The 115th Annual Report of the Credit Services Association

Annual Report 2017

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Note on report

This report is the 115th Report of the Credit Services Association financial year end 30 June 2017.

The report is in the main written to describe the activities of the Association during the calendar year 2017 although the Treasurer’s report and the financial statement refer to the Association’s financial year, which runs from 1 July 2016 to 30 June 2017.

Credit Services Association

Company registration number: 00089614

The Board of Directors
Leigh Berkley
Tom Chandos
Nick Cherry
Denise Crossley
David Hutchinson
Yvonne MacDermid
Ken Maynard
(elected Feb 2015, stood down Feb 2017)

CSA (Services) Ltd

Company registration number: 05055685

The Board of Directors
Leigh Berkley
Eddie Nott
John Ricketts
Sara de Tute
Peter Wallwork

Registered office of both companies:
2 Esh Plaza
Sir Bobby Robson Way
Great Park
Newcastle upon Tyne
NE13 9BA

Auditors
Robson Laidler LLP
Statutory Auditor
Fernwood House
Fernwood Road
Newcastle upon Tyne
NE2 1TJ
President’s message

Upon taking over as President at the beginning of 2017, I was struck by how far the Credit Services Association has come over the last few years.

Since then it has become really obvious to me that being part of a trade body brings so many benefits to a company. Fundamentally, it provides a Code of Practice that fills the gaps in a regulator’s rule book and defines the way members should actually behave. It also builds trust with clients and consumers and is a much-respected badge of ‘respectability’ that is a pre-requisite of almost every client tender.

Lobbying

The main focus of the Association is to lobby government or government bodies on policy and matters of law which will impact member businesses. This year we have liaised with a variety of key regulators and government departments either directly or indirectly. These included: HM Treasury, BEIS, the Financial Conduct Authority (FCA), Ofcom, Ofwat, Ofgem, the UK Regulators Network (UKRN), the Information Commissioner’s Office (ICO), Visa and the Ministry of Justice (MoJ) amongst others. The Association’s experienced professionals, including Head Office staff and Board, have worked hard to research, review, comment on, gain views from members and respond to an ever-increasing level of consultations from almost all sources.

More specifically, the bridge created with the FCA has helped us to continue to communicate quickly and effectively on members’ behalf in a way that would be simply impractical at an individual level.

We have been able to share what the FCA expects, which has been especially important as we enter the ‘supervision’ stage of authorisation, and in our understanding and interpretation of CONC. Members will also be preparing for the new Senior Managers and Certification Regime which our compliance team have worked tirelessly to ready members for, in the form of dedicated events and webinars, and guidance documents to help with this important stage in the regulatory process.

Eric Bash from Ofcom attended the 2017 Members’ Meeting and AGM to present Ofcom’s policy of persistent misuse of electronic communications, which came into force on 1 March 2017. Following the meeting the Association released a guidance document and Eric Bash produced an insight into the statement following a number of questions posed by members which were unanswered at the February Meeting.

I attended along with CSA CEO, Peter Wallwork, a meeting at 10 Downing Street to discuss the Debt and Mental Health Evidence Forms (D&MHEF) where on behalf of the Association we welcomed efforts to remove the cost to the individual for the completion of the form.

There was general agreement that if and when the form is considered necessary, any cost should not be borne by the customer. It was a positive start to the dialogue, and although there are opposing views, we fully support the Government’s ambition, and the ambition of the Minister, to continue to support the most vulnerable in society to ultimately becoming debt free.

Strategy

As the industry continues to change and evolve, we as a trade body must also continually re-understand what our members want and need us to do. I am pleased to report that we are shortly about to embark on a CSA membership survey, carried out by Investors in Customers, which will ensure that we understand what members want of their trade body.

General Data Protection Regulation (GDPR) and the Data Protection Act 2018

We continue to inform, guide and offer insight to members in this area ahead of May 2018. Leigh Berkley is now carrying on the work that our Chief Executive Peter Wallwork started on the board of FENCA, to put in place a code for debt collection.
within the GDPR and we should see some clear benefits from that work before the regulation goes live.

Membership Initiatives
We are always exploring ways to further enhance the benefits of membership through introducing new initiatives or by improving existing member-exclusive services. Members also have access to a specially negotiated professional indemnity scheme through UKGlobal and access to HR, legal and health and safety information from experts at Croner.

We are now also pleased to announce that after working closely with Royal Mail CSA members could receive a discount rate if they test new mail applications through the Test & Innovate Scheme (TIS). The TIS was brought to the collections industry in August 2017 and acts as an incentive for firms to try new ideas and methods within their mailing activity. We were also very recently pleased to announce that this scheme has now been extended until 31 December 2018 having previously only been available until 31 January 2018.

We have also agreed an Exclusive Framework Agreement for members from cash collection services supplier, Paypoint. The framework offers four entry levels, designed to meet a diverse range of member business needs.

Revised CSA Code of Practice
On 5 July 2017 the Credit Services Association hosted an event at the House of Commons to launch a new revised version of the CSA Code of Practice. This updated Code, implemented from 4 January 2018, demonstrates the Association’s continued commitment to reflecting new developments within debt collection, as well as reinforcing the importance of best practice and to driving high standards.

As well as outlining expectations regarding areas such as business set-up, the fair treatment of customers and staff training, the new code now also addresses member firms who find themselves falling outside of the FCA consumer credit regime due to the specialist collection services they provide.

The launch event enabled us to highlight the importance of the Code to senior representatives from debt advice charities, regulators, MPs and the press, and helped to further increase the recognition and awareness of how the Code can serve those working with debt collection.

Learning and Development
Our range of learning and development qualifications continue to play an important part in assisting both members and non-members in meeting the demands of this ever-evolving and challenging industry.

Our established Level 3 and Level 5 Diplomas offer dedicated qualifications specifically designed for those working within the debt collection industry. The ever-popular Collector Accreditation Initiative (CAI) enables companies to demonstrate their commitment to excellence through an affordable and flexible online service. Our newer product, introduced in late 2016 and linked to this, CSA Compliance Essentials, added another element of learning to all areas within an organisation and not just those on the collections floor.

Apprenticeships
I was delighted to see the Association accepted on the Register for Apprenticeship Training Providers (RoATP) in March 2017. As a Main Provider, the CSA now delivers apprenticeship training to employers, specialising in debt collection, compliance and leadership and management. What this means for members is that by choosing the CSA to deliver apprenticeship training they will receive the best quality standards in the industry plus the support needed as a levy-paying employer.

We recently welcomed the first of our apprenticeship cohorts as workshops began for the Level 3 Advanced Credit Control/Specialist Collections and Level 6 Senior Compliance Risk Specialist and we look forward to this developing throughout 2018.

Debt Pre-Action Protocol (PAP)
In March 2017 the final version of the Pre-Action Protocol (PAP) for debt claims was published, and with it came the news that it would come into effect on 1 October 2017 – leaving creditors and claimants around six months to prepare.

The CSA was one of the first to push for a formal consultation on PAP, and for over two years had been engaging with the MoJ during this long process. During this time, my predecessor Leigh Berkley sat on the sub-committee negotiating the PAP which aimed to encourage early engagement
and communication between the parties, including early exchange of sufficient information to help clarify whether there are any issues in dispute. Further information about PAP was prepared by the CSA in the form of a resource document and a webinar was delivered where attendees were able to submit questions during the live session.

**Debt Advice**

Our close contact with this sector continues and we were encouraged when offered a seat on the Fairness Meeting panel at the Cabinet Office regarding the Standard Financial Statement (SFS) and how it fits into debt collection. Peter Wallwork represented the Association and welcomed the launch to help create a clearer picture of an individual’s financial position and enable a fairer, faster resolution for resolving customer debts. SFS is now in place and we are encouraging members to register as users.

**UK Credit and Collections Conference**

This year’s UK Credit & Collections Conference (UKCCC) as always, was a packed programme including a keynote from Jo Pedder from the ICO and Philip Salter of the FCA. We also saw sessions revolving around the main themes of technology and innovation. Many congratulations to those who were recognised at our Gala Dinner Awards, including former CSA Board Member Jacky Cooper, who received an Honorary Membership for her contribution and commitment to the Association. My thanks to all members who have contributed to the ongoing success of our flagship event through their engagement and positive feedback, and I look forward to welcoming returning delegates, as well as those who are attending for the first time, at the newly revamped event as we move to Stratford-upon-Avon in September 2018.

**Awards**

It was pleasing to see the Association recognised for its hard work by being shortlisted for a number of awards in 2017. I was delighted to see the 2016 UKCCC win Conference of the Year at the Trade Association Forum’s (TAF) Best Practice Awards 2017. The event was recognised for utilising innovative technology and delivering relevant and informative content to delegates. Fiona Macaskill’s Learning and Development team were also recognised when they were shortlisted for Training Provider of the Year at the 2017 Collections & Customer Services Awards. Although we were not successful in picking up the award, our presence on the shortlist is in recognition of the Association’s commitment to delivering, and developing, first-class qualifications to the industry.

**New Supplier Membership**

Late last year, we also launched a new category of the Intermediary class of membership - Supplier Membership. Allowing suppliers to the industry into the membership will bring additional benefits to current members, initially by introducing a new “supplier directory”, providing easier access to suppliers. Businesses who qualify and supply services and products to the collections, debt sale and purchase industry receive the advantages that comes with membership, plus additional benefits which exposes your business directly to over 300 CSA members.

**Media Attention**

At the end of 2017 the CSA’s position as the “voice of the collections industry” was called into play when the Association and a selection of members came under the spotlight from the national press. One trying to predict the next financial crash and the drivers for that, while another focused on what areas are under scrutiny from the FCA. It was therefore pleasing to see us avoid a story we think could have been wrongly detrimental to the industry’s reputation (of which we have worked hard to build over the years). Through successful communication and collaboration with all those involved, the resultant story brought some calm to the storm the journalist may have been trying to create.

As I began my presidency I wanted to build on our position as an organisation for the members, with even more benefits of membership, whilst retaining our consumer focus. I also want to encourage members to continue to promote and support the CSA Code of Practice as the common denominator for debt collection best practice in a multi regulatory environment. I want us to look to the future, and we have some exciting times ahead and plenty to do. Our aim is that the CSA will continue to keep pace with even our most ambitious members – large and small – and continue to lead the charge in demonstrating the professionalism of this industry.

I would like to finish by paying tribute and thanks to the members of the Association and to the excellent team at Head Office. Thank you also to the Board of Directors for their continued hard work and dedication to the Association.

John Ricketts
CSA President
Operational overview

This Annual Report describes the activity of the Association over the calendar year 2017, to give members the most recent overview of the CSA’s activity. However, the financial statement in the Treasurer’s report relates to the annual accounting year 1 July 2016 - 30 June 2017.

Operational Overview

I find myself writing another operational report reflecting back on a year where we saw the last of the members who fall under the FCA gain authorisation and take some pride in the industry having achieved that milestone.

I also find myself looking back over the last eight years in this role and I am trying to remember what life was like when I first took up the position of chief executive. It was certainly a very different place both in terms of the structure and the ability of the team, but also in terms of the type of work we are now doing and the environment we find ourselves in.

Governance

In February 2017 John Ricketts took up the role of President at the AGM at the Leicester Marriott Hotel and became the fourth president that I would have the pleasure of working with.

Our Members’ Meeting was, as usual, a packed show and the AGM saw a number of Article changes passed by the membership as well as the usual reports from the outgoing and incoming presidents and treasurers.

This year there were four vacancies on the CSA Board due to rotation and Leigh Berkley, Denise Crossley, Sara de Tute, and Eddie Nott all decided to re-stand and were duly re-elected. Sadly during the year Ken Maynard decided to stand down from the board after his second respective tenure came to an end and we thanked him for the time he has spent on the Board over the years.

The CSA Board continues to operate with a full complement of directors from a balanced mix of member companies, each with dedicated portfolios. They are also joined by the three non-executive Directors who serve on the Board: Dr David Hutchinson, Industry Expert for Education, Knowledge and Development, Yvonne MacDermid OBE, for Money Advice, and Lord Tom Chandos, as Senior Independent Director, Chair of the Conduct Committee and our independent voice on the Board. Thank you to all Board Members for your continued efforts and unwavering support.

At the beginning of this year a governance review was launched and run by Lord Tom Chandos taking a very measured and structured approach. We hope it will create further efficiencies and clarities within the organisation and we hope to conclude the review during 2018.

Membership Overview

The CSA achieved a high degree of market penetration over the year and still claims to have around 90% of the third party debt collection activity within its membership.

That sort of achievement makes it difficult to find and attract new members every year however as the industry changes, we are finding there is still a slice of the market pie available. As we’ve seen over the last few years, membership numbers have appeared to shrink on a yearly basis and certainly since the FCA took over from April 2014. The Data Gathering Initiative (DGI) numbers bear out the facts that we still have the volume of work and number of people employed within our membership, even if the actual number of member firms has declined which of course largely is due to merger and acquisition activity.

Nonetheless the Association continues to attract new and varied companies to the membership and towards the end of the year we created a new Supplier Membership category. This category was introduced in response to a number of firms who supply to our members asking us over the years...
to join our ranks. By having these companies as members, we hope it will bring to the membership a selection of respective and trusted suppliers who we also hope will offer our members the most competitive rates for their services.

**Accounts**

The Association incurred a loss in the year up to the 30 June 2017 of just under £54,000 which was met by reserves. The Association continues to be strong financially and still holds sufficient reserves for a trade body of our size. Although the Treasurer’s report will detail this, I will comment again that the main contributor to the loss, which was around £40,000 greater than we had budgeted, was reductions in three key member fees due to a change of membership category in one case and a reduction in turnover in the other two.

This time last year I was forecasting an uptake in income due to the eagerly anticipated Apprenticeship Levy. During 2017 the Association successfully achieved Main Provider status and we had great expectations of the levy-paying members taking advantage of the Associations’ offering. However, and in line with much of the whole learning and development industry in the UK and one that has been widely reported in the press, the take up of apprenticeships has been incredibly slow.

The CSA being listed on the Register of Apprenticeship Training Providers (RoATP) has nonetheless presented us with opportunities to work with firms outside of the membership on a scale that I don’t believe we have ever seen previously. It appears, for once, that the niche area that this Association operates in is in demand! Apprenticeships covering risk management and collections appear to be very attractive to a wide cross-section of companies outside of the industry. Each opportunity has yielded prospects of maybe only one or two apprentices, however some are now looking extremely promising in opening doors in other areas. Whilst we might be slightly disappointed that our own membership has not so far provided us with the apprentices that we had hoped for, we fully understand the rationale for the slow start from them.

**Membership Initiatives and Lobbying**

2017 saw a number of membership initiatives examined by the board and in particular David Sheridan who held the position of special projects. Along with John Ricketts who spearheaded an initiative with Royal Mail to offer members the opportunity to test different strategies and reduce
their postal costs, David has brought to the table a number of key opportunities. Paypoint, a money transmission supplier, have offered a framework deal on entry costs, dedicated to CSA members only. UKGlobal, a business that we have partnered with for many years, continue to offer insurance products to our members with unique and dedicated underwriting and policy wording. We look forward to bringing more member initiatives like this in 2018 with a view to providing a direct return on the investment of the membership fee.

A key piece of work completed during 2017 was the due diligence for debt purchase guidance put together by a number of the Debt Buyer members and endorsed by all members within that category before being presented to the FCA.

Written as a guidance document it was also a collaborative piece of work to assist and reassure all that their interpretation of the FCA rules was consistent. It also served as an indication of what the FCA supervision teams may find when they visit our members in the future.

The work the immediate past President Leigh Berkley had completed with the MoJ, and the Pre-Action Protocol (PAP) towards the end of 2016, came into effect when the protocol was commenced formally at the end of September 2017. Initial reports from members who carry out litigation indicated that it had not had much in the way of a negative impact as had previously been feared - a testament to the hard work that had been done to lobby in our members’ favour.

We continue to work with the FCA on the previously reported common misunderstandings document which is aimed to educate and dispel myths about debt collection and its practices. Although this has been going on for some time now, it is a key piece of work that we have delivered to the FCA and now wait their interpretation of it.

Work continued on the General Data Protection Regulation (GDPR) throughout 2017 but this time, rather than lobbying, it was in preparation of its implementation in May 2018.

During 2017 Ofcom updated their position on their policy of persistent misuse of electronic communications, and despite reassurance from Ofcom, we were fearful that the industry would struggle to interpret what, on the face of it, seemed to be draconian requirements. I’m delighted to report however that the industry as a whole seems to have dealt with the revised statement in a pragmatic way.

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CSA webinars
1 January 2017 - 31 December 2017

1,254
Total views (live and recorded)

4.5/5
Average viewer rating

“Informative and delivered at a level everyone could understand, avoiding unnecessarily complicated technology…”
Viewer feedback

“Many thanks - its overall content gave a good overview which my team well understood.”
Viewer feedback
We continue to be active members of the Cabinet Office Fairness Group focusing on fairness in government debt collection, and we are now a standing member of the governance group for the new Standard Financial Statement run by The Money Advice Service.

Leigh Berkley continues to be our representative on the Board of FENCA and our representative on the Board of MALG. I continue to be an observer on the Lending Standards Board and I am also a Director and Trustee on the board of NOCN, the Association’s Learning and Development awarding body.

As I write this report we are also completing a call for evidence on breathing space put out by the Treasury and in response to the amendments made to the Financial Guidance and Claims Bill in the House of Lords in the latter part of 2017.

The Future of the Association

We were very conscious during 2017 of the amalgamation of a number of trade associations in the financial services sector and whilst we were not within the scope of that review, it is not lost upon us that the future of any organisation is never guaranteed and without question.

To that end the team at the CSA Head Office along with the board of the Association continue to review opportunities for the future. We cannot be sure however that our thoughts in isolation are those that are shared by the membership. To that end, in the early months of 2018, we will be conducting a survey of the membership via a third party supplier asking key questions to determine what our members want from us. And with the results from that survey we will be taking a close look at what changes, if any, we need to make to our product and service offerings as well as producing a revised strategy for the association.

Events

As the statistics show graphically throughout these pages, the Association delivered once again a record number of dedicated member events including all three membership category meetings, as well as a number of dedicated compliance meetings. Our popular regional Regulation Roundtables were as successful as ever selling out almost as soon as the Association opened for bookings.

Although our events will be reviewed and necessary reformatted to suit member needs during 2018 they still offer a key benefit and added value.
Those of you who regularly attend the annual conference, the UKCCC, will have known that we have now completed three years at the Hilton London Wembley and we will be switching venues for 2018 to the Crowne Plaza Stratford-upon-Avon. We very much hope to see as many of you as possible at the newly-formatted “one day and dinner” UKCCC in Stratford. Before then, we hope to see you at the Members’ Meeting and AGM to be held on the 6 February 2018 at a new venue, the Radisson Blu Hotel, Manchester Airport.

Facilities and Head Office Team
I am extremely proud of and lucky to be working with a very professional and dedicated Head Office team, many with a tenure exceeding 10 years with the Association. All experts in their own fields, they bring to the Association the key skills and attributes that continue to enable us to produce conferences, events, publications, guidance and educational services that belie our size. We have 14 people in total at Head Office now, possibly the largest complement we have had in the association’s history, a sign of ongoing expertise required as the organisation continues to grow and develop.

We are now just short of six years into a ten-year lease having exercised a rent review and passed the five year break successfully. The offices continue to be competitively priced and appropriate for the Association both in terms of cost but also in terms of the image we want to portray and the talents we want to attract.

In our attempts to have a more personalised and segmented approach with members online, the association is preparing to launch a new website and CRM product that will not only create internal efficiencies for the Head Office team but also allow members to personalise their own data records and inform us of their current needs in terms of resources and events, at the touch of a button.

Public Affairs, Public Relations and Marketing
The Association continues to work with both Gravity London and Engage Comms in relation to public relations work and social media. Whilst we don’t currently engage the services of anyone in relation to public affairs, the portfolio benefits from not only a dedicated CSA board director, Leigh Berkley, with support from Head Office, but now also receives key input from experienced public affairs personnel from member firms.

Both public relations and public affairs continue to be a key part and reason for the association existing - lobbying being the key reason for the...
CSA Annual Report 2017

CSA events
1 January 2017 - 31 December 2017

Overall, CSA events have a reach of over 850 attendees per year

The UK Credit & Collections Conference 2016 was named Conference of the Year at the Trade Association Forum’s (TAF) Best Practice Awards 2016

“An outstanding event which featured particularly relevant and informative content specific to the audience, as well as utilising innovative technology.”

TAF Awards judges’ comments

Association’s existence.

Thank You
As we move very swiftly into 2018 my forecast is that this next year will be no less exciting or busy than 2017 was.

Finally, I would like to thank every one of my colleagues at the Head Office in Newcastle for their hard work, dedication and for their support during the last 12 months as without them none of this would have been possible.

Peter Wallwork
CSA Chief Executive
After a succession of good years generating a surplus, the effects of key merger and acquisition activity caught up with the Association’s accounts two financial years ago and continued to impact us in the 2016/17 financial year. The financial reserves that have seen us through those times will hopefully not be impacted this next 2017/18 financial year, but there are still some key dependencies that are still to play out and stabilise.

Cash reserves need to be carefully monitored and it is important for the Association to aim to re-enforce these further in the coming years to maintain the adequacy thereof. Whilst the Association has been able to augment membership subscription revenue with training and other income in previous years, these are not guaranteed and it is important going forward that the CSA be able to cover its costs from membership fees.

The Board has therefore set Peter & I the challenge of reviewing membership subscriptions in the future to ensure that the CSA remains sustainable long-term given the continued change in its membership make-up. We are hoping to be able to realise long-awaited training income from the new Apprenticeship Levy to replace subscriptions lost through M&A activity, and also to attract more revenue from new members and outside the organisation to protect cash reserves. We will continue to work to identify cost efficiencies wherever possible from existing spend without degrading the excellent service which the membership has come to expect from the CSA.

Our 2016/17 year started out forecasting a manageable £11,000 loss, but due to reductions in three key members’ fees, one due to a change of membership category and the others due to a reduction in their income dropping them down a fee band, we saw that projected £11,000 loss quickly jump to a revised projected £75,000 loss.

I’m pleased to say that we managed to reduce that loss by the year end to just under £54,000, thanks to careful budgeting and increased income from traditional learning and development products and as last year, the loss was financed by the reserves that had built up previously. Those reserves still remain relatively robust and provide just under six months operating costs, which is appropriate for an organisation like the CSA. Levels of reserves need to be monitored closely depending upon the 2017/18 results.

The 2017/18 financial year saw the Association increase membership subscriptions by 3% in line with inflation and, with projected income from the new apprenticeship programme; the launch of CSA Compliance Essentials; the creation of a new membership category for suppliers; an increase in the cost of the Collector Accreditation Initiative and some budgeting re-alignment, we projected a £50,000 surplus. However, as a result of the slow take-up of levy-paying members taking on apprentices, coupled with a slow start on supplier membership, the projected outcome for the Association in its new financial year dropped to just above break even.

As the outgoings have always been managed carefully, the solution to the problem lies in income generation, rather than a reduction in services offered to members. The Learning and Development training income associated with the new Apprenticeship Levy should improve thanks to take up from firms outside of the membership and we are cautiously optimistic in this bringing us back to a healthy surplus by the end of the financial year. At the time of writing we are halfway through the 2017/18 financial year, which with a fair wind should end better than forecast.

Membership income
This 12 month period 2016/17 saw 26 new members join the Association and 33 members leave, many of which decided to exit the industry altogether as the pace of change showed no sign of abating. Critically, the Association saw no major reductions in income from mergers and acquisitions during this year, but we know there will be one or two losses filtering through to the renewal year July 2018. Ironically, those larger members that were
prepared to invest in the Association in 2014 and that have seen that investment yield a significant improvement in the professionalism and services offered by the CSA, continue to be the ones we are keeping a watchful eye on for merger and acquisition. We may need to review membership fee structures to future-proof the income from July 2019 onwards, but this will not be an overnight process as we will need to understand better the way our members plan to generate their income in the future.

Conferences and Events
A second year at the London venue saw an on-target surplus from the annual conference bringing in an income of circa £44,000. We saw attendance drop for certain elements of the event, notably the golf and the evening dinners and we are committed to keeping a watchful eye on these, the 2017 event sealing the fate of the golf event as we saw numbers fall even further. The Members’ Meeting and AGM (MM&AGM) saw attendance remain level from the previous year and the new format returned the event to profit from the previous years’ small loss. The February 2018 MM&AGM will follow the same format but move location to the Radisson Blu, Manchester Airport which may see an increase in attendance and therefore revenue.

The popular forums run for member peer-groups continued to break-even at modest additional cost to members.

Education and Training
Learning and Development again made a good contribution to profit through efficient use of resources and cost control – this on the eve of the eagerly expected start of the apprenticeship programme which it was hoped would generate enough income to overcome the membership fees lost in recent times.

Other Services
Income from other services fluctuated slightly, but was per expectations as the review of services offered continues.

Expenses
Non-repeating items: This period saw some limited recruitment costs again thanks to a vacancy in the sales team, but was offset by savings in salaries, during the period the position was vacant, so the impact was minimal. The one-off implementation costs of the new CRM package were absorbed by the savings in salaries as the Association moved from two salespeople to one – the CRM being slated to achieve efficiencies in marketing and sales so creating some money to meet this demand. There are no planned one-off expenditure items of significance for 2017/18.

Overheads and Other Costs
Personnel costs were largely on budget. The performance-related bonus scheme previously open to all colleagues at Head Office has been converted to salary for all except the heads of department who continue to benefit from this incentive which continues to drive the right behavior and motivation to succeed. This was part of a natural evolutionary process and much appreciated by the team who were in reality earning maximum bonuses in any event.

Public Relations and Public Affairs
Both the Public Affairs and Public Relations budget were carefully managed and came in under budget during the financial year 2016/17, although not at the expense of the service the Association
provided to members. Further savings are now projected from both for the next financial year 2017/18 and will help support the turnaround from the loss situation we have seen in the recent years mentioned earlier in this report.

**Administration and Establishment**

Costs remain largely static in this area again and are well under control – the Head Office premises rent came under review and reached its five year break period in March 2017. Successful negotiations resulted in no rent increase for the next five years and despite other premises being on the market, the current location still appeared to offer the most favourable terms, so a decision was taken to remain in situ.

**Professional and Bank Charges**

Accountancy fees are largely static again in this period. Association accountants Robson Laidler act as management accountants to the Association, preparing monthly accounts, dealing with VAT and assisting with budgeting and additional analysis work as and when required and continue to be a highly cost-effective alternative to an in-house accountant. There was a routine VAT visit made by HMRC during the year, which resulted in a clean bill of health and confirmation of continuation of the VAT exempt status for membership fees.

**Conclusion**

The 12 month period under review presented some budgeting challenges that we had started to see in the previous two years, so came as no surprise and were dealt with effectively. I believe we are turning the corner on that now and cautiously optimistic that we will return to the modest surplus for a not-for-profit with a primary goal of lobbying. All eyes are on the income we hope to derive from the Apprenticeship Academy and new members in the supplier category. For 2018 we will consider continuing with minimal increases in membership fees to simply keep a pace with inflation, but will be conducting a more structured review for 2019 to protect and re-enforce cash reserves, alongside seeking to derive income from sources outside the membership to alleviate any immediate calls for additional funding.

Nick Cherry
CSA Treasurer
Credit Services Association  
Consolidated profit and loss account for the 12 months ended 30 June 2017

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<td><strong>Less cost of sales</strong></td>
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<td>274,083</td>
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<tr>
<td>Gross profit</td>
<td>985,394</td>
<td>1,049,371</td>
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<tr>
<td><strong>Staff &amp; promotional costs</strong></td>
<td></td>
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<tr>
<td>Personnel costs</td>
<td>684,823</td>
<td>655,545</td>
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<tr>
<td>Recruitment fees</td>
<td>-</td>
<td>12,826</td>
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<tr>
<td>PR, marketing &amp; advertising</td>
<td>71,087</td>
<td>81,630</td>
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<tr>
<td>Public affairs &amp; compliance</td>
<td>7,498</td>
<td>763,408</td>
<td>8,485</td>
<td>758,486</td>
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<tr>
<td><strong>Establishment expenses</strong></td>
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<tr>
<td>Rent, rates &amp; water</td>
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<td>51,155</td>
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<td>Insurance</td>
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<td>7,290</td>
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<td>Maintenance, leases &amp; equipment</td>
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<td>41,152</td>
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<td>Member helpline cost</td>
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<td>Printing, stationery &amp; postage</td>
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<td>14,803</td>
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<tr>
<td>Telephone</td>
<td>9,524</td>
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<td>CSA Board &amp; travel costs</td>
<td>79,493</td>
<td>91,184</td>
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<td>Subscriptions</td>
<td>18,766</td>
<td>18,810</td>
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<tr>
<td>Miscellaneous costs</td>
<td>52,579</td>
<td>48,247</td>
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<tr>
<td><strong>Establishment expenses</strong></td>
<td>254,688</td>
<td>285,889</td>
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<tr>
<td><strong>Professional and bank charges</strong></td>
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<tr>
<td>Audit fees</td>
<td>6,600</td>
<td>6,460</td>
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<td>Accountancy fees</td>
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<td>Bank charges</td>
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<td>17,057</td>
<td>1,035,153</td>
<td>3,405</td>
<td>17,516</td>
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<tr>
<td><strong>Operating surplus</strong></td>
<td></td>
<td></td>
<td>(49,759)</td>
<td>(12,520)</td>
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<tr>
<td>ADD bank interest receivable</td>
<td></td>
<td>1,150</td>
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<td>1,940</td>
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<tr>
<td><strong>LESS</strong></td>
<td></td>
<td></td>
<td>(48,609)</td>
<td>(10,580)</td>
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<tr>
<td>Depreciation</td>
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<td>6,316</td>
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<td>6,175</td>
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<tr>
<td>Loss on disposal</td>
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<td>-</td>
<td></td>
<td>-</td>
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<tr>
<td>Surplus on ordinary activities before taxation</td>
<td>(54,925)</td>
<td>(16,755)</td>
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<tr>
<td>Corporation tax</td>
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<td>3,228</td>
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<td>1,908</td>
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<tr>
<td><strong>Surplus (deficit) for the year</strong></td>
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<td>(58,153)</td>
<td>(18,663)</td>
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<tr>
<td>Surplus brought forward</td>
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<td>461,643</td>
<td>480,306</td>
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<tr>
<td><strong>Surplus carried forward</strong></td>
<td></td>
<td>403,490</td>
<td>461,643</td>
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</table>
## Credit Services Association
### Consolidated balance sheet at 30 June 2017

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<th></th>
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<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
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<tr>
<td>Tangible assets</td>
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<td>24,482</td>
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<tr>
<td><strong>Current assets</strong></td>
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<tr>
<td>Stock</td>
<td>900</td>
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<td>900</td>
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<tr>
<td>Debtors</td>
<td>132,582</td>
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<td>150,555</td>
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<tr>
<td>Cash at bank and in hand</td>
<td>631,546</td>
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<td>692,420</td>
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<tr>
<td><strong>NET current assets</strong></td>
<td>765,028</td>
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<td>843,875</td>
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<tr>
<td><strong>Creditors</strong></td>
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<tr>
<td>Amounts falling due within one year</td>
<td>391,644</td>
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<td>406,714</td>
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<tr>
<td><strong>Total assets less current liabilities</strong></td>
<td><strong>403,490</strong></td>
<td><strong>403,490</strong></td>
<td><strong>461,643</strong></td>
<td><strong>461,643</strong></td>
</tr>
<tr>
<td><strong>Capital &amp; reserves</strong></td>
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<tr>
<td>Profit &amp; loss revenue reserves</td>
<td>403,490</td>
<td></td>
<td>461,643</td>
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</tr>
</tbody>
</table>