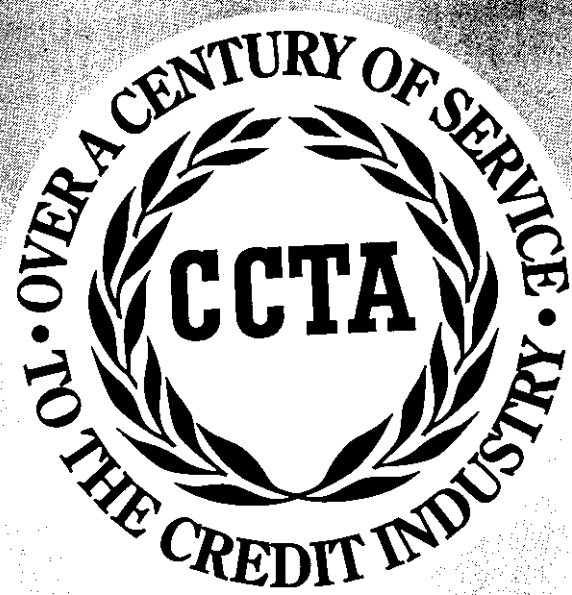


34275

# Consumer Credit Trade Association



## Annual Report

and Statement of Accounts for  
the year ended 31st December

# 1998



***Consumer Credit Trade Association***

***Directors' Report and Accounts***

***Year ended 31 December 1998***

**Company Registration No. 34278 (England and Wales)**



## List of Officers

as at 31 March 1999

President	Lord Russell of Liverpool
Chairman	G. Wilkinson, <i>Lombard North Central Plc</i>
Vice Chairman	W. Powell, <i>Marks &amp; Spencer Financial Services Ltd.</i>
Honorary Treasurer	A. Keene, <i>Kingstone Limited</i>
Members of Council	J. Burton, <i>Intrum Justitia Limited</i> K. Buckley, <i>Hitachi Credit (UK) PLC</i> T. Cookson, <i>Mercantile Financial Securities Limited</i> B.C. Dixon, <i>Wessex West Country Finance Limited</i> J. S. McCulloch, <i>Creation Financial Services Limited</i> C. Oakes, <i>Courts Furnishers (UK) Limited</i> P. Ross, <i>Richmond Investments Limited</i> R. Sherras, <i>Halstead Consulting Limited</i> S. A. Segal, <i>Humber Finance Limited</i> G. Wiggins, <i>Nene Finance Limited</i>
Director General	R. K. Mather LLB MICM
Deputy Director	A. M. G. Sharp FICM
Auditors	BDO Stoy Hayward
Solicitors	Paisner & Co.

# Chairman's Report

George Wilkinson  
*Chairman of Council*



To:

**Members of the Consumer Credit Trade Association for the year ended 31st December 1998**

Despite considerable anxiety 1998 did not represent a decline into recession for the credit industry. In many areas, however, lending was on a plateau and the motor finance market, while still growing, showed more modest growth than in some recent years. The question as to whether the economy will tip into outright recession remains a topic for discussion.

Evidence of very intense competitive pressures can clearly be seen, especially in the credit card market and in some of the practices in marketing retail finance but in general these have not so far spilled over into practices which are clearly imprudent or unacceptable.

CCTA has supported certain initiatives by the Finance and Leasing Association to avoid excesses in respect of unchecked instant credit and "buy now pay later" schemes.

## **Data Protection and Data Quality**

The most important piece of legislation passed in the year was the Data Protection Act 1998 which will bring safeguards for individuals, some of which will undoubtedly be burdensome on the credit industry. At the year end the need to resolve a number of issues before the making of Regulations to implement the Act has led to delay but there can be no doubt that it will be implemented in 1999. Processing "already under way" in October 1998 will not, however, be affected until 2001.

Possibly more important is an issue which increasingly concerns credit grantors and credit reference agencies and which if not properly handled could lead to very considerable problems for the industry. This is the quality of personal data. The more use that is made of personal data, the greater must be the standards of accuracy maintained if unacceptable levels of complaints are to be avoided. Failure to achieve high standards could lead to action against the industry by the Data Protection Commissioner and it is therefore in every credit grantor's interest to ensure that personal data is accurate and in particular that default information is not filed where there is a genuine dispute affecting the account.

Progress on this issue calls for trade associations to co-operate both in finding the best way forward and in presenting the industry's case.

### **CCTA's Code of Practice**

During the year the Office of Fair Trading has indicated that it wishes to move away from support of codes of practice to a standards-based regime. It will be necessary to address the question as to how and in what form a redress mechanism can be provided which might replace trade associations' codes of practice within the credit industry. CCTA is keeping the matter under review.

CCTA continues to handle an increasing number of complaints through its own code of practice. I am happy to report that some 70% of such cases are resolved in a manner satisfactory to the complainant.

### **Appointment of New Director General**

One of the most important decisions taken during the year was the appointment of a new Director General to succeed John Patrick. A full selection process was carried out and the successful candidate was Keith Mather, a former member of Council who had until recently been Company Secretary to the National and Provincial Building Society and was familiar with many of the issues that will affect CCTA in forthcoming years.

Keith Mather joined CCTA in October 1998, allowing a substantial period of overlap with his predecessor.

### **The Association's Future**

One of the early tasks, which Keith Mather has been given is to conduct a strategic review of the Association's activities for the future. Good progress has already been made on many of the issues.

A new mission statement has been agreed: "To be a recognized and strongly independent trade association within the credit industry providing innovative services which meet the needs of members in a professional, cost-effective and easily accessible format." The detailed planning needed to fulfil this role is now going forward.

### **The Staff**

1998 was John Patrick's last full year as Director after nearly 18 years in the post. He has navigated the Association safely through a time of rapid change and played a major part in ensuring that the Association and its members coped well with the full implementation of the Consumer Credit Act. In his time CCTA has done much to foster new initiatives including CIFAS, the Money Advice Liaison Group and more recently GAIN, the Gone Away Information Network, all of which have been of benefit to the industry as a whole. He also leaves the Association in excellent financial shape for the future.

I am very conscious, as are the members of Council, that the success of the Association depends on the work of all the team at Tennyson House and I am glad to say that the Association has been well supported by them in 1998.

*Report of the Council*  
**Representing Members'  
Interests**

**Bill Powell**  
*Vice Chairman of Council*



The only major change to the Consumer Credit Act during 1998 was the raising of the financial limits but CCTA was involved in a number of consultations concerning proposed changes to it. However most of the Association's representative activities were concerned with data protection or with changes in the civil courts. The list of matters on which CCTA took part in debate was at least as wide as in previous years.

CCTA has sought to co-operate with other trade associations to ensure that common views are put forward or, at very least, that conflicting views are avoided.

**Voluntary Codes of Practice - Office of Fair Trading Initiative**

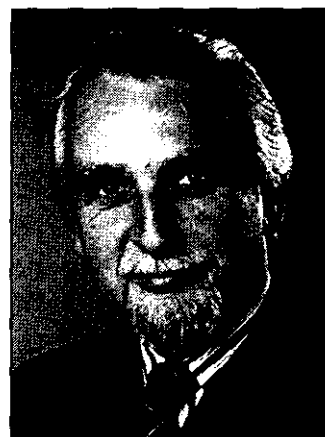
In February the Office of Fair Trading circulated a consultation paper "Raising Standards of Consumer Care - Progressing beyond Codes of Practice". This recommended that trade associations' codes of practice should be replaced by standards with a core standard applicable to all business and sectoral versions where necessary for specialist business types. A key element would be access to effective, low-cost independent methods of redress without recourse to the courts. The OFT proposed a new approval body to vet individual companies.

The Office of Fair Trading subsequently held a conference in Cambridge on 26th September to which some 130 delegates were invited. At this conference it was made clear that the Office of Fair Trading intended to set a date when it would withdraw its approval of all Codes of Practice which it had endorsed. This would include CCTA's 1995 Code of Practice. Much of the debate at Cambridge concerned the mechanics of the scheme where there were considerable doubts expressed. However, it is clear that there will be changes and that trade associations will have to look around for more effective ways of redress than arbitration schemes, which do not appear to command consumer confidence. CCTA is considering this matter. It has been suggested that scope might be found by way of the new Financial Services Ombudsman but it is no means clear that the activities of the majority of CCTA's members would fall within this organisation's remit.

## **Guide to Credit Scoring**

The Office of Fair Trading has embarked on one of its periodical reviews of the Guide to Credit Scoring. CCTA participated in the drawing up of the current Guide and has indicated its willingness to take part in such a review.

At the year's end arrangements were in hand to form a working party to consider the redrafting of the Guide. The Finance and Leasing Association has prepared an initial draft for consideration. CCTA has the expertise available within its committee structure and has nominated highly qualified representatives to participate in the working party.



**Keith Mather**  
*Director General*

## **Data Quality**

It is apparent that the general trend over the next few years will be towards more regulation of the industry, particularly as regards data sharing. At issue are such matters as the continuing availability of the Electoral Registers for credit referencing. It is vital that the credit industry speaks firmly and with one voice on such matters.

CCTA has continued to participate in the Standing Committee on Reciprocity (SCOR) which has now established the Principles of Reciprocity to govern data sharing through the credit reference agencies by way of Insight and CAIS. These are aimed at ensuring that subscribers do not take unfair advantage of other subscribers' shared data and that personal data is not used for purposes other than intended.

SCOR is now considering how to establish a framework for enforcing the Principles. It has become clear that the only method likely to succeed is by requiring all participants in shared data schemes to sign a "big contract" under which they would all collectively agree to be bound by the Principles and to acknowledge SCOR's authority to handle disputes between members. Work on the drafting of this commenced shortly before year end.

It has become apparent within SCOR, as well as elsewhere, that one of the major problems concerns data quality and uniformity of standards. This is one which is known also to be of concern to the Data Protection Registrar and, of course, data sharers since poor quality data can undermine the effectiveness of credit scoring and credit vetting systems.

The Data Protection Registrar prepared a Guidance Note on defaults during the year and it is expected that it will be published in early 1999. A considerable part of this Guidance Note is taken up with problems of accuracy, timing, the treatment of accounts where there are matters in dispute and the position where a

delinquent account is placed with a collection agency.

The Data Protection Registrar has also indicated that it is her intention to review the question of "third party data" where the Data Protection Tribunal decision in 1992 allowed the industry to make limited use of information relating to members of the family or the household of the person enquired upon. It may well be a suitable time for members to consider how to cope with the loss of this information.

### **Non-status Lending**

Problems have continued to arise in the area of non-status lending. Although the issues involving City Mortgage Corporation had been resolved by the Office of Fair Trading and the business has been sold to Ocwen, there has been a subsequent case where a smaller non-status lender, Falco Finance, incurred a highly critical judgement in the County Court. Its agreement was held to have breached the Unfair Terms in Consumer Contracts Regulations 1994 and to have been an extortionate credit bargain. The case related to "dual interest rates" where the rate of interest charged to the borrower would increase by a substantial amount following a single trivial default and would not subsequently be reduced. The judgement also turned on the use of so-called "flat rates" and the inappropriateness of "Rule of 78 plus six months" for calculating a redemption figure for a 25-year agreement.

The OFT's Guidelines on non-status lending create particular problems for lenders who occasionally lend to non-status borrowers and CCTA has made representations to the OFT on a number of matters covered by them.

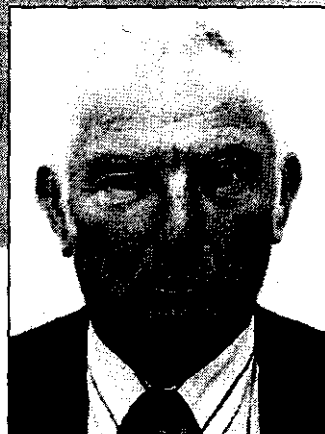
  
CHAZANGA

A. E. Keene  
TREASURER



**Barrie Dixon**

*Chairman, Legal, Technical and European Committee*



This section of the report covers a number of changes in the law which have taken place in 1998 or where consultations on draft legislation took place in that year. In addition the industry has been and increasingly will be affected by the handling of issues by regulatory authorities under their statutory powers, some of which matters were covered in the preceding section.

### **Data Protection Act 1998**

There can be no doubt that the Data Protection Act 1998 is of very great significance to credit grantors. The Act had to become law by October 1998 but, although on the Statute Book, it has had to await the making of statutory instruments which has delayed bringing it into effect.

The Act implements the European Union Directive on Data Protection. It has substantially extended data protection beyond that provided by the Data Protection Act 1984 particularly in the following areas:-

- The inclusion of manual data where it forms part of a "relevant filing system"
- Updated Data Protection Principles
- More specific requirements for consent before processing personal data
- Special rights applicable where 'sensitive data' is being handled
- Automated decision taking – rights to be informed and rights of appeal
- Rights of the individual to prevent processing

Some amendments were secured to the Act during its passage through Parliament relating to the holding of information for crime prevention since such information is classified as "sensitive data". This is of particular concern to CIFAS, the Credit Industry Fraud Avoidance System, as well as to CCTA.

Consultation on the subordinate legislation needed to back up the Act and to establish the new system of "notification" (formerly referred to as registration) commenced in autumn 1998 but no statutory instruments had appeared before March 1999.

The Act provides for a lengthy transition period in respect of processing already underway in October 1998. This expires in October 2001.

CCTA has been co-operating with a number of other associations in producing guidance on the new Act and has held a series of half day courses on it.

### **The Consumer Credit Act.**

In May the upper limit of the Consumer Credit Act was raised from £15,000 to £25,000 in respect of both credit and hire agreements. Changes were also made to many other figures prescribed under the Act, including the fee which a consumer must pay a credit reference agency for a copy of his file, which goes up to £2.

A number of consultation papers were received during the year. The first of these covered "clarification and simplification of UK credit law" and dealt mainly with advertisements. The next concerned the "low-cost" exemption where the scope of this exemption was subsequently narrowed. Towards the end of the year a consultation paper was received on changes needed to bring the Consumer Credit (Total Charge for Credit) Regulations 1980 into line with the EU Directive on Consumer Credit.

One of the more important consultation papers, received from the Office of Fair Trading, set out proposed changes to the Consumer Credit (Rebate on Early Settlement) Regulations 1983. CCTA recognises the need for change in respect of longer-term agreements where the Rule of 78 unduly favours the lender but made the point strongly that for agreements up to five years the Rule of 78 is simple, fair and convenient.

### **The Civil Courts - "Access to Justice"**

During the year a series of consultation papers has been received from the Lord Chancellor's Department and the Court Service in respect of the implementation of the report by Lord Woolf for providing better access to justice and more control by the courts of the handling of cases which come before them. The matters covered under this "Access to Justice" series of consultations included small claims, transfer of proceedings between courts, transitional arrangements and civil court fees.

A further consultation paper was received which looked at the way forward in the longer term in respect of civil justice in the information age. This is an area where development is very rapid and although it is difficult to predict what the shape of events may be, it is good to know that this matter is being studied.

The most significant paper received from the Lord Chancellor's Office was the first of a series to examine how court enforcement procedures should be brought up-to-date. This clearly affects all members of the Association in respect of debt recovery. The Association gave high priority to an effective response to this "Consultation Paper No. 1" which sought views on a very long list of topics


covering all the court enforcement procedures and such matters as oral examinations. CCTA called a meeting of other trade associations to help co-ordinate responses and backed this up with a lengthy response of its own. It is believed that time will show that the effort put into this consultation at the early stage has been well worthwhile.

### **EU Matters**

The CCTA has continued to comment on a variety of proposals for EU directives. Work continued during the year on the Draft Directive on the Sale of Consumer Goods and Associated Guarantees. Most of the matters were principally of concern to retailers but there was a proposed amendment to provide that where goods were being paid for by instalments customers should have the right to withhold payment pending the resolution of the dispute. This was raised in the European Parliament and CCTA made representation against it both directly and through Eurofinas. The proposed amendment was finally defeated at the Directive's second passage through the European Parliament.

A further draft of the Directive on the Distance Selling of Financial Services was published in the autumn. This got rid of some of the earlier problems concerning where the directive would apply but it now provides for extremely complicated rights of cancellation or withdrawal with "a right of reflection before conclusion of the contract" and a "right of withdrawal after conclusion of the contract". One of these would normally apply but in certain situations both could. This was clearly seen as legislative overkill and CCTA has made strong representations on this and certain other aspects of the proposed directive.

A proposal that the EU Commission reconsider the whole question of the component parts of the APR was raised earlier in the year but it has since been announced that no further work will be done on this subject in the short-term future.

  
C. W. KEENE

A. E. Keene  
TREASURER

## *Report of the Council* **Services to Members**

**Shirley Segal**  
*Chairman, Membership and Services Committee*



### **Magazine *Consumer Credit***

The Association's magazine *Consumer Credit* has continued to attract favourable comment. The opportunity was taken in 1998 to re-style the magazine and in particular to redesign the cover and the contents page to enable members more quickly to identify matters of interest to them.

The revised format has attracted favourable comment.

### **The Adviceline**

The Association's Adviceline has continued to be a key benefit of membership. It is used by a very substantial proportion of members and the range of queries is very wide.

The feature 'From our Members Adviceline' in *Consumer Credit* has continued to benefit from the interesting range of topics which have been raised in queries.

### **Training Events – Open Courses**

The Association's one-day training events for members have included some which were very successful, in particular the one day courses on Consumer Credit Law and the first two half-day courses on the Data Protection Act 1998, where the popularity was enhanced by the participation of David Smith, Assistant Registrar at the Office of the Data Protection Registrar. The course "Essential Guide to Litigation" was deservedly popular.

Some other events have been less well attended and a decision has been taken to reduce some of the collection courses and to discontinue, at least for the moment, the Southern Discussion Forum, where attendance has continued to be poor.

The Association is preparing a number of new events to introduce in 1999, principally reflecting changes in the law, such as in the field of Data Protection and the new court procedures.

The Secured Lenders' Forums continue to be popular, with stimulating discussions on a wide range of legal and regulatory topics. Attendance continues to be mainly from building societies and their lawyers.

### **Agreement Forms**

The Association has continued its policy of ensuring that its agreements reflect changes both in law and commercial practice. As part of this it has introduced arrangements in its motor agreement forms to provide for single premium GAP insurance.



**Anthony Sharp**  
*Deputy Director*

The Association will continue to ensure that its policy of updating forms is followed in 1999 when there is greater likelihood of amendments to reflect changes in the law.

The assurance to members that the Association's documents are regularly updated is one of their most valuable features.

### **Membership**

Membership at the end of the year stood at 627, up four compared with January. This slight rise is encouraging as are the figures for new members admitted, 73 in 1998 as against 61 in the previous year. Resignations and withdrawals have increased but by a slightly smaller margin. The changes in membership reflect the generally stable economic conditions in the country together with the benefits of a more active recruitment policy by the Association, which it is intended to continue.

### **In-house Training**

Demand for CCTA's training facilities was slightly down on the peak in 1997. Bookings recovered in the autumn and a good start has been made in 1999. There can be no doubt that these events provide first class training at a very competitive price and cover a substantial range of topics. Most are provided by Anthony Sharp.

### **Services to Other Organisations**

CCTA has continued to provide secretarial services to two organisations which it believes serve a useful purpose to the credit industry - GAIN (The Gone Away Information Network) and the Money Advice Liaison Group which has done much to improve mutual understanding between the credit industry and sources of money advice to consumers. The Association charges for these services at a rate which is mutually acceptable to it and the organisation concerned.

*G. W. Keene*  
Chairman

*A. C. Keene*

*Treasurer*

## *Report of the Council* **CCTA Code of Practice**

1998 was the third successive year when there has been a substantial rise in the number of complaints referred to CCTA under its Code of Practice. The rise, from 56 to 120, appears to have been brought about in the main by greater awareness of the Code and CCTA's existence rather than other factors. This is in part due to a greater willingness by members to give CCTA's name when asked about taking a complaint further and partly to an increasing number of complaints received from other sources, notably the Banking Ombudsman. Even at the present number, it represents a very small fraction of members' total business and comments by members confirm that they are not generally experiencing a rise in complaints. As with last year, most of the complaints were initially about comparatively minor matters, although there were a number of instances where failure to deal with a complaint promptly and thoroughly at an early stage had escalated the matter into a serious grievance. All complaints receive personal attention by the Director or Deputy Director.

As discussed earlier, CCTA is considering the future way forward in the light of the Office of Fair Trading's initiatives on consumer redress.

### **Complaints received**

CCTA received 120 complaints (as distinct from queries) during 1998, of which 19 remained outstanding at the year end. All but 5 of these had been resolved by 1st March.

The main causes of the complaints (several of which fell into more than one category but are shown under that seen as most significant) were as follows:-

Type of Complaint	Number
Poor administration	21
Collection procedures	18
Excessive charges	17
Direct debits	14
Recording of default information	10
Settlement figures	9

Type of Complaint	Number
Disputes over goods and services financed	8
Terms of loan (other than charges)	5
Excessive delays	4
Credit protection insurance	4
Mis-trace	2
Credit granted or offered inappropriately	2
Others (one each type)	6

The most common complaint, poor administration (other than direct debits) included too many instances of unanswered correspondence and telephone calls and unnecessary delays in replying. It has risen from being the fourth most numerous last year, exchanging places on the list with direct debits. Collection procedures and excessive charges also maintained their place near the head of the table. Complaints about credit protection insurance and advertising and marketing both represented a smaller proportion of overall numbers than last year but complaints where a matter under dispute had been registered as a default with a credit reference agency had increased, although the percentage remains small. This is potentially worrying.

82 complaints (74% of the total) were resolved to the satisfaction of the complainant by end January. 42 of these were by means of a reduction in the charges or some other form of financial compensation. 5 were resolved by some other form of rectification and in 11 cases an apology was made and accepted in a situation where other remedies were not seen as appropriate. 14 cases were resolved by agreement between the parties and 10 in a variety of other ways.

In 20 instances the member denied the complaint and supported this denial with facts. A few of these appeared to be "won't pay" masquerading as complainants but it is often difficult to be sure whether this is so. 5 complaints were not conclusively resolved and three ultimately went to a different forum.

### **Time taken to resolve complaints**

An analysis of the elapsed time taken to resolve complaints where a definite outcome was known shows that on average this took 39 days, an increase on the 1997 figure of 32 days. It was also apparent that the response times between the best and the worst varied greatly with some companies taking over 50 days while others hardly ever exceeded a month when handling similar complaints.

Percentage figures for 1998 were 49% resolved within 1 month, a further 20% before the end of month 2 and 22% taking over 2 months to resolve. Overall the figures were not as good as in 1997.

One complainant applied for a complaint to be submitted to CCTA's arbitration scheme but in the event the member chose to concede.

*G. W. K. W. A.*  
Chairman

*A. E. Keene*  
Treasurer

## *Report of the Council* **Association Matters**

**Adrian Keene**  
*Treasurer*



### **Membership of Council**

At the Annual General Meeting in May George Wilkinson, then of Lombard North Central, succeeded Norman Royal as Chairman of Council and Bill Powell of Marks and Spencer Financial Services Limited became Vice Chairman. Norman Royal stood down from Chairmanship of Council after only one year due to personal circumstances but the Association is grateful for his leadership during a difficult period when the question of a merger or remaining independent was under consideration.

Derrick Reid also tendered his resignation. He had first joined Council in 1985 and had been a very successful Chairman of Council from 1988 - 1991. Since 1993 he had been Vice-President. His views were always shrewd and well informed and the Association has good cause to be grateful for his contribution to its affairs.

### **The Legal, Technical and European Committee.**

The Legal, Technical and European Committee has continued to respond to consultations in a year when there were numerous matters of substantial importance to be considered. There were also a number of other consultation papers of lesser importance but where knowledge and care were needed in drafting responses to ensure the proper protection of members' interests. The wide range of subjects covered can be seen from the early part of this report.

Two members of the committee resigned in 1998. Richard Tillman on health grounds and Coral Danks due to a move to a different employer. We are grateful to both these members for the time they gave and their contribution in their respective specialist fields.

### **The Membership and Services Committee**

The Membership and Services Committee had devoted considerable effort to examining new ways of recruitment and the creation of a more sophisticated membership database, for which there is now a real need. With the Association's change over to new hardware the opportunity has been taken to follow up its recommendation and a more comprehensive membership database is now being created. The Membership and Services Committee also keeps under review many



aspects of the provision of services to members and makes recommendations to Council on these.

During the year Kieran Rogers of Scorex joined the committee and Mark Pottle, a former member, rejoined. Bruce Turnbull resigned from the committee following changes at Universal Credit on take-over, and Chris Wood of Video Services also resigned. The Association is grateful for the contribution of these two members to the Committee during their substantial period on it.

### **Finance**

The Association raised its subscriptions in 1998, partly to allow for the costs of recruitment of a new Director General. In the event, although a comprehensive search was undertaken the cost of this was kept well within budget. Income for the year ran ahead of budget, partly because membership remained steady where a loss had been allowed for. Sales of documentation were satisfactory and revenue from miscellaneous sources generally ran slightly ahead of budget.

On the expenditure side, personnel costs were substantially less than budget whilst most other categories of expenditure ran close to budget except that some expenditure on new equipment budgeted for in 1998 will in fact be incurred with the renewal of the Association's office systems in 1999. One unit for this purpose has already been obtained so that by the time all the new equipment is installed, the operators will be fully trained in its use.

The Association believes that it has continued to provide excellent value for money to members.

On 1st March 1999 the Association's auditors, Moores Rowland, merged their practice with BDO Stoy Hayward and are now practicing under that name.

### **The Secretariat**

CCTA is glad to welcome Keith Mather as its new director general. Keith comes with a wide background of relevant experience, being a solicitor and former company secretary of the National and Provincial Building Society. He also has a comprehensive knowledge of the requirements of the Consumer Credit Act in relation to secured and unsecured lending. He played an active part in bringing a number of building societies into membership of CCTA in the late 1980s.

We say farewell to John Patrick who, when he lays down the reins on 25th March 1999, will have been with the Association for just over 25 years, nearly 18 of them as Director. This has been a period of great changes in the Association and he has been able to carry the Association forward successfully. A particular success was his part in the implementation of the Consumer Credit Act in 1985 and the updating of the Association's agreements at that time but there have been many others as well. We wish him an active and happy retirement.

The office staff has remained unchanged in 1998. They have continued to serve the Association well and are adapting smoothly to the forthcoming changes.

*B. Wilkerson*  
CHAIRMAN

*A. C. Keene*  
TREASURER

Consumer Credit Trade Association

(A company limited by guarantee and having a share capital)

## 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.

G. W. K. D. O.  
CHAIRMAN

A. C. Keene  
TREASURER

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

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**Consumer Credit Trade Association**  
**(A company limited by guarantee)**  
***Responsibilities of the Members of Council***

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**Consumer Credit Trade Association**  
**(A company limited by guarantee)**  
**Auditors' Report**  
**To the Members of Consumer Credit Trade Association**

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We have audited the accounts on pages 3 to 8.

**Respective responsibilities of directors and auditors**

As described on page 1, the members of council are responsible for the preparation of 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 of council in the preparation of the accounts, 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 that 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 1998 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  
Registered Auditors

London

1 February 1999

**Consumer Credit Trade Association**  
**(A company limited by guarantee)**  
**Income and Expenditure Account**  
**Year ended 31 December 1998**

	Notes	1998 £	1997 £
<b>Turnover</b>		78,289	74,240
<b>Cost of sales</b>		(38,097)	(29,769)
<b>Gross surplus</b>		40,192	44,471
<b>Other operating income</b>			
Annual subscriptions		232,312	194,835
Services supplied and other sundry revenue		119,570	128,349
		392,074	367,655
<b>Administrative expenses</b>			
Expenses of services supplied and other sundry revenue		(41,861)	(41,853)
Staff costs		(186,560)	(187,156)
Establishment and administrative expenses		(103,453)	(96,493)
Auditors' remuneration		(3,550)	(3,450)
Depreciation of tangible assets		(6,447)	(4,626)
Profit/(loss) on disposal of assets		-	(141)
Payment under operating leases:			
Property		(26,650)	(29,106)
Equipment		(3,931)	(891)
<b>Operating surplus</b>	2	19,622	3,939
<b>Investment income</b>	3	1,510	3,880
<b>Other interest receivable and similar income</b>	3	46,824	36,949
<b>Surplus on ordinary activities before taxation</b>		67,956	44,768
<b>Tax on surplus on ordinary activities</b>	4	(12,961)	(10,403)
<b>Surplus for the year</b>	9	54,995	34,365

The profit and loss account has been prepared on the basis that all operations are continuing operations.

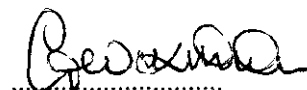
There are no recognised gains and losses other than those passing through the profit and loss account.

**Consumer Credit Trade Association**  
**(A company limited by guarantee)**  
**Balance Sheet**  
**As at 31 December 1998**

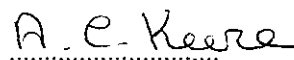
	Notes	£	1998 £	£	1997 £
<b>Fixed assets</b>					
Tangible assets	5		34,699		4,735
Investments	6		2,663		2,663
			<u>37,362</u>		<u>7,398</u>
<b>Current assets</b>					
Stocks		6,034		13,553	
Debtors	7	40,057		52,354	
Cash at bank and in hand		693,480		641,692	
		<u>739,571</u>		<u>707,599</u>	
<b>Creditors: amounts falling due within one year</b>	8	(48,360)		(41,419)	
<b>Net current assets</b>			<u>691,211</u>		<u>666,180</u>
<b>Total assets less current liabilities</b>			<u><u>728,573</u></u>		<u><u>673,578</u></u>
<b>Capital and reserves</b>					
Other reserves	9		210,000		210,000
Profit and loss account	9		518,573		463,578
			<u><u>728,573</u></u>		<u><u>673,578</u></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 Board on 28th January 1999



G Wilkinson  
Chairman



A Keene  
Treasurer

**Consumer Credit Trade Association**  
**(A company limited by guarantee)**  
**Notes to the Accounts**  
**Year ended 31 December 1998**

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**1 Accounting policies**

**1.1 Accounting convention**

The accounts are prepared under the historical cost convention.

**1.2 Turnover**

Turnover represents sales of publications and forms used in consumer credit together with receipts from copyright licenses 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.

**1.3 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 & equipment	20% per annum on cost
Motor vehicles	20% per annum on cost

**1.4 Leasing**

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

**1.5 Investments**

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

**1.6 Stocks and cost of sales**

Stock consists 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 a nominal value of £100. The cost of this stock at 31 December 98 was £26,433 (1997 - £23,887).

ii) Unprinted paper shown at cost of £5,934 (1997 - £13,453).

**1.7 Pensions**

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

**1.8 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.



**Consumer Credit Trade Association**  
**(A company limited by guarantee)**  
**Notes to the Accounts**  
**Year ended 31 December 1998**

<b>2</b>	<b>Operating profit</b>	<b>1998</b>	<b>1997</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Depreciation of tangible assets	6,447	4,626
	Operating lease rentals	30,581	29,997
	Auditors' remuneration	3,550	3,450
		<u>          </u>	<u>          </u>
<b>3</b>	<b>Other interest receivable and similar income</b>	<b>1998</b>	<b>1997</b>
		<b>£</b>	<b>£</b>
	Bank interest	46,824	36,949
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Taxation</b>	<b>1998</b>	<b>1997</b>
		<b>£</b>	<b>£</b>
	<b>U.K. current year taxation</b>		
	U.K. corporation tax at 21% (1997 - 22%)	12,864	10,150
	Tax credits on franked investment income	302	259
		<u>          </u>	<u>          </u>
		13,166	10,409
	<b>Prior years</b>		
	U.K. corporation tax	(205)	(6)
		<u>          </u>	<u>          </u>
		12,961	10,403
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Tangible fixed assets</b>		
			<b>Plant and machinery etc</b>
			<b>£</b>
	<b>Cost</b>		
	At 1 January 1998		69,440
	Additions		37,502
	Disposals		(10,909)
			<u>          </u>
	At 31 December 1998		96,033
	<b>Depreciation</b>		
	At 1 January 1998		64,704
	On disposals		(9,817)
	Charge for the year		6,447
			<u>          </u>
	At 31 December 1998		61,334
	<b>Net book value</b>		
	At 31 December 1998		34,699
			<u>          </u>
	At 31 December 1997		4,735
			<u>          </u>

**Consumer Credit Trade Association**  
**(A company limited by guarantee)**  
**Notes to the Accounts**  
**Year ended 31 December 1998**

**6 Fixed asset investments**

	Listed investments £
Cost	
At 1 January 1998 & at 31 December 1998	2,663
	Market value
	£
At 31 December 1998	34,275
At 31 December 1997	31,809

7 Debtors	1998 £	1997 £
Trade debtors	11,825	20,182
Other debtors	28,232	32,172
	<u>40,057</u>	<u>52,354</u>

8 Creditors: amounts falling due within one year	1998 £	1997 £
Trade creditors	2,968	5,901
Taxation and social security	29,852	26,519
Other creditors	15,540	8,999
	<u>48,360</u>	<u>41,419</u>

**Consumer Credit Trade Association**  
**(A company limited by guarantee)**  
**Notes to the Accounts**  
**Year ended 31 December 1998**

**9 Statement of movements on reserves**

	Other reserves £	Profit and loss account £
Balance at 1 January 1998	210,000	463,578
Retained profit for the year	-	54,995
	<u>210,000</u>	<u>518,573</u>
Balance at 31 December 1998	<u>210,000</u>	<u>518,573</u>

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 Financial commitments**

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 1998 £	1997 £	Other 1998 £	1997 £
Expiry date:				
Within one year	-	-	-	2,500
Between two and five years	25,650	25,650	1,990	-
	<u>25,650</u>	<u>25,650</u>	<u>1,990</u>	<u>2,500</u>