

Annual Report 2018

The 116th Annual Report of
the Credit Services Association



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The CSA has three primary roles:

Engage

To represent members at the highest level with external stakeholders to enhance the reputation of the industry.

Promote

To promote excellence and integrity in standards and culture across the industry.

Support

To facilitate a collaborative environment to share best practice for the further improvement and ongoing professionalism of the industry.

”

John Ricketts, CSA President

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Note on report

This report is the 116th Report of the Credit Services Association financial year end 30 June 2018.

The report is in the main written to describe the activities of the Association during the calendar year 2018 although the Treasurer's report and the financial statement refer to the Association's financial year, which runs from 1 July 2017 to 30 June 2018.

Credit Services Association Limited

Company registration number: 00089614

The Board of Directors

John Ricketts
Nick Cherry
Peter Wallwork
Leigh Berkley
Lord Tom Chandos
Denise Crossley
Dr David Hutchinson
Yvonne MacDermid OBE
Eddie Nott
David Sheridan
Stuart Sykes
(resigned May 2018)
Charley Taggart
Sara de Tute
Adam Wonnacott
(resigned Dec 2018)

CSA (Services) Ltd

Company registration number: 05055685

The Board of Directors

John Ricketts
Peter Wallwork

Appointed Oct 2017:
Lord Tom Chandos
Nick Cherry
Dr David Hutchinson
David Sheridan

Resigned Oct 2017:
Leigh Berkley
Eddie Nott

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 foreword



John Ricketts
CSA President

Before I begin, let's recap on the scale of the CSA's responsibility. The CSA represents 300 members who make up 90% of the debt collection industry and who collect on 50 million debts at any one time..... that's 50 million individual debts.

2018 was another good year for a growing collections industry with CSA members reporting £63bn of debt held for collection at the end of Q3, an increase of £5bn or 10% compared to Q3 2017. This record level of debt passed or sold to members by their clients and the £4.2bn that the industry collected in 2018 underpins our continued importance to the UK economy.

£63bn
held for collection by CSA
members at end of Q3 2018.

Indeed, this is an industry which is unrecognisable compared to when I joined the Board ten years ago and as our membership has changed, consolidated, grown and matured into the broad-church of debt buyers and debt collection agencies, large and small that exists today, the CSA has in turn changed to meet those demands, and continues to change.

£4.2bn
collected by
CSA members in 2018.

The scale and breadth of the collections industry's contribution to the UK economy, however, doesn't just stop at direct collections. Our debt buying members contributed at least £25.5m in voluntary "Fair Share" payments in 2018 to help fund free-to-customer debt advisers - namely, StepChange Debt Charity, PayPlan and Christians Against Poverty. This was an increase on the 2017 total of £23m which at the time represented almost half (46%) of the £50m the Money Advice Service (MAS) reported as contributed in total by the financial services sector. The contribution, which has risen from £15m in 2016, led the CSA in 2018 to not only question the current

funding model, and the effectiveness and efficiency of a fragmented debt advice sector, but also to highlight how the industry is now one of the main funders of free debt advice in the UK.

The CSA has three primary roles:

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Support

to facilitate a collaborative environment to share best practice for the further improvement and ongoing professionalism of the industry.

We have worked hard during 2018 to fulfil those obligations to our membership.

The CSA continues to work closely with industry regulators, Government and other trade bodies and, in particular, the Financial Conduct Authority (FCA). It is through its relationship and regular meetings with the CSA that the FCA has a better understanding of our market, and the FCA has publicly commented during 2018 on the importance it places on this relationship.

Our Code - the CSA Code of Practice - continues to be widely recognised as best practice and increasingly seen as a common denominator in the absence of a single regulator for debt collection, which is something that we continue to lobby for. The CSA has also effectively steered its membership through the introduction of GDPR in 2018 with a state of readiness rarely matched by other sectors.

Our highly successful UK Credit & Collections Conference (UKCCC), forums, webinars and Members' Meeting continues to provide effective platforms for discussion and knowledge-sharing and the CSA's growing

training platform, including its approved apprenticeships provider status and the Collector Accreditation Initiative (CAI), continues to build the professionalism of the industry.

A year doesn't go by without the collections industry facing fresh challenges and 2019 looks set to continue that trend. With an uncertain economic outlook, the FCA increasingly looking towards our debt buyer members for direct levy funding of MAS, the introduction of the FCA's Senior Managers & Certification Regime, the draft NPL EU

Directive on Credit Servicers & Purchasers and the proposed implementation of a Statutory Debt Recovery Plan, the CSA's relevance has never been greater and it is more important than ever that the industry stands together, with one voice, through a strong and progressive Trade Association.

I would like to thank the Board and Head Office staff for their continued support during my second year as President, and I look forward to working with you all during my final third year in 2019.

CSA Directors' portfolios and committees

John Ricketts - CSA President

Managing Director, Ardent Credit Services Ltd
Executive Committee
PR Committee
Nominations & Remunerations Committee
Director, CSA (Services) Ltd Board

Nick Cherry - CSA Vice-President

Chief Operating Officer, Phillips & Cohen Associates UK
Treasurer
Audit & Risk Committee
Executive Committee
PR Committee
Director, CSA (Services) Ltd Board

Peter Wallwork

Chief Executive, Credit Services Association
Director, Credit Services Association Limited
Director, CSA (Services) Ltd Board

Leigh Berkley

Director of External Affairs & Development, Arrow Global
European and Public Affairs

Lord Tom Chandos

Senior Independent Director
Executive Committee
Audit & Risk Committee
Director CSA (Services) Ltd Board

Denise Crossley

Managing Director, Lantern UK
SME & DCA Relations
Nominations & Remuneration Committee

Dr David Hutchinson

Independent Director
Education, Knowledge & Development
Director, CSA (Services) Ltd Board

Yvonne MacDermid OBE

Chief Executive, Money Advice Scotland
Nominations & Remunerations Committee
Consumer Relations

Eddie Nott

Managing Director UK, Intrum
Debt Buyer Member Relations
Audit & Risk Committee

David Sheridan

Operations Director, ARC (Europe) Ltd
SME & DCA Relations
Audit & Risk Committee
Nominations & Remuneration Committee
Director CSA (Services) Ltd Board

Charley Taggart

General Counsel, Cabot Credit Management Group Limited
Legal & Regulatory Affairs

Sara de Tute

Non-executive Director, Lowell Group UK
Legal & Regulatory Affairs
Audit & Risk Committee

Stuart Sykes (resigned May 2018)

Technology

Adam Wonnacott (resigned December 2018)

Affiliate Member Relations

Chief Executive's report



Peter Wallwork
CSA Chief Executive

2018 review

2018 came and went in the blink of an eye, as we rose to a number of new challenges, some set by the Board of the Association, but many by the pace of change in the industry and its environment.

One of the constant challenges of running the CSA is balancing the two main sources of income, namely membership fees and revenue from commercial activity. Over half of the top line income comes from membership fees, the rest from learning and development and events. In net terms, the Association is much more dependent on members' fees of course, as are most trade bodies.

2018 saw us start to reap the rewards from apprenticeships, which we hope will now realise the sort of income that it deserves. This work has, for possibly the first time in the Association's history, given us an opportunity to leverage an income from outside the membership. Whilst there are some significant reputational risks being regulated by Ofsted, we hope that the process will make the association a stronger, more informed training provider as we embrace the changes and developments we need to make to ensure we meet the standards set.

Currently, the Association holds two conferences a year, a members-only meeting, which includes the AGM, and the UK Credit and Collections Conference (UKCCC), which is open to both members and non-members. This year saw the Members' Meeting move venue to Manchester, and the UKCCC move to Stratford-upon-Avon. Keeping conferences well-attended, alive and fresh, requires constant re-engineering and, this year, we changed the format of the event from a two-day conference into a one-day and dinner event. We also entered into a partnership with Credit Connect to host the Credit and Collections Technology Awards. Credit Connect was the ideal partner to work with and the result was that we increased interest in the Gala Dinner and Awards, seeing a 30% increase in attendees who had never been before. The Association relies on a profit of around £40k per annum from this

event, whilst the Members' Meeting delivers around £5k. Re-inventing the Awards for the UKCCC has helped us realise the surplus required and we will be repeating this partnership in 2019.

Recognising the institutional investment made in members' firms, some raising money through the issue of bonds and in one case, a public offering on the London Stock Exchange, coupled with the size some of our members' firms have grown to, we are seeing more interest in the industry from the media and in particular the broadsheets. The CSA Code of Practice requires members to keep the Association notified if there is any contact from the media, to ensure we respond in a consistent way. In 2018 we took the decision to establish a Media Response Group to respond to specific contact made by media and ensure a joined-up response is made.

In 2018, we finally saw the General Data Protection Regulation (GDPR) go live and that brought to a head many years of hard work preparing members' businesses and of course, the CSA itself. In the run-up to 25 May, the Association had produced an impressive series of guidance documents, webinars and events with expert speakers to help members prepare. 2018 also saw us continue to contribute as part of a FENCA working party, creating a Code of Conduct designed to help define key parts of the regulation and how it is applied to this industry. Whilst 25 May came and went, and we all survived, we continue to answer members' questions and provide expert speakers and workshops on the subject and look forward to the launch of FENCA's Code.

Over the year, the CSA answered a significant number of consultations (14), a far cry from the days when the Office of Fair Trading (OFT) regulated the industry. Since the Financial Conduct Authority (FCA) took over regulation the number of consultations has steadily risen and the activity and influence the Association has been able to leverage as a result has significantly increased. It is clear however that we need additional expertise in this area and in the creation of policy so that the CSA does not only react extremely

well and effectively, but also drives policy changes.

One area of significant change is the introduction to consumer credit firms of the Senior Managers and Certification Regime (SM&CR). With what many members feel is a long lead time for its implementation, it felt difficult throughout 2018 to get traction with the membership in preparing for this. Both we at the CSA and the FCA feel that this is an issue, not only for compliance departments within members' firms, but also critically, their Human Resources and Learning & Development departments too. Throughout the year, we organised guidance documents and events, including offering incentives for members' HR and L&D personnel to attend and learn, with the FCA's Richard Fox, Head of Department for the FCA's policy covering Governance, Asset Management, Financial Stability and Prudential, attending three of our previous events.

Throughout the year we have been steadily increasing our Public Affairs presence and continue to work with both Gravity London and Engage Comms in relation to public relations work and social media. We have continued to engage with regulators, Government departments, consumer groups and industry stakeholders and I now feel we are very much the 'go-to' organisation for everything relating to our industry.

The Head Office team stood at 16 at the end of 2018. During the year we appointed Mark Buckley into the vacant role of Head of Sales and created an additional role in L&D appointing Zoe Dellow as Senior Learning & Development Consultant. I was pleased to welcome back Ashleigh Johnson from maternity leave however sad to lose David Lee to HMRC. Despite these changes, I am pleased to be able to report a continuing high average tenure across all departments.

The final highlight from 2018 is the 'beta launch' of the new CSA website and Customer Relationship Management (CRM) system. Early feedback from the CSA Board and the membership is positive and we look forward to making further improvements to ensure the site offers members a more personalised

experience.

2019 strategy

Looking ahead into 2019 we are creating two new roles at the CSA, one being a Head of Policy, and a second being a key operational management role to allow me more time to spend in London with industry stakeholders. One of the outcomes from the IIC survey was that members expect the CSA to influence more future policy. I believe the new roles will enable us to be more effective in this and will complement the existing team.

We also plan to create a more formal public affairs working group to leverage members' knowledge, especially those using external advisers, and ensure we are aware of anything on the horizon before it is too late to create influence. We also need to ensure our members are aware of what we are working on and improve their visibility of that. A particular example of this is the work that FENCA is doing and how the CSA supports that. What has become known as the 'NPL Directive' (Proposal for a Directive on credit servicers, credit purchasers and the recovery of collateral) could, depending on the direction of travel and how we leave the EU, become an issue, and the CSA alongside FENCA needs to be particularly active at this uncertain time.

Another key way we can better influence future policy is through data. Being able to talk knowledgeably about the membership and the industry with hard facts and figures opens doors, buys credibility, and makes for strong and compelling arguments. Without it, our words are shallow. Throughout 2019, we will be talking to members about the data they can provide and examining ways we can use that to create policy, as we relaunch the Association's Data Gathering Initiative (DGI).

We plan to continue to work hard to get the recognition that our Code of Practice deserves - we will continue to champion it as the common standard across all debt collection. We will also continue to work to achieve a level playing field for our members through interaction with central and local Government. But this is not solely for the

direct benefit of the membership alone. We believe that the customer should have a consistent approach from all in the collection of debt. Our work with the Cabinet Office's Fairness Group will push hard for all central and local Government debt collection to be carried out the same way our members do – as per the FCA's Handbook and/or our Code of Practice.

A key part of the consistent approach to debt collection is to educate consumers too. We are working on the early stages of an 'Industry Infomercial' that would be aired on social media and through members' websites debunking some of the myths associated with so-called advice found on online forums, which benefit few. Funded by a small number of larger members, this will be delivered in 2019 and made available to all members in due course.

Engagement is also high on our agenda for 2019. We plan to engage more with members through the implementation of a membership engagement programme. We are grateful for the feedback members gave us in the IIC survey and we now want to build on that to ensure that members get the most out of their membership. One of the key changes we will be making is to the established forums and events – in terms of forums for example, we will be offering more in the way of webinars for groups that do not feel sufficient cost benefit of meeting even on a semi-regular basis, but increasing physical meetings for those that do.

We want to continue to bring more technology solutions and suppliers to the attention of members and will do this by attracting more supplier members and bringing new technology suppliers and expert speakers to the events to talk about what is available.

2019 will see us hold our annual conference, the UKCCC, in Newcastle for the very first time. The CSA has been based in the city for the last 25 years but despite this, has never held its flagship event in its hometown. Newcastle as a city has seen tremendous growth over the last number of years and last year held its very own "Great Exhibition of

the North 2018", a three-month celebration of the North of England's pioneering spirit and the impact of its inventors, artists and designers. It was the city's opportunity to show how its innovative spirit has shaped the world and is building the economy of the North on a global scale. It was seen as an opportunity to change perceptions of the North to turn the page on a new chapter of its dramatic story of innovation. We'll be delighted to invite you to join us to celebrate the event at the Crowne Plaza Newcastle (just behind Newcastle Central Station).

Finally, I'd like to thank the Board of the CSA for the time they give, for no financial reward and for their commitment, help, constructive criticism and challenge. I'd also like to thank the firms that sponsor their time on the Board and that of their colleagues on the various working parties. I could not deliver the policy set by the Board, without a dedicated and talented team of 15 people at the Association's Head Office in Newcastle – thank you to each one of them as well. I should like to also acknowledge that the entire organisation would not exist without the membership making significant financial and intellectual contributions too.

CSA Membership Assessment – Informing the CSA Strategy



Colleen Peel
CSA Head of Marketing & Events

In June 2018 we undertook the Investor in Customers (IIC) Assessment to help us better understand members' perceptions of the services we offer and the needs of their staff. IIC provides an independent assessment of customers' (in our case members') perception of their customer experience and compares and contrasts it to the view held by CSA staff and senior management. The insight and management information gleaned from the IIC assessment was then used towards the work we are carrying out to build our future, renewed CSA strategy.

It was encouraging to see 26% of member companies complete the assessment, a promising number for the first survey of its kind for us, but one we hope to increase through further engagement with members in our next assessment.

The assessment asks 32 comprehensive questions, including the Net Promoter Score question and additional free text questions as required. The additional free text questions gave us the opportunity to carry out more in-depth research into what our members think is important to them. Some of the questions included:

“What are your top two reasons for being a CSA Member?”

“Which CSA services are most important to you?”

“What is the CSA missing?”

Joining the IIC community allows us to benchmark our members' customer experience activities with other organisations across a wide spectrum of industries. Indeed, some of our current members also carry out the assessment in their own businesses, with all achieving positive results. Sharing best practice and learning from the reports will help us to continually exceed member expectations. I would like to take this opportunity to thank those who completed the assessment. A full IIC findings report will be shared with members in due course.

-  **December 2017**
Investor in Customers (IIC) Assessment proposal approved by CSA Board of Directors.
-  **March 2018**
External communication consultant joins CSA comms team to bring the project forward.
-  **June 2018**
IIC Assessment sent to CSA members.
-  **July 2018**
Raw data received and analysed.
-  **August 2018**
CSA awarded Silver in first-ever assessment under the independent IIC Assessment process.
“The CSA members and its staff both recognised that it is providing an outstanding level of customer experience to its members. This is a great achievement.”
Sandy Bryson, Director IIC.
-  **September 2018**
Award officially presented to CSA staff at the UK Credit & Collections Conference.
-  **October 2018**
CSA Team Training Day - IIC results discussed and next steps put in place.
-  **November 2018**
CSA Board Strategy Day.
-  **January 2019**
IIC results shared with CSA membership via Annual Report.



IIC results

Overall IIC score: **7.67/10 (Silver)**

The IIC survey addresses **four Principles** which are listed below. The CSA was awarded Silver across all four principles. Silver registers as “outstanding” levels of customer service under the independent IIC process.

Breakdown of scores across all four principles

Understand Customer Needs 7.5/10	Meet Customer Needs 7.5/10	Delight Customers 7.9/10	Engender Loyalty 8.2/10
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Gold ranks

Within each of the Principles it was promising to see that some areas achieved **gold ranking** (scoring 8-10/10).

Understand Customer Needs

- *Written communications from the Association are clear and straightforward:* **8.3/10**

Meet Customer Needs

- *I know who to contact at the Association if I need to get in touch:* **8.2/10**
- *It is a pleasure dealing with the Association:* **8/10**

Delight Customers

- *I trust the Association's staff to behave with fairness, integrity and honesty:* **8.7/10**
 - *The Association's staff do what they say they will:* **8.4/10**
 - *The Association's staff are good listeners:* **8.2/10**

Engender Loyalty

- *I am likely to continue to be a member of the Association:* **8.8/10**
- *The Association's staff are friendly and willing to help:* **8.7/10**
- *The Association's staff are knowledgeable about the membership services they provide:* **8.5/10**
 - *On a scale of 1 (very unlikely) to 10 (very likely), how likely are you to recommend the Association to others?:* **8.2/10**



Net Promoter Score

Net Promoter Score (NPS) is a management tool that can be used to gauge the loyalty of a firm's customer relationships.

Given the NPS range of -100 to +100, a "positive" score or NPS above 0 is considered "good", +50 is "excellent," and +70 is considered "world class".

CSA 2018 Net Promoter[®] score: **+43%***

(The CSA's NPS was in IIC's top 35% for all client assessment NPS scores)



Promoters

Those who score 9-10/10. Exhibit value creating behaviours such as buying more, customers for longer, positive referrals.

58%

"The vast array of information and resources and support has been very beneficial to us."

"The Association gives strong representation for its members and has lobbied Government in regards to many important issues/changes in regulation that have benefitted members."



Passives

Those who score 7-8/10. Their behaviour is still seen as very positive, falling between Promoters and Detractors.

27%

"I think the Association provides many useful services and has the interests of members at heart. However as the industry is changing the CSA will need to evolve to stay relevant."

"They do provide a good guidance and service but you very much have to go and find it."



Detractors

Those who score 0-6/10. Believed to have opposite traits to Promoters and are not likely to spend or refer, and are likely to leave if their issues are not resolved.

15%

"Not sure of their relevance now regulation has been increased. Many joined the Association because it was a client requirement, not so many clients hold this view anymore so long as the DCA is regulated by the FCA."



Twelve month plan

The IIC output and other projects this year have helped us to address any member issues and map out our main areas of focus over the next 12 months.

People



- **Strengthen the operational function at Head Office** during Q1 2019.
- **Focus on proactive policy creation and influencing key stakeholders** with the creation of a Head of Policy.
- Strengthen reactive resource with the **creation of a consultation working party**.
- **Create a wider Public Affairs working group** to leverage PA activity and input and also **recognition of work from members**.

Data



- **Gather relevant and powerful data to support proactive and reactive work** (like Fairshare figures) with the appointment of a new data-gathering partner.

The Code



- Continue to hold up the **Code of Practice as the common standard across all debt collection**.
- Continue to pursue our strategy of the **creation of a level playing field for debt collection** through interaction with **Government, consumer groups and regulators**.

Engagement & IIC 2019



- New membership engagement campaign to commence in Q1 2019.

Technology



- Continue to **bring technology and new technological solutions to the membership** at events as well as through our Supplier Membership category.

Professional development



- Facilitate further training through apprenticeships to **demonstrate professionalism in the industry** and realise income from demand both within and outside the industry.



Apprenticeships and L&D - a year of incredible change

Fiona Macaskill
CSA Head of
Learning & Development

In an incredible year of change the training department has been laying foundations to further support the Association's aims of attracting and retaining the best talent into the industry, and contributing to the long term sustainability of the Association.

Since becoming an approved apprenticeship training provider we have succeeded in building a self-funding apprenticeship training operation specialising in Credit Control and Collections at Level 2 and 3, and Financial Services and Regulatory Compliance at Levels 3, 4 and 6. We are working in partnership with the Chartered Institute of Credit Management (CICM) and the International Compliance Association (ICA).

Our apprentices are employed across the UK with non-member levy paying employers taking our training well beyond our membership for the first time. It is great to see some household names currently entrusting us with apprenticeships from the Bank of England to household names in Fast-Moving Consumer Goods (FMCG), insurance, media, and an increasing number of local authorities.

Most recently we were successful in winning a three-year contract with the Department for Business, Energy and Industrial Strategy (BEIS) for the delivery of our Level 4 Regulatory Compliance Apprenticeship. At the time of writing, we have 90 apprentices on programme and anticipate doubling that number over 2019. To do this we have recruited additional staff to help manage and deliver the apprenticeships. As this is government funded training we are subject to more external scrutiny than ever before and expect our first Ofsted visit early in 2019.

Alongside apprenticeship provision we have also continued to develop the Collector Accreditation Initiative (CAI), and in 2019 we will take some additional steps to improve the value of CAI through planned improvements in the audit of processes and procedures.

As we increase the capability and capacity of the department we will also be looking out for other commercial opportunities to deliver in collections and compliance to spread best practice and to generate additional funds to help the wider goals of the Association.

CSA Apprenticeships

As at December 2018.

 **90**
apprentices
(180 forecasted
by June 2019)

 **15**
cohorts

 **5**
cities

£153k
revenue
generated
(£410k forecasted
by June 2019)

2017/18 & 2018/19 comparison



Treasurer's Report



Nick Cherry
CSA Vice-President & Treasurer

The Association incurred controlled losses over the previously reported 2015/16 and 2016/17 years, totaling £77,000, following a healthy surplus in 2014/15 of £133,000 and surplus years prior to that dating back to at least 2010/11. After the 2016/17 year's loss before tax of £54,925 we had set ourselves the target of generating a modest surplus for the year 2017/18 year. In last year's report, shared at the AGM in February 2018, we commented that this too might have looked too optimistic and in fact we ended the year with a loss before tax of £19,817.

There were several reasons why the original budgeted outcome was not achieved, including not achieving the membership subscriptions we needed; lower than anticipated income from Learning & Development, against increased costs whilst waiting for take-up in apprenticeships; and slightly lower than anticipated revenue from conferencing, all of which are outlined in the detailed review of our financial performance set out below.

The deficits incurred over the last three financial years have been financed from reserves accumulated during better years and left those reserves standing at £380,078 at 30 June 2018 with cash at bank and in hand £464,930. We remain in a position of strength in terms of our liquid funds, despite recording the deficits described above. Our budget setting process aims to generate a surplus each year to ensure that our financial strength is maintained.

Membership income

Membership income was actually up £39,000 compared to the previous year partly as a result of increases but also some member firms moving up membership bands. Whilst there was some significant loss of membership income from the budget set at the start of the year, there were no single losses of large members as a result of acquisitions as we have seen in the last couple of years.

Conferences and events

The conferences and events that we put on

every year continued to be a success, and whilst income was down on the previous year for the conference, costs savings meant that the same level of surplus was generated from it. The popular forums run for member peer-groups continued to break-even at modest additional cost to members.

Education and training

Learning & Development again made a good contribution to profit through efficient use of resources and cost control.

The Collector Accreditation Initiative (CAI) had another record year, just exceeding the previous year's performance mainly as a result of a modest increase in the price charged but, although successful in real terms, we didn't manage to achieve the budgeted number.

The apprenticeship programme finally got underway in the autumn of 2017 and after a slow start the apprenticeship offering started making a small contribution to the profits by the end of the financial period. The income was well short of the original budgeted level but so were costs and therefore overall the net profit from training remained on budget. Next year we look to benefit from the apprenticeship programme taking off further. The surprise in training income is that the traditional offerings of the Level 3 Diploma continued to be taken up and contributed to our result in the year.

Apprenticeships continue to promise the opportunity to generate additional income for the CSA in the coming financial year.

Other services

Income from other services rose per expectations as the review of services offered continues, and this includes the supplier memberships offered for the first time to members not in the collections industry.

Expenses

Non-repeating items: this period saw limited recruitment costs but no other one-off large items of expenditure in the year.

Overheads and other costs

Personnel costs were higher than the original budget largely due to the recruitment of a new staff member to work on the new apprenticeship. The performance-related bonus scheme for the heads of department continues to drive the right behavior and motivation to succeed.

Public Relations and Public Affairs

The Public Affairs and Public Relations budget were carefully managed and came in around the budgeted level during the financial year 2017/18. We did not use external PA companies during the year.

Administration and establishment

Costs remain largely static in this area again and are well under control. There was an increase in irrecoverable VAT in the year due to apprenticeship income being exempt from VAT, but overall costs were in line with the budget set at the start of the year.

Professional and bank charges

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. The increase in accountancy fees in the year relates mainly to that VAT visit.

Conclusion

The 12-month period under review presented challenges. In particular instead of originally generating a surplus over the period we incurred a deficit before tax of £19,817 which is 1.5% of income. Reflecting on ambitious projections of income from trading in an attempt to avoid increasing membership fees to cover revenue lost to merger and

acquisition over recent years, we were able to set a realistic, albeit break-even budget for the 2018/19 year. However, early indications are we are now starting to see a positive return from apprenticeships and are cautiously optimistic of delivering better numbers than forecast.

CSA membership

Breakdown

Year end 30 June 2018

Full	161
Affiliate	54
International	31
Foundation	17
Creditor	15
Supplier	9
Intermediary	5
Total:	292

New/lapsed

1 July 2017 - 30 June 2018

	New	Lapsed
Full	2	14
Affiliate	4	14
International	3	3
Foundation	5	3
Creditor	3	2
Supplier	9	0
Intermediary	1	0

Credit Services Association

Consolidated profit and loss account for the 12 months ended 30 June 2018

	2018 £	2018 £	2018 £	2017 £	2017 £	2017 £
Turnover						
Annual subscriptions		849,877			810,782	
Conference & events		191,737			223,883	
Education & training		279,757			191,958	
Other services		16,393	1,337,764		10,906	1,237,529
Less cost of sales			265,658			252,135
Gross profit			1,072,106			985,394
Staff & promotional costs						
Personnel costs	726,757			684,823		
Recruitment fees	5,900			-		
PR, marketing & advertising	76,815			71,087		
Public affairs & compliance	(675)	808,797		7,498	763,408	
Establishment expenses						
Rent, rates & water	48,184			51,541		
Insurance	10,074			7,270		
Maintenance, leases & equipment	31,857			23,117		
Member helpline cost	2,675			2,500		
Printing, stationery & postage	8,500			9,898		
Telephone	9,540			9,524		
CSA Board, meetings & travel costs	68,047			79,493		
Subscriptions	18,821			18,766		
Miscellaneous costs	62,863			52,579		
		260,561			254,688	
Professional and bank charges						
Audit fees	6,750			6,600		
Accountancy fees	8,965			7,785		
Bank charges	3,532	19,247	1,088,605	2,672	17,057	1,035,153
Operating surplus			(16,499)			(49,759)
ADD bank interest receivable			2,940			1,150
			(13,559)			(48,609)
LESS						
Depreciation			6,258			6,316
Loss on disposal			-			-
Surplus on ordinary activities before taxation			(19,817)			(54,925)
Corporation tax			3,595			3,228
Surplus (deficit) for the year			(23,412)			(58,153)
Surplus brought forward			403,490			461,643
Surplus carried forward			380,078			403,490

Credit Services Association

Consolidated balance sheet at 30 June 2018

	2018 £	2018 £	2017 £	2017 £
Fixed assets				
Tangible assets		25,874		30,106
Current assets				
Stock	2,000		900	
Debtors	123,523		132,582	
Cash at bank and in hand	464,930		631,546	
		<u>590,453</u>		<u>765,028</u>
Creditors				
Amounts falling due within one year		<u>236,249</u>		<u>391,644</u>
NET current assets		354,204		373,384
Total assets less current liabilities		380,078		403,490
Capital & reserves				
Profit & loss revenue reserves		380,078		403,490

Notes



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