral Register. Council is delighted that as a result of the efforts of CCTA and others in the industry government eventually conceded that the Electoral Register could continue to be accessed for credit purposes subject to appropriate controls. The work of the group dealing with the issue of third party data continues with discussions due to take place with the Office of the Data Protection Commissioner.

Other Matters

Both written and oral representations have been made on a range of issues. These include the consultations by the Lord Chancellors Department on enforcement, DTI consultations on matters relating to Consumer Credit legislation, the OFT consultation on credit advertising and the draft EEC Directive on the distance selling of financial services.

Industry Bodies

CCTA continued throughout the year to be represented on the Standing Committee on Reciprocity (SCOR) and to be an observer on the Board of CIFAS and has also continued its support of the Gone Away Information Network (GAIN). Membership of the Trade Association Forum, sponsored by the CBI, and of the Data Protection Forum has been maintained. Both provide access to cross sector information which is of value in furthering members interests.

Europe

The Finance and Leasing Association announced early in the year its intention to resign from the European association Eurofinas at the end of 1999. CCTA held its one seat on the Council of Eurofinas as a consequence of the FLA membership and therefore following the FLA resignation would have lost that seat with effect from 31 December. CCTA therefore applied for independent membership of Eurofinas and has been admitted to membership with affect from 1 January 2000 holding two seats on the Council of Eurofinas as the UK representative. Council will therefore ensure that the interests of the UK consumer credit industry continue to be represented at the European level and will continue to seek to cooperate with all UK associations in agreeing the appropriate course of action for each circumstance.

☐ CCTA – Services to Members

Magazine

The retirement of John Patrick inevitably saw a change of Editor for the magazine. *Consumer Credit* has continued to provide lively and informative features and articles with a number of editorials in particular gaining favourable comment from industry journalists. It is anticipated that the journal will continue to develop and grow as the needs of its readers change.

The Adviceline

The members Adviceline continued to be well patronised. Matters raised range from issues that are easily dealt with during the course of a short telephone conversation to others requiring additional research and in some cases advice that the member should consult his/her lawyer. Records suggests that the problems being raised are becoming more complex. Probably reflective of the ever increasing complexity of modern business.

Training events and forums

A wide ranging programme of events was completed with well attended days particularly dealing with the changes to civil litigation and data protection. Discussion forums continue to be popular stimulating useful discussions on topical issues. Following the departure of the Deputy Director it was agreed not to seek to continue the previous programme of in house training activities.

Agreement forms

For so long as there is a requirement from the members the Association will continue to publish forms of agreement covering a wide variety of circumstances. These will continue to be updated as necessary to cover changes to legislation and to business practice.

BY ORDER OF THE COUNCIL

A handwritten signature in black ink, appearing to read 'R Keith Mather', written over a horizontal line.

R Keith Mather
Secretary
27 January 2000

CONSUMER CREDIT TRADE ASSOCIATION (A Company limited by guarantee)

Responsibilities of members of council

Company law requires the members of council to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing those accounts, the members of council are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The members of council are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the Association. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CONSUMER CREDIT TRADE ASSOCIATION (A Company limited by guarantee)

Report of the auditors

To the members of Consumer Credit Trade Association (A Company limited by guarantee)

We have audited the accounts on pages 8 to 13.

Respective responsibilities of members and auditors

As described on page 6 the members of council are responsible for the preparation of the accounts. It is our responsibility as auditors to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the accounts, and of whether the accounting policies are appropriate to the Association'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Association's affairs as at 31 December 1999 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

Date 1 February 2000

CONSUMER CREDIT TRADE ASSOCIATION (A Company limited by guarantee)

Income and expenditure account for the year ended 31 December 1999

	Note	1999 £	1998 £
Turnover		71,522	78,289
Cost of sales		(17,286)	(38,097)
Gross surplus		54,236	40,192
Other operating income			
Annual subscriptions		219,309	232,312
Services supplied and other sundry revenue		113,259	119,570
		386,804	392,074
Administrative expenses			
Expenses of services supplied and other sundry revenue		(37,481)	(41,861)
Staff costs		(197,393)	(186,560)
Establishment and administrative expenses		(118,400)	(103,453)
Auditors' remuneration		(4,132)	(3,550)
Depreciation of tangible assets		(13,612)	(6,447)
Payment under operating leases:			
Property		(21,952)	(26,650)
Equipment		(3,591)	(3,931)
Operating surplus	2	(9,757)	19,622
Investment income		1,239	1,510
Other interest receivable and similar income	3	39,575	46,824
Surplus on ordinary activities before taxation		31,057	67,956
Tax on surplus on ordinary activities	4	(6,250)	(12,961)
Surplus for the year	9	24,807	54,995

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 10 to 13 form part of these accounts.

CONSUMER CREDIT TRADE ASSOCIATION (A Company limited by guarantee)

Balance sheet at 31 December 1999

	Note	1999	1998
		£	£
Fixed assets			
Tangible assets	5	41,710	34,699
Investments	6	2,663	2,663
		<u>44,373</u>	<u>37,362</u>
Current assets			
Stocks		2,445	6,034
Debtors	7	34,717	40,057
Cash at bank and in hand		714,737	693,480
		<u>751,899</u>	<u>739,571</u>
Creditors: amounts falling due within one year	8	(42,892)	(48,360)
		<u>709,007</u>	<u>691,211</u>
Net current assets		<u>709,007</u>	<u>691,211</u>
Total assets less current liabilities		<u>753,380</u>	<u>728,573</u>
Capital and reserves			
Other reserves	9	210,000	210,000
Profit and loss account	9	543,380	518,573
		<u>753,380</u>	<u>728,573</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The accounts were approved by the Council on 27 January 2000

G Wilkinson *G. Wilkinson* A Keene *A. C. Keene*
Chairman **Treasurer**

The notes on pages 10 to 13 form part of these accounts.

CONSUMER CREDIT TRADE ASSOCIATION (A Company limited by guarantee)

Notes to the Accounts

1 Accounting policies

The accounts have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales of publications and forms used in consumer credit together with receipts from copyright licences and excludes value added tax.

Subscriptions for the year are accounted for on a cash received basis.

Services supplied and other sundry revenue comprise income from courses, conferences, in-company training and discussion groups and the Association's journal together with service fees from other organisations in connection with facilities provided by the Association.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	-	20% - 25% per annum
Motor vehicles	-	20% - 25% per annum

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Stocks and cost of sales

Stocks consist of:

- i) Agreements and forms for resale; as such printed matter may become obsolete due to changes in legislation they are included in the accounts at nominal value of £100. The cost of this stock at 31 December 1999 was £26,995 (1998 - £26,433).
- ii) Unprinted paper shown at cost of £2,345 (1998 - £5,934).

Pensions

The company has paid contributions for employees personal pension schemes. Contributions are charged to the profit and loss account as incurred.

Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the members of council, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Operating profit

	1999 £	1998 £
This has been arrived at after charging:		
Depreciation of tangible assets	13,612	6,447
Operating lease rentals	25,543	30,581
Auditors' remuneration	4,132	3,550
	<hr/>	<hr/>

3 Other interest receivable and similar charges

Bank interest	39,575	46,824
	<hr/>	<hr/>

4 Taxation

UK current year taxation:		
UK corporation tax at 20% (1998 – 21%)	6,250	12,864
Tax credits on franked investment income	-	302
	<hr/>	<hr/>
	6,250	13,166
Prior years:		
UK corporation tax	-	(205)
	<hr/>	<hr/>
	6,250	12,961
	<hr/>	<hr/>

5 Tangible fixed assets

	Plant and machinery £
<i>Cost</i>	
At 1 January 1999	96,033
Additions	20,623
	<hr/>
At 31 December 1999	116,656
	<hr/>
<i>Depreciation</i>	
At 1 January 1999	61,334
Charge for the year	13,612
	<hr/>
At 31 December 1999	74,946
	<hr/>
<i>Net book value</i>	
At 31 December 1999	41,710
	<hr/>
At 31 December 1998	34,699
	<hr/>

6 Fixed asset investments

	Listed investments £
Cost	
At 1 January 1999 and at 31 December 1999	2,663
	<hr/>
	Market value £
At 31 December 1999	45,129
	<hr/>
At 31 December 1998	34,275
	<hr/>

7 Debtors

	1999 £	1998 £
Trade debtors	14,834	11,825
Other debtors and prepayments	19,883	28,232
	<hr/>	<hr/>
	34,717	40,057
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

Trade creditors	53	2,968
Taxation and social security	12,739	29,852
Other creditors and accruals	30,100	15,540
	<hr/>	<hr/>
	42,892	48,360
	<hr/>	<hr/>

9 Statement of movements on reserves

	Other reserves £	Profit and loss account £
Balance at 1 January 1999	210,000	518,573
Retained profit for the year	-	24,807
	<hr/>	<hr/>
Balance at 31 December 1999	210,000	543,380
	<hr/>	<hr/>

The other reserves represents a contingency fund. The contingency fund is maintained to provide for any unusual expenses such as the cost of major changes in documentation and for the support of legal actions on points of law of importance to the industry as a whole.

10 Commitments under operating leases

As at 31 December 1999, the company had annual commitments under non-cancellable operating leases as set out below:

	1999		1998	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within two to five years	25,650	25,650	1,990	1,990
	<hr/>	<hr/>	<hr/>	<hr/>

Committees of Council

Membership and Services Committee:

S Segal, (Chair), Council member
K Buckley, Council member
A Claytor, Pinnacle Insurance Plc
R Hilman, Lombard Bank Limited
D Pickup, Haydock Finance Limited
K Rogers, Scorex Limited
G Wiggins, Council member

Legal Technical & European Committee:

B C Dixon (Chair), Council member
I Harding, First National Tricity Finance
G Lloyd, GE Insurance Holdings Limited
J McCullogh, Council member
T Merrick, Wye Finance Limited
E Phillips, Ventura
W Powell, Council member
P Ross, Council member
D Wilson, John Lewis Plc