



ABFA

Annual Report

For the financial year ended 2008

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FOREWORD By Kate Sharp



It is difficult to write a foreword, looking back at a past year when the intervening period is eventful, and never before has so much, and of such significance, happened in an intervening period. But casting aside the events of 2009 and the continued downward spiral of the global economy it is possible to look back at 2008 and find some positive events to set against the rather depressing backdrop of rising economic turmoil.

The year started well with Moody's redesigning their ABL ratings in the US. In January 2008 Moody's issued a special comment outlining "the changes Moody's is making to differentiate the favorable recovery experience of asset-based loans (ABLs) relative to other types of senior secured first-lien loans." An overdue tribute to the merits of the industry at a time when so many other financial markets were falling by the wayside.

2008 was the year the EU forum was created. The Association can be rightfully proud of its role as the major driving force behind this initiative of European co-operation and collaboration. It should also be acknowledged that the creation of the Forum was largely the result of the vision and persistence of one man, Ted Ettershank. 2008 was also the year that Ted retired from his long held post at Lloyds TBS Commercial Finance. He made a massive contribution to the industry, not least in setting up the EU forum and I know we all wish him well as he moves onto the next phase of his life. With Italy, France, Germany, Poland, UK, IFG and FCI all signed up as founder members of the forum the mechanism is now firmly in place for representation of the industry across the EU.

Results of our UK lobbying efforts were also positive for both UK and Irish members. The changes to standard government contracts in respect of Ban on Assignment in September 2008 brought both reputational and commercial benefits. In October, after much negotiation with the Irish Revenue on what was felt to be an inappropriate interpretation of the Hagemeyer case, the Irish Revenue published its official position which accorded with the conclusions of the industry and those put forward by the ABFA, maintaining the status quo in respect of the application of VAT on discount charges.

As always, education remained a key output for the ABFA. To streamline administration and cut costs a decision was taken towards the end of 2008 to wind up the ABFA Educational Foundation and transfer delivery of the education programme to the ABFA in 2010. This process has now started, however our commitment to the delivery of high quality industry specific training courses remains as strong as ever. Indeed in 2008 we delivered four new ABL courses, continued the development of the industry risk e-learning series and embarked upon a complete overhaul of the ABFA Diploma course.

Keen to extend its reach into the membership 2008 also saw the first ever Education evening involving the Industry Quiz Night Competition. The series of regional events provided the Association and relevant sponsors the opportunity to inform members' staff about the work of the ABFA with emphasis on the educational programme. The evenings were a great success and will be repeated in 2009.

Money and resources were driven into the PR programme with the PR budget split into three areas of activity: the main Association PR programme, ABL PR and Invoice Finance PR. The ABL Group directed PR activity designed specifically to promote the ABL product while the Invoice Finance Group focused on building the reputation of invoice finance within the SME community. With these new areas of activity, the Association is now spending over £100K on Public Relations activity every year.

Since first taking the role of CEO back in 2003 I have always been mindful of the privilege of representing a great industry; particularly one that shares intelligence, is fiercely competitive yet supportive of competitors and that has engaged with its representative body in the manner in which ABFA members have engaged with the ABFA. Never has this been truer and never has that co-operation between members and the Association been so critical. The fragile state of the economy and the financial services industry will mean difficult times to come. A constant eye on budgets and cost control will be required for the forthcoming years. In addition we have to be ready for some sensitive and potentially negative PR issues to be raised and to be fully engaged with Government to ensure there is no damaging over-reaction to the myriad of problems that the Government is now trying to resolve.

Part way through 2009 and I am delighted to see that so many of you are still giving us your support. We, the ABFA team, are certainly thankful for every Member and Affiliate organisation we are luckily enough to represent. The team are experienced, dedicated and focused and do not take this task lightly. 2008 was a year that brought many challenges but also began a time of great opportunity for an industry with a "favorable recovery experiencerelative to other types of senior secured first-lien loans." Together we can move through 2009 and into 2010 stronger.

ABFA CHAIRMAN'S REVIEW **By Tim Corbett**



The last 12 months have been one of the most turbulent times in economic terms that most of our members and our clients will have experienced. The origins of the financial crisis are numerous and global. Low interest rates encouraged financial institutions to increase their leverage and to invest in new highly complex products, which were then distributed to investors around the world.

It is clear that many investors were under pricing risk and some investors were exposing themselves to risks that they had not understood.

With hindsight it is clear that there was insufficient understanding and monitoring of the resulting risks, internal within financial institutions and in credit rating agencies as well as by regulators across the world.

With the collapse of the US sub-prime market and the subsequent forced revaluation of assets associated with it, the extreme financial volatility and threat posed to the functioning of the global banking system, necessitated a number of significant government interventions in the financial markets in the UK, USA and Europe.

Over recent months insolvencies have picked up markedly and it is likely that an increasing number of companies will have their accounts qualified as their auditors question their current financing arrangements.

Businesses are taking longer to pay their bills and credit risks are increasing as the recession deepens. Major insurance companies are engaged in wholesale removal of credit limits. The tighter credit conditions mean that this is going to be a difficult year for British companies. Many are facing cash flow problems as a result of difficulties in financing their working capital.

Nevertheless this situation also provides many opportunities for us within the ABFA. There is an increasing need for banks to demonstrate that they are supporting 'UK Plc' whilst at the same time ensuring that the financing that is provided to customers is less capital intensive and requires less capital to be held for Basel 11 purposes. Here invoice finance and ABL is perfectly placed.

In addition the approach that we take in understanding our clients and basing our financing on real tangible assets that we manage and control fits with the new realism that is taking over. Our ability to provide support to our clients whilst still having good control over the risks involved is crucial.

When we look at what the members of the ABFA have achieved over the last 12 months we can be proud of our achievements. At the end of 2008 we had over 48,000 clients with total funding of £17.1 billion, including a rapidly growing amount against assets other than receivables. This is an 8% increase on the previous year and highlights the importance of our services to not only the SME market but also to the larger corporate market. If we also look at what we do in protecting clients' profit margins, we can see that the level of credit protection payments have increased by 37% over the previous year, demonstrating clearly that our offering is not just about finance.

The Association continues to play a key role in the education of its member's staff, this is particularly crucial at a time when many staff are operating in a tough environment which they have not experienced before in terms of risk, often dealing with clients who have also not experienced such market conditions. The feedback on the appropriateness of courses is crucial and the Educational Committee together with the Secretariat is constantly looking at was of improving on what is delivered. The next major project is to improve the uptake of the senior qualification the Diploma and I would ask for members support as we develop this initiative.

As an Association we have been active in lobbying Government and as part of our strategy have been the driving force in coordinating lobbying on a European level. During my year as Chairman I am pleased to report that EU Forum has been created which is the representative body for factoring and commercial finance within the EU, and is composed of national and international industry associations operating within the EU.

An all important part of my year has been the support received from Kate Sharp and her team at the Secretariat. Their skill and dedication has ensured that my year has run smoothly despite the turbulent times.

I would also like to give my sincere thanks to my colleagues on the Executive, who willingly give up their time and expertise to ensure that the Association continues to go from strength to strength.

Finally to our Affiliates who have continued to support us during the year and who contribute in no small way to the success of our programmes and training.

It has been an eventful year but as an Association we are now mainstream and well placed for the future. I would like to pass on my best wishes to Maurice Craft as he takes over the role.

A handwritten signature in black ink, appearing to read 'Tim Corbett'. The signature is stylized and written in a cursive-like font.



ABFA MEMBERS

The invoice finance market is a rapidly evolving one, with an increasing amount of ABFA Members seeking out new markets, and an equal amount of overseas suppliers coming into the market. Below is a comprehensive list of those companies who occupied full ABFA Membership, correct as of the end of 2008.

The Membership structure is divided into three main membership options - Full Member, Group Member and Associate Member. Each option enables organisations to take advantage of the ABFA offering in a different way, depending on their requirements.

The ABFA Full Membership is open to UK and Irish companies only. Up to three Full Members from a group may take this Membership Option and the option includes:

- The right to vote at an Annual Meeting
- The right to seek election onto the Executive Committee
- The right to participate in functions, conferences, day courses and educational programmes at an ABFA Members' rate
- The right to use the ABFA logo on marketing material

A Full Member must comply with all the conditions laid out in the Articles of Association of the ABFA. In addition a Full Member will be required to monitor and vouch for the compliance of all associated Group Members.

The world-wide Group Membership is designed for any company belonging to a group where there is at least one Full ABFA Member. This Membership Option includes:

- The right to participate in functions, conferences, day courses and educational programmes at an ABFA Members' rate
- The right to attend, but not vote at an Annual Meeting
- The right to use the ABFA logo on marketing material

The world-wide Associate Membership is for any company where there is no Full ABFA Member. This Membership Option includes ONLY:

- The right to participate in functions, conferences, day courses and educational programmes at an ABFA Members' rate
- This will be open to companies worldwide (except where Full or Group Membership options apply) who wish to take advantage of a limited membership for a fixed fee.

An Associate Member must be engaged in the provision of asset based finance. They will not be required to comply with the conditions laid out in the Articles of Association, however the

ABFA Executive reserves the right to refuse or withdraw Associate Membership without reference, and at any time, should they see fit. This form of membership does not allow for the use of the ABFA logo on corporate marketing material.

FULL MEMBERS

AIB Commercial Services	GMAC Commercial Finance
Anglo Irish Bank Corporation	Hitachi Capital Invoice Finance
Arbuthnot Commercial Finance	HSBC Invoice Finance (UK)
Ashley Commercial Finance	IBM Global Financing
Aston Rothbury Factors	IGF Invoice Finance
Bank of America Business Capital	J.P. Morgan
Bank of Ireland Commercial Finance	KBC Business Capital
Bank of Ireland Finance	Leumi ABL
Bank of Scotland (Ireland) Commercial Finance Division	Lloyds TSB Commercial Finance
Bank of Scotland Cashflow Finance	Northern Bank
Barclays Asset & Sales Finance	Positive Cashflow Finance
Bibby Financial Services	Regency Factors
Burdale Financial	RBS Invoice Finance
Cattles Invoice Finance	Skipton Business Finance
Centric Commercial Finance	State Securities
Charterhouse Commercial Finance	SME Invoice Finance
China Export Finance	Ultimate Finance Group
Close Invoice Finance	Venture Finance
Clydesdale Bank Invoice Finance	
Coface Receivables Finance	
Davenham Trade Finance	
DCD Factors	
Eurofactor UK	
Five Arrows Commercial Finance	
Fortis Commercial Finance	
GE Commercial Distribution Finance Europe	
GE Commercial Finance	

ABFA AFFILIATES

The Affiliate Programme is extremely important to the ABFA. Without our Affiliates much of what the ABFA does on behalf of its Members would not be possible. Their support enables the Association to continue its work promoting the industry and running educational programmes for those working within the industry.

Opportunities for companies to get involved with sponsorship of the ABFA are always available. The Affiliates Programme runs annually from January to December, however organisations can become Affiliates at any time throughout the year. Once a company is an Affiliate they are then invited to get involved with ABFA activities and events.

We would like to thank all our Affiliates for their contribution to the ABFA and the ongoing commitment they have shown on behalf of the best interests of the industry.

AFFILIATES

Addleshaw Goddard	Deloitte LLP	Jeffrey Green Russell	Sanderson Weatherall
AIG Group	DLA Piper UK LLP	Jones Day	SJ Berwin
Atlantic Risk Management Services	DWF	Kennedys	Smith & Williamson
Baker Tilly	DMH Stallard LLP	King Sturge LLP	Sovereign Credit Management
BDO Stoy Hayward LLP	Edward Symmons LLP	KPMG LLP	Surecomp
Begbies Traynor	Ernst & Young	Matheson Ormsby Prentice	Taylor Wessing
Bermans Solicitors	Eversheds	MCR	Tenon Recovery
Blake Laphorn Tarlo Lyons Solicitors	Experian	Morton Fraser Solicitors	The P & A Partnership
Bridge Business Recovery LLP	FA Simms & Partners	Nabarro	UHY Hacker Young LLP
Card and Company (Corporate Liquidity Partners)	Francis Wilks & Jones LLP	Naismiths LLP	Vantis
Cashflow UK	GolIndustry	Paul Davidson Taylor	Vision Critical
Chantrey Vellacott DFK	Grant Thornton UK LLP	Penningtons Solicitors LLP	Wedlake Bell
Cobbetts	Halliwells LLP	PKF (UK) LLP	William Fry Solicitors
Codix	Hammonds LLP	PricewaterhouseCoopers	Wragge & Co LLP
Connell Associates	HBJ Gateley Wareing (Scotland) LLP	Receivables Exchange	Xbridge
CMS Cameron McKenna LLP	Hilco	Rhyme Systems	Zolfo Cooper
Dancerace	Hilton-Baird Financial Solutions	Risk Factor Solutions	
	HPD Software Ltd		

INDUSTRY STATISTICS 2008

Clients' sales volumes (£m)	2004	2005	2006	2007	2008	% change
Domestic factoring	17,740	18,307	19,083	20,311	19,499	-4%
Domestic invoice discounting	109,664	124,095	145,064	159,526	175,243	9%
Export factoring & ID	4,170	5,417	8,030	10,766	11,492	30%
Import factoring	848	973	1,148	1,274	1,780	12%
Total clients' sales	132,422	148,792	173,325	191,877	208,014	9%
Total advances	9,775	11,175	13,650	15,783	17,102	8%

CLIENT NUMBERS AT THE YEAR END

Number of clients by product	2004	2005	2006	2007	2008	% change
Domestic factoring	19,547	20,632	22,295	22,982	22,041	-4%
Domestic factoring plus ABL	-	-	30	-	-	-
Domestic invoice discounting	15,272	16,515	17,822	18,845	20,135	4%
Domestic invoice discounting plus ABL	-	-	454	504	-	-%
Export and Mixed Export plus Domestic	2,837	3,202	3,562	3,712	3,794	2%
Export and Mixed Export plus Domestic plus ABL	-	-	24	-	-	-
Import factoring	2,239	2,658	2,623	2,614	2,028	-2%
Stock finance	-	-	72	79	154	23%
Stock finance plus ABL	-	-	33	46	-	-
Total clients' sales	39,895	43,007	46,915	48,782	48,152	0%

ANALYSIS OF CLIENT NUMBERS BY INDUSTRY SECTOR

At the end of 2008	Manufacturing	Distribution	Services	Transport	Retail	Construction	Other	Total
Number of clients	13,994	9,987	14,505	3,629	285	1,518	4,234	48,152

ABFA PUBLIC RELATIONS **By Golley Slater**

2008 - CONTINUING TO BUILD ON A SOLID FOUNDATION

No one could have predicted the ups and downs that would come our way in 2008. With so many surprises and shocks in terms of the financial stability of the country, it was important that the ABFA's PR campaign was as flexible and reactive as it could be in order to reflect and capitalise on the ever changing news agenda.

The credit crunch, which began to take hold during Q1 and Q2, provided a solid platform on which we could position Asset Based Finance as a suitable form of funding for businesses of all shapes and sizes. This provided a good background against which to announce the fantastic lobbying result achieved early in 2008 about the removal of Ban on Assignment of debt from Government contracts. As one would imagine, a significant story like this, where the Government acknowledges the significance of the industry's products, achieved a lot of coverage and gave us the opportunity to educate key audiences and journalists on the benefits of Asset Based Finance and its product offerings. It provided a great start to the ABFA PR year.

In terms of media outreach, the first half of the year saw the PR campaign largely focus on sector specific press including magazines such as Print Week, Recruiter and electrical journal, ERT Weekly. Focusing on specific sector press gave us the opportunity to talk directly to business owners.

Having increased the profile of Asset Based Finance within the sectors, it was agreed in the latter half of the year that our attention should move to the national newspapers. We worked on arranging interviews with key national business journalists, including correspondents at the Financial Times and the Daily Telegraph. This strategy has subsequently proved highly effective, as national press coverage was achieved ten times in 2008.

Throughout the year we also maintained contact with the main regional titles as well as on-line portals. On-line publications and business information websites are now more important than ever, particularly when communicating the industry's key messages to those companies conducting on-line research into finance options, hence articles have appeared on Finance Week and Bloomberg.

ECONOMIC REPORT

As part of the strategy to achieve more national coverage, 2008 also saw the launch of the very first ABFA Economic Report which was written and researched by economist, Paul Mizen, from the University of Nottingham. As a major research document, the September report was given to the Financial Times as an exclusive, making them the first to run with the findings. The coverage sparked discussions within the media and strengthened our connections with a number of journalists at the FT and the Daily Telegraph, just as we had planned. The results of this report convinced us to make the report a regular feature of the PR programme and moving forward the Economic Report will be issued twice a year, reporting on Q2 and Q4 results and looking at the industry from a wider economic context.

RESEARCH AND STATISTICS

The ABFA knows that fresh research is always in demand by journalists, so conducting our own research is always something that the ABFA will do wherever it can. The ABFA conducted two pieces of research with businesses during 2008, with a mind that one of the surveys could be conducted year-on-year, making the research more interesting and flexible as time moves on. The research was conducted again in late 2008, which allowed us to make direct comparisons with the previous results, giving us an insight into how businesses were feeling about the economy at the time.

In addition to the Economic Report and the ABFA's research, the quarterly statistics played a significant role in the PR programme. Having grown consistently, the statistics made compelling reading in comparison to the wider economic markets and were used to educate regional and national journalists on the size and importance of this form of funding.

INVOICE FINANCE GROUP PR

During 2008 Golley Slater arranged a number of profile raising activities specifically on behalf of the Invoice Group. This activity was designed to complement the main PR programme that covered all product types within the industry. The Invoice Finance Group's PR was designed to raise the profile specifically of Factoring and Invoice Discounting, and maximising potential media relations opportunities at planned events throughout the year also proved effective.

Early in the year the first activity that the Invoice Finance Group undertook was sponsorship of the Institute of Directors' Summit - Finance for SMEs. Sponsorship of this event meant that the ABFA achieved profile across the whole IoD network, in addition to presenting at the summit on the day. ABFA Invoice Finance Group attendees also networked on the day and the opportunity was also



taken to survey the attendees of the summit. This additional survey on businesses financial optimism formed the content to shape an additional media release, resulting in substantial coverage across both key trade and regional titles, including the Manchester Evening News, Bournemouth Evening Echo, Credit Today and M&A magazine, at no extra cost.

The second piece of activity for the Invoice Finance Group was sponsoring the Fact Growing Business Awards, with Crimson Business Publishing. The ABFA sponsored the 'One to Watch' category and took a table at the event, with Maurice Craft, Chairman of the Invoice Finance Group, giving out the award on the night. This sponsorship got the ABFA's profile in Growing Business magazine on several occasions and raised the profile of this type of finance to many potential business end users.

In order to continue to interact directly with potential users of Asset Based Finance, the ABFA also arranged a roundtable discussion on 'how to survive the recession' with Growing Business Magazine for the Invoice Finance Group later in the year. Positioning ABFA as a supporter of growing businesses and experts in finance, the lunch saw Kate Sharp and eight entrepreneurs talk about finance and their own battles with funding. Following the event, the discussions were used as editorial in the magazine promoting ABFA's key messages.

ASSET BASED LENDING GROUP PR

In 2008 the Asset Based Lending Group PR was handled by Lawson Dodd and the first half of 2008 saw the group host an ABL Drinks Reception on Tuesday 20th May, to celebrate 'One Year On' from forming the ABL group. The evening was accompanied by a recent Deal Sheet Brochure, highlighting all of the big value deals members had completed recently and this was also sent to journalists and stake holders at the time.

Later in the year the group moved on to sponsoring the VIP Drinks Reception at the BVCA (British Private Equity and Venture Capital Association) 25th Anniversary Summit. This got the ABFA in front of one of the group's target audiences and provided a fantastic networking opportunity on the night for all the members of that Committee.

Towards the end of the year the group also sponsored their first piece of research in conjunction with Private Equity News, who researched their readership on their thoughts and opinions on Asset Based Lending. This was the first time that the group had asked other audiences for their feedback. The results were published in a Private Equity News supplement on Asset Based Lending, which gave the group members profile and also the opportunity to address any misconceptions or criticisms of the product in the survey findings. All in all, the survey showed a higher level of understanding in the marketplace than had previously been thought and was considered a great exercise in terms of getting feedback from the market in addition to pushing our messages to the market.

CONCLUSION

2008 has been an excellent year for PR for the ABFA - not only has there been a record amount of coverage, including the ten items of national newspaper coverage achieved, but also the quality of publications we are achieving coverage in continues to improve.

Moving forward, Golley Slater will be handling the entire ABFA Public Relations programme, including the main PR programme, the Invoice Finance Group initiatives and now the Asset Based Lending Group's PR also. Managing the entire programme will enable us to provide a cohesive PR response across the board on behalf of the ABFA and its members and also better enable us to support the excellent ABFA lobbying programme run by Global Government Relations. We look forward to working more closely with them in 2009.

All this bodes well for 2009 and as the ABFA continues to grow its Public Relations Programme, we look forward to shaping, designing it and working with you. See you in 2009!

Golley Slater PR



Above: One of the many Deal Sheets



Above: ABL Deal Sheet

ABFA PUBLIC AFFAIRS ACTIVITY 2008

by Global Government Relations, DLA Piper

GLOBAL RECESSION - A LIFELINE FOR SMEs

Access to finance for SMEs has become one of the most significant issues facing Government in the current recession. The economic crisis is placing already vulnerable businesses in a desperate position - the role of the asset based finance industry has therefore never been more vital.

Given this backdrop, the Asset Based Finance Association has built upon the successes of 2007, which included a major lobbying victory in Scotland where following an extensive campaign, a change to government practice was announced enabling assignation of debt for Government contracts in the UK. The Association then worked to secure this change in Westminster, which was announced at the March 2008 Budget. This offered a significant boost to SMEs, opening up the lucrative Government contracts to companies using invoice discounting.

This highly successful campaign garnered strong political support which has developed further during 2008. Once the change to public contracts came into force, the Association undertook an extensive profile raising campaign to publicise both this and the role of the industry in the current economic climate. Media statements were released to highlight the additional boost to SMEs, whilst the procurement teams in all Government departments were contacted to ensure they fully understood the change that had taken place.

The success was also used to build new relations with stakeholders and a cross section of Parliamentarians including the Shadow Department for Business, Enterprise and Regulatory Reform (BERR) and HM Treasury (HMT) Front Bench Teams, as well as relevant Select Committees. Additionally, key politicians who championed our cause such as Philip Hammond MP, Conservative Shadow Chief Secretary to HM Treasury, who tabled over 25 Parliamentary Questions on the prohibition of assignment clauses in public contracts, and contacts in the Office of Government Commerce, HMT, BERR and wider stakeholders such as the CBI, were also kept engaged.

In Ireland the ABFA had a further success in respect of its negotiations with the Irish Revenue following what was felt to be an inappropriate interpretation of the Hagemeyer case in respect of the VAT treatment of factoring and invoice discounting. Following many months of legal analysis and a great deal of negotiation the Irish Revenue accepted the integrity of the arguments put forward by the Association and in October 2008 published its official position which accorded with the conclusions of the industry. Thanks must be extended to Edward Wilde of Hammonds (Hon. Legal Advisor to the ABFA) and Ronnie King of AIB both of whom were highly instrumental in this success.

On another tax matter the ABFA were invited to meet with HMRC in the UK. It would seem that there are concerns, on the part of HMRC, over the continuing validity of the partial exemption method agreed back in 1995. A working party consisting of member VAT experts was brought together to respond to the questions tabled. Discussions with HMRC are ongoing, however the Association will strive to ensure the continuation of a system of VAT recovery that is acceptable to the industry.



CONCLUSION

In summary, the public affairs programme saw significant successes in 2008, most tangibly through the decision in Westminster on the ban on assignment and the success in influencing the understanding of the Irish tax authorities following the Hagemeyer decision.

ABFA works with DLA Piper's lobbying team, Global Government Relations (GGR) on the Association's public affairs programme. With offices across the UK, and in Brussels, Washington DC and Beijing, GGR provides government affairs, media relations and crisis management services to businesses, governments, and organisation across the globe.

For over eight years, GGR has worked with ABFA to ensure that Ministers, policy-makers, key opinion former organisations and wider political stakeholders understand the role of the Association and the industry it represents.

For any further information on ABFA's public affairs programme, please contact Kate Sharp.

EVENTS REVIEW 2008

2008 was another year full of ABFA networking events and marketing activity. In addition to holding the three staple annual events, the Educational Awards Dinner, the Annual Dinner and the Annual Conference; the Association also celebrated the one year anniversary of the ABL Committee and launched a brand new industry Quiz Night Competition for staff of all Members. The PR initiative gained full strength with, not only the all encompassing PR programme and ABFA advertising, but also additional PR activity for the ABL Committee and Invoice Finance Committee. This activity included sponsoring the 25th Anniversary Summit of the British Venture Capitalist Association, sponsorship of an industry survey with Private Equity News, sponsoring the Fast Growing Business Awards, the IoD seminar 'Finance for SMEs', and the Fast Growing Business Roundtable.



EDUCATIONAL AWARDS DINNER

2008 saw the annual Educational Awards Dinner held in February at the Café Royal, Piccadilly. The event was held on Thursday 21st February and was hosted by the legendary football personality John Motson OBE, complete with his famous coat. During his after-dinner speech, John gave a wonderful insight into the many years of football that have made him a sporting legend in his own right. Once the awards were announced it was then time for the live band to have everyone dancing well into the night.

During the course of this evening, with colleagues cheering each other on, we announced the winners of various student awards from the Educational Foundation Programme and we would like to take this opportunity to congratulate all of the winners. We would also like to thank the sponsors of the awards, who give their time and expertise to make the educational programme what it is today, all of whom are listed below.

Top Foundation Student Award 2007 - Paula Rose from Skipton Business Finance Sponsored by Baker Tilly

Top Certificate Student Award 2007 - Rebecca Coggon from GE Commercial Finance Sponsored by Bermans

Top Cashflow Finance (Diploma) Student 2007 - Stephen Tester from HSBC Invoice Finance Sponsored by Kroll

Top Measuring Performance (Diploma) 2007 - Christine Waldron-Kelly from Venture Finance Sponsored by KPMG

Top Residential Student Award 2007 - Deborah Stanway from RBS Invoice Finance and Deborah Wrightson from Lloyds TSB Commercial Finance Sponsored by Grant Thornton

Top Diploma Student Award 2007 - Deborah Stanway from RBS Invoice Finance Sponsored by Hammonds

Lecture of the Year Award for 2007 - Nick Hampton from HSBC Invoice Finance

In addition, the Lifetime Achievement Award was also presented to Tony Cox, a worthy recipient of an award of thanks and recognition from the industry.

It was a wonderful evening and was enjoyed by everyone who attended. Next year the event will be held at a new venue - The Royal Garden Hotel, Kensington, and we look forward to welcoming the industry's elite at the new venue next year.

ABL COMMITTEE CELEBRATES ONE YEAR ANNIVERSARY

In a year that saw more PR activity by the ABFA than ever before, the ABL Committee was generating its fair share of activity. On Tuesday 20th May, RBS Invoice Finance at Bishopsgate, London hosted the One Year Anniversary to celebrate the forming of the group and to discuss the solutions that ABL offered in the times of tightening liquidity. The reception was accompanied by a Deal Sheet brochure, which highlighted the most significant ABL deals over the course of the previous year, demonstrating the high value transactions that were taking place in the market place.

Following the reception, the Committee reviewed its PR strategy and decided that it was time to raise the profile beyond the industry to a new audience. To this end, a research survey, in collaboration with Private Equity News, was sponsored and the findings used to tailor the messaging of the group to its different audiences.

ANNUAL DINNER

The 2008 Annual Dinner was again held at its now familiar home of Grosvenor House Hotel, Park Lane, London. The Irish themed evening was held on Wednesday May 28th with over 1,000 people in attendance and was hosted by Ted Ettershank, MD of Lloyds TSB Commercial Finance; his last event as ABFA Chairman.

The evening began with a Welcome Reception on the balcony of the Great Room. When everyone was seated a flavour of the Irish theme to come was provided with the performance of Danny Boy and You Raise Me Up, one of Westlife's most popular songs. This set the scene for the Irish evening, which was carried through even to the menu, with hearty food on offer to all. During the dinner the evening's surprise performance of Irish dancing took place, performed by Celtic Feet. Everyone was captivated by this performance as guests stood to get a better view and the dancers kept everyone's attention for several sections of dancing. After this brief break, dessert was then served.



Then it was time for our After-Dinner Speaker to take the stage. Irish comedian Patrick Kielty received a mixed reaction. He had said that he thought the gig was a tough one, and it seems he was right...

Then finally it was Ted's turn to say a final thank you before our live band, Choice, got the party into full swing with a great selection of hits which kept many people dancing until the early hours; which has come to be expected with this event. We look forward to welcoming our Members and Affiliates to the Grosvenor House Hotel again in 2009.

We are also happy to report that the charity raffle, held on the night in support of The Gene Machine (a leukaemia charity founded by Hilary Craft at Regency Factors) and The Duke of Edinburgh's Awards, raised over £10,000! Well done and a very big 'Thank You' very much to all of our Members and Affiliates for supporting this worthwhile cause.

INDUSTRY QUIZ NIGHTS

A few years ago we used to hold regional Staff Forums for staff of Member companies to come together and network and enjoy an evening out with colleagues. As a modern day equivalent, in 2008 we held our first ever ABFA Industry Quiz Night competition, inviting staff from all Member companies to enter teams to see which team from which Member company would be crowned 'Industry Quiz Champions'. Several regional events were held in Manchester, Birmingham, Brighton and Dublin, with the top two teams of each heat being entered into the final, held in London on 13th November.

Many thanks to the Affiliate companies who sponsored each evening, which included PKF, sponsoring the Manchester and Birmingham evenings, and Hilton-Baird sponsoring the Brighton evening.

Also, we would like to take this opportunity to congratulate HSBC Invoice Finance, who provided the winning team at the final. Many congratulations to them and we look forward to holding the second year of Industry Quiz Nights in 2009. We hope to see many of you there.

2ND ABFA ANNUAL CONFERENCE - THE BIGGER PICTURE

Following on from the more glamorous ABFA 1st Annual Conference in Venice, the 2nd Annual Conference in Barcelona was a more subdued affair; and rightly so. What a year it had been. Generously sponsored by MCR the Conference took place at the Hotel Arts in Barcelona, Spain on Wednesday 26th November - Thursday 27th November. Members and Affiliates alike came to Barcelona to discuss the current state of affairs and to discuss the way forward in a situation a million miles away from the same time the previous year. Not all, but most delegates turned up, while some stayed at home to 'man the desk'.

The conference began on the evening of Wednesday, 26th November with a Welcome Reception sponsored by Hammonds. Everyone met and networked at the hotel amongst 'Las Ramblas' statues and caught up with old friends over champagne and canapés before setting off into the night.

The following day the conference was opened by a video of members talking about the ABFA and the current environment, before the ABFA's Chairman, Tim Corbett, officially opened the conference with a review of the year. Then he handed over to the Conference Host - the BBC's Jon Sopel. To begin the sessions he introduced, Mark Cleaver from Bibby Financial Services, who outlined Bibby's road to expansion

in Europe. Mark was a last minute stand-in and we appreciate him and Bibby helping us out and tackling the subject with sensitivity. After Mark it was Nic Perkins turn to take the stage. Nic, from the Receivables Exchange, gave a thought provoking presentation which generated so many questions from the audience that the time began to run over.

After the break, the two Steven's from America, Steven Ellis and Stephen Boyko from Proskauer Rose LLP outlined the 'Layer Cake' of junior capital in the USA market before the Key Note Speaker - Karren Brady, captivated the audience with her tales of managing Birmingham City Football Club.

After lunch it was our other Key Note Speaker - Dr Kjell Nordström who spoke to the audience about the economy but in way that was engaging and unique. The afternoon finished off with Justin Hughes, from Mission Excellence and ex-Red Arrows, exploring how you develop teams who deliver high performance on a regular basis. With the conference ending on a high it was time for Tim Corbett to close the day and invite everyone back for dinner in the evening, after some networking time.

The evening of 27th and the Gala Dinner maintained the high standards set during the Welcome Reception the evening before. The hotel's food was fantastic, but most delegates will have left with a great memory of being entertained by Siren, a talented female quartet who entertained the audience during dinner, and got one or two up on stage to join in! But undoubtedly the highlight of the evening for many will have been listening to Jon Sopel. Jon's after-dinner speech entertained everyone with tales of his foreign reporting for the BBC.

We would like to take this opportunity to thank our Platinum Sponsors - MCR, for sponsoring us again this year and for helping to make the conference such a success. Also many thanks to all of the sponsors who supported this year's event, including Baker Tilly, Codix, Dancerace, Edward Symmons, GoIndustry, Hammonds, Surecomp, Tenon Recovery, The P&A Partnership and The Receivables Exchange.

With so many changes underfoot next year, it will be interesting to see what the Members and Affiliates ask us to provide by way of an Annual Conference. Watch this space in 2009.



EDUCATION UPDATE

DAY COURSES 2008

The ABFA is fully committed to the provision of a comprehensive Day Course training programme that offers up-to-date courses relevant to the needs of the Asset Based Finance industry. 2008 saw the introduction of five new courses as well as the ongoing provision of many of our most popular courses.

The new courses delivered during 2008 were as follows;

- Introduction to Asset Based Lending (in conjunction with the International Factors Group)
- Understanding Fully Leveraged ABL Deals
- Audit & Survey Training
- Financial Analysis (in conjunction with the Institute of Credit Management)
- Three Certificate Course Introductory Seminars (aimed at Certificate Course students).

Other courses presented in 2008 included three Introduction to Invoice Finance Courses, two Fraud & Loss Prevention Courses, two Legal Aspects Courses, as well as an MBO Course, Syndication Course, Account Management Course, Rescue and Recovery Course and two Certificate Qualification Review Days. The total number of people attending Day Courses in 2008 rose to 537 from 483 in 2007, a rise of 11%.

The course titled 'Financial Analysis' was the second course to be run in conjunction with ICM alongside 'Working with Company Accounts'. These courses provide delegates with knowledge on financial based subjects, an essential skill for many staff working in our industry. These courses are also planned for 2009.

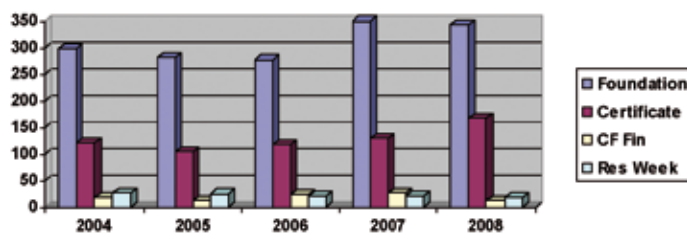
The Introduction to Asset Based Lending Course was another new course run in conjunction with the ABFA's European and US counterparts, the IFG and CFA, in Lisbon. Yet again it proved to be a great success, bringing together 24 delegates from the UK and Europe, offering an understanding into the opportunities and risks associated with Asset Based Lending.

During the year the ABFA also helped organise some specifically tailored training, including a number of courses based on Legal Aspects of Receivables Financing and Fraud & Loss Prevention.

DISTANCE LEARNING 2008

2008 was a very busy and exciting year for the ABFA, with huge developments and improvements made to most of the Distance Learning products. The four courses run by the ABFA that relate to Distance Learning qualifications continue to be popular development tools for staff within the industry. The attached graph shows the usage of each product over the last 5 years;

2008 saw 542 students register for Distance Learning courses, an increase of 3% from 2007.



Foundation Course

This introductory level qualification continues to offer students the ideal introduction to the industry, as well as encouraging them to find out more about the organisation they work for. The course remains a very popular tool used by ABFA members when teaching new or less experienced staff about the industry. The course is an on-line distance learning programme that offers students an interesting and interactive learning experience. The exam is an on-line 40 question multiple choice test, allowing for a speedier and more efficient results service. This method of examination also gives the Coach a very useful summary of results helping to identify any areas for improvement.

Certificate Course

2008 saw the introduction of a new introductory seminar for students starting this Distance Learning course. The course is designed to advise students on the best study practices as well as what may be expected when writing assignments and exams. It also encourages students to discuss any topics within the syllabus that need more understanding. This course, along with the 'Legal Aspects' course relating to the third and final assignment means that students are assisted through the course by industry professionals for a better learning experience.

A record 167 students registered for the Certificate Course in 2008, an increase of 29% from 2007, with 125 students attending the various supporting day courses.



ABFA Diploma

The ABFA Diploma is comprised of three elements, Cashflow Finance, Measuring Performance and the Residential Week (all of which can be taken as stand alone courses). 2008 saw the introduction of two additional training seminars offered free of charge to the students studying on the Cashflow Finance module.

The Residential Week, held every year for a week in the UK was a great success, with fantastic feedback from all students in attendance. The course enables students to run a simulated Asset Based Finance business in an extremely competitive and pressurised environment. It gives students a great chance to learn about themselves in various difficult and demanding situations.

A review of the ABFA Diploma was conducted in 2008 with a view to changing the structure and syllabus of the Diploma. It was agreed that significant changes will be made to the Diploma in 2009. These changes include investment in updating the Residential Week, writing a new course relating to financial analysis and understanding, and updating Cashflow Finance to include additional Asset Based Lending modules. A new and updated Diploma will be launched in 2010.

E-Learning

The ABFA is also committed to building an on-line suite of courses relevant to the industry that is freely available to the staff of our members. During 2008, work has been completed in preparation for an additional 4 industry specific on-line training courses alongside the existing courses. The courses now available to all staff within our membership are as follows;

- The Food Industry
- The Road Transport and Logistics Industry
- The Recruitment Industry
- The Printing Industry
- The Rag Trade Industry
- The Construction Industry

These courses are designed to offer staff the ability to learn not just about the risks involved in advancing funds to these industries, but also by looking into the background to the way these industries work, giving staff the greater ability to discuss specific industry issues with their prospects or clients. They only take around an hour each to complete, and include an on-line test to ensure the participants understanding of the course.

In summary, 2008 was a very successful year for the Educational Foundation, firstly with record numbers attending the many Day Courses organised within the UK and Europe. This remains a very popular and effective way of giving staff valuable training and experience from industry experts and the ABFA is committed to continuing to grow and update this programme. We are looking to widen the programme, ensuring courses are provided right across the UK, including Scotland and Ireland.

The development of various on-line training tools including the Foundation course as well as industry specific courses have made information much more accessible to staff, and widen the appeal of learning about the industry. It is hoped that by the end of 2009 the ABFA will also offer on-line training relating to Anti-Money Laundering regulations, as well as a new on-line course for non industry individuals looking to get a better understanding of our industry, predominantly aimed at business leaders, brokers and accountants who may be considering using or recommending invoice finance.

And finally 2008 was another highly successful year for the Distance Learning Programme, with record numbers registering for one of the three Distance Learning Courses, the ABFA is committed to the continuing growth of the three levels of qualification that allow staff to progress their studies through to a Diploma level. The addition of new supporting training seminars to assist students through their studies has ensured that students will receive greater support, and a better learning experience during their studies. 2009 will see the development of an exciting new Diploma syllabus to be launched in 2010.

The ABFA would like to thank all of the Affiliates who are involved in the ABFA's Educational Foundation activity. Without the people who help the ABFA by taking time to present at courses, provide educational information and support, the education programme would not be possible and the generosity of everyone involved is greatly appreciated.

LEGAL DEVELOPMENTS IN 2008 AFFECTING MEMBERS

By Edward Wilde of Hammonds LLP - ABFA's Hon. Legal Adviser



ACTS OF PARLIAMENTS AND REGULATIONS

Selected provisions of a number of Acts passed in earlier years came into force during 2008. These included:

COMPANIES ACT 2006

Assistance with share purchases-whitewash procedure abolished.

With effect from 1 October 2008 a private company is no longer prohibited from giving financial assistance to others to acquire shares in itself or a related private company. Private companies which are prospective clients of members will no longer need to go through the expensively time consuming "whitewash procedure" which enabled limited assistance to be given if certain conditions were met, including declarations of solvency and that any reduction in net assets would only be out of distributable profits. However where members' funding will be used for such assistance, commercial prudence dictates that members will require their prospective clients to produce board minutes to confirm that the directors have considered and are satisfied as to the corporate benefit of giving the financial assistance, the impact on the company's solvency and maintenance of capital and to demonstrate that the directors have acted to promote the success of the company. The law still remains that capital must not be reduced or unlawful distributions made. The financial assistance prohibition also still applies to public companies and their private company subsidiaries.

Directors' duties

On 1 October 2008 the following duties relating to directors came into force:

to avoid conflicts of interest; the duty is very wide and applies to any direct or indirect interest that conflicts or may conflict with the interests of the company; indirect interests will include those of a wide range of family connections; however non conflicted directors can authorise such a breach; not to accept benefits from third

parties; to disclose direct or indirect interests in existing or proposed, transactions and arrangements by the company.

Company executing documents

Since 6 April 2008 a company can now execute a document as a deed by the signature of just one director in the presence of an attesting witness. The previous ability of a company to execute a deed by two directors or a director and the company secretary or by a duly appointed attorney is not affected. Members may still wish to ensure that at least two directors authorised by a board resolution sign on behalf a client, to avoid any claims that a sole director entered into a relationship without the support of his board colleagues.

Reversal of Leyland Daf decision: liquidators' costs

The Insolvency Act 1986 has been amended with effect from 6 April 2008 by new provisions that will affect those members relying on floating charges over clients' assets. Liquidation expenses, which may be difficult for a secured creditor to estimate in advance, will now rank ahead of a floating charge holder, if the assets available to general creditors in the liquidation are insufficient to pay such expenses. This reverses the decision in the House of Lords *Leyland Daf* case in 2004 and has an unfortunate retrospective effect. It applies to any floating charge whenever created provided that the liquidation commences on or after 6 April 2008. There are no exceptions to this regime. Liquidation expenses will include the cost of litigation conducted by the liquidator, provided that an estimate is notified in advance to creditors and their approval obtained.



MONEY LAUNDERING REGULATIONS 2007

These extended the external supervision of anti-money laundering controls to members, whether operating recourse or non-recourse activities, so that members were required to register with the FSA by 15 June 2008. Failure to do so carries criminal or civil sanctions.

CASE LAW

As always there was a wealth of commercial law decisions affecting members. Some merely reinforced the need to keep day-to-day procedures under review; others introduced new concepts. The decisions on guarantees are particularly important to members.

GUARANTEES AND INDEMNITIES

Unenforceable for lack of authority

The case of *Sea Emerald v Prominvest Bank* is a cautionary reminder that members should always ensure that the person they are negotiating with has authority to do a deal. In the case of a guarantee signed by an employee with no actual or ostensible authority it will be worthless. In this case the bank refused to honour a guarantee signed by a departmental head. The judge found that the Ukrainian bank's Articles of Association were not broad enough to enable such departmental head to issue guarantees. The bank failed to ratify his actions. The bank was found to have no liability under the guarantee.

Is it a guarantee or an indemnity?

Members will be aware from previous ABFA Annual Reports that this distinction is important and whatever title is given to the document the courts will look at its exact effect in a dispute. A guarantee is a secondary liability, which may only be called upon if the primary obligor (usually the member's client) fails to honour its obligations. An indemnity is more powerful and may be called upon irrespective of the actions of the client. There is a rebuttable presumption that individuals do not intend to give indemnities unless there is clear language to this effect.

In *IIG Capital LLC v Van Der Merwe* the Court of Appeal had to consider the terms of a so-called guarantee and found that it was in fact a performance bond entailing a primary obligation. Accordingly the surety had to pay the sums demanded by IIG notwithstanding the defences that the borrower had against IIG in respect of the original debt. The "all monies clause" for which the surety had accepted liability was expressed to cover all those monies "which now or may at any time be due, owing, payable or expressed to be due, owing or payable to the lender" in respect of the borrowings. The court found this to be something more than a mere secondary liability under a guarantee. The surety had unwisely agreed "as principal debtor" and "not merely as a surety" ... "upon demand unconditionally to pay the guaranteed monies". An obligation to pay the sum certified by an officer of the lender then put the matter beyond doubt. These clauses

were sufficient to rebut the normal presumptions (i) that an individual surety only intends to issue a guarantee with secondary obligations and (ii) that the obligation to pay "on demand" should not be automatically construed as creating primary obligations. Accordingly the so-called guarantee turned out to be a performance bond and the surety could not avail himself of the borrower's defences. Members who wish to ensure that sureties are subject to indemnities should take advantage of the wording considered in this case when drafting their supporting documentation.

Similar issues arose in *Associated British Ports v Ferryways NV* where the court had to interpret whether an agreement by letter constituted a guarantee or an indemnity. The court held that the obligations were those of a guarantor. The letter did not include the usual clauses to protect the creditor from common law assumptions. Accordingly the surety was relieved of its payment obligations because the underlying contract between the creditor and the debtor had been varied without the consent of the surety. Members find that personal guarantors often balk at the length of personal guarantees with their protective clauses to overcome common law presumptions. However to dispense with or amend them under pressure to achieve a sale may produce a worthless security.

DOCUMENTATION

Important case law was developed surrounding the practical aspects of getting commercial agreements signed. The *Mercury Tax Case* should be noted by members' staff tasked with getting agreements and securities signed. This case decided that a signed signature page from an earlier incomplete draft document could not be transferred to a final document. Although this was argued as normal commercial practice, such argument failed and the entire document held to be invalid. Accordingly members should never get separate pages signed either by their clients or staff and then attach them to the body of standard agreements, debentures, priority deeds or guarantees. Likewise if a company signs with two signatories (e.g. a director and the company secretary) then they must both sign on the same page. To avoid any temptation, members' standard documents should be printed with the signature page as an integral part of the document.

MEANING OF "DISCRETION"

Many members have financing agreements which permit them in certain circumstances to act at their "discretion". In *Socimex International Bank v Standard Bank London* the Court of Appeal had to decide what terms would be implied by the use of this word in the absence of any further explanation. The court decided that it imposes an obligation to ensure that such discretion is not abused, which involves concepts of honesty, good faith and the absence of arbitrariness, perversity and irrationality. Interestingly the court refused to imply that the lender would exercise reasonable care in specific circumstances.

LEGAL DEVELOPMENTS IN 2008 continued

LENDER'S DUTY OF CARE IN REALISATIONS

There were several cases regarding the duty of care owed by secured lenders to borrowers. *Bell v Long* decided that a lender's duty to obtain the best price when selling the borrower's secured property was discharged by obtaining and following independent, professional advice from marketing agents. But where such advice is carried through negligently by the agent, then the Scottish Court of Session decided in the case of *Wilson v Dunbar Bank* that the lender had no defence to a claim by the borrower for damages for breach of duty.

FLOATING CHARGES AND THE PRESCRIBED PART.

Members who take debentures, incorporating floating charges, to support facilities given to a corporate client will often find a shortfall in the realisations from such charges. The question arose whether such shortfall could then be claimed by the charge holder (as an unsecured creditor) from the prescribed part available in the insolvency. The case of *Thorniley v HMRC (Re Airbase (UK) Limited)* decided that a fixed and floating charge holder in such circumstances could not make a claim.

DAMAGES

Where a party to a transaction is liable for damages the question often arises as to the extent of such damages. This can be an important issue to members where complex financing arrangements are broken by their counterparties. Hitherto the law has used an objective test by saying that such damages must be "reasonably foreseeable". The House of Lords judgment in *Transfield Shipping Inc v Mercator Shipping Inc* has changed this test. A party in breach is now only liable for losses for which he could reasonably be regarded as having undertaken responsibility at the time of entering into the contract. So members relying upon guarantees covering their losses caused by a client's breach may wish to ensure that they specify in the facility documentation the types of losses that they foresee as stemming from such breach and that the surety assumes responsibility for them.

PHOENIX COMPANIES

The Insolvency Act 1986 states that anyone acting as a director of a company at any time in the 12 months prior to its insolvent liquidation may not be a director of another company with a 'prohibited name' (i.e. a name so similar to the name of the insolvent company as to be misleading) for a period of 5 years thereafter without the leave of the court. Anyone involved in the management of a company in breach of this provision will be personally liable for all the debts of the company incurred whilst so involved. A case on this point was *First Independent Factors Finance Ltd v Ian Josef Mountford* where the director became personally liable for the debts of *Classic Conservatories and Windows Ltd* (a company using a prohibited name) as he had

breached the above prohibitions by being had previously involved in the management of *Classic Roofs Ltd* which had gone into insolvent liquidation. Members when financing phoenix companies will readily appreciate that such personal liability may nullify any value attached to personal security taken from offending directors, unless appropriate checks are made and leave of the court obtained where necessary.

THERE MAY BE VALUE IN THOSE OLD FILES

Members may have charging orders against properties of guarantors against whom judgments were obtained many years ago. Are the orders of any value or are the claims statute barred from further enforcement? The Court of Appeal in *Yorkshire Bank Finance v Mulhall* had to decide this issue. It decided that the Limitation Act 1980 did not apply to charging orders. These can be enforced more than 12 years after they are obtained. However the rights of a creditor under a charging order need to be contrasted with those of a lender secured by a mortgage. In *NatWest Bank v Ashe* the Court of Appeal held that where a bank took no steps for over 12 years from the last payment from a defaulting borrower under a mortgage loan then the Limitation Act 1980 meant that bank lost all its rights.

IRELAND

The 2007 ABFA review reported that an agreed basis for the treatment of VAT in Ireland was being sought with the Irish Revenue following the uncertainties created by the *Hagemeyer* case. With assistance from ABFA and its legal counsel, the Irish Revenue has now issued a helpful commentary on the specific application of VAT to factoring and invoice discounting facilities. This can be found at www.revenue.ie/practitioner/tax-briefing

2009

There is no let up in the pace of legislation and case law and important developments will be reported in the ABFA's next Annual Report.

Edward Wilde is a solicitor and Hon. Legal Adviser to ABFA, a Governor of the ABFA Educational Foundation and a member of the London Asset Based Lending Team at:

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Email: edward.wilde@hammonds.com
Website: www.hammonds.com

He welcomes any comments on the matters raised in this report.

EXECUTIVE MEMBERS AND GOVERNORS 2008

ABFA Chairman

Tim Corbett - Fortis
Commercial Finance

ABFA Vice Chairman

Maurice Craft - Regency
Factors

ABFA Executive

Tony Cox - Venture Finance

John Jenkins - GE
Commercial Finance

Ronnie King - AIB
Commercial Services

Jeff Longhurst - Eurofactor

Martin Morrin - RBS
Invoice Finance

David Robertson - Bibby
Financial Services

David Thomson -
Close Invoice Finance

Previous Chairman

Ted Ettershank - Lloyds TSB
Commercial Finance

Jeff Longhurst - Eurofactor

Adrian Sainsbury -
RBS Invoice Finance

ABFA Educational Foundation Governors

Chairman

Maurice Craft - Regency
Factors

ABFA Governors

Tim Corbett - Fortis
Commercial Finance

Andrew Hill - Skipton
Business Finance

Paulette Newman - Lloyds
TSB Commercial Finance

Liz Nicholson - Skipton
Business Finance

Mike Watson - Arbuthnot
Commercial Finance

Edward Wilde -
Honorary Legal Advisor

ABFA Secretariat

Kate Sharp - Chief
Executive Officer

Edward Wilde - Honorary
Legal Advisor

ABFA SUB COMMITTEE CHAIRMEN

ABL Committee

Paul Beveridge - KBC
Business Capital

John Jenkins - GE
Commercial Finance

Anti-Money Laundering Forum

David French - Barclays
Asset & Sales Finance

Invoice Finance Group

Maurice Craft - Regency
Factors

Irish Members

Ronnie King - AIB
Commercial Services

Legal and Technical Forum

John Kilbee - Lloyds TSB
Commercial Finance

Membership Committee

John Jenkins - GE
Commercial Finance

Jeff Longhurst - Eurofactor

Operations Forum

Graham Cox - HSBC
Invoice Finance

ABFA ACCOUNTS

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2008

	2008	2007
	£	£
TURNOVER	965,309	888,357
Administrative Expenses	<u>(906,065)</u>	<u>(903,025)</u>
OPERATING PROFIT / (LOSS)	59,244	14,668
Interest receivable and similar income	10,240	14,548
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX	69,484	(120)
Tax on profit on ordinary activities	<u>(14,777)</u>	<u>(3,365)</u>
RETAINED PROFIT / (LOSS) FOR THE FINANCIAL YEAR	54,707	3,485
RETAINED PROFIT / (LOSS) BROUGHT FORWARD	<u>274,071</u>	219,364
RETAINED PROFIT / (LOSS) CARRIED FORWARD	<u>274,071</u>	<u>219,364</u>

All income and profits are derived from continuing operations. The Company had no recognised gains or losses other than those disclosed in the profit and loss account.

TURNOVER

Turnover excludes Value Added Tax and represents subscriptions and application fee income paid by the members of the Association, and income received from sponsors of the Association.

All of the Company's turnover and profit on ordinary activities is derived in the UK from its principal activity.



BALANCE SHEET AS AT 31ST DECEMBER 2008

	2008	2007
	£	£
CURRENT ASSETS		
Cash at bank	378,266	55,566
Debtors	<u>46,436</u>	<u>247,684</u>
	424,702	303,250
CREDITORS		
Amounts falling due within one year	<u>(150,631)</u>	<u>(83,886)</u>
NET ASSETS	<u>274,071</u>	<u>219,364</u>
RESERVES		
Profit and loss account	<u>274,071</u>	<u>219,364</u>
TOTAL MEMBERS' FUNDS	<u>274,071</u>	<u>219,364</u>

These financial statements were approved by the Executive Committee on 10th September 2009 and were signed on its behalf by:

M Craft
Director

ABFA EDUCATIONAL FOUNDATION ACCOUNTS

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2008

	2008	2007
	£	£
INCOME OF CONTINUING OPERATIONS		
Course fees	416,387	415,134
Interest received	16,490	16,694
Donations	-	25,000
Total income of continuing operations	432,877	456,828
EXPENDITURE		
Direct charitable expenditure	458,976	379,203
Governance	8,784	3,744
Course marketing costs	48,152	16,363
Total expenditure	515,912	399,310
Net profit for the year	(83,035)	57,518

The income and expenditure account has been prepared to comply with Companies Act requirements.



BALANCE SHEET AS AT 31ST DECEMBER 2008

	2008	2007
	£	£
CURRENT ASSETS		
Debtors	10,901	20,277
Cash at bank	<u>243,282</u>	<u>499,776</u>
	254,183	520,053
Creditors: Amounts falling due within one year	<u>(19,523)</u>	<u>202,358</u>
Total assets less current liabilities	<u>234,660</u>	<u>317,695</u>
FUNDS		
Unrestricted funds	<u>234,660</u>	<u>317,695</u>

These financial statements were approved by the Board of Governors on 9th September 2009 and were signed on its behalf by:

M Craft
Governor

Annual Report

ABFA

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