

BACS BUREAU – MEMBERSHIP AGREEMENT WITH ROLLING RENEWAL

HARLANDS
GROUP

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Harlands Services Limited is an approved BACS Bureau that enables us to transmit Direct Debits on your behalf. By using our Bureau Service to collect your Direct Debits, you not only save money in not requiring additional technology but you also benefit by not recruiting additional staff to manage the collections. Outsourcing the collections and administration gives you the peace of mind that your Direct Debits are processed on time, trouble free and managed by an experienced team.

Harlands are able to fully administer the Direct Debit operation as a BACS Bureau. There is no disruption to your existing customers and membership money is paid directly into your bank account. We will report all Direct Debits collected and returned unpaid in a format and frequency determined by you. The service allows you to free up valuable human resource, which enables your staff to concentrate on their core activities.

Since the fees are transferred direct from your members to your bank account then your cash flow is retained and you have the security of controlling the ownership of the agreements.

- Agreements can be administered as contracted or non contracted.
- Existing direct debits can be transferred to the bureau without any communication with members.
- Members bank statements will still retain your details.
- We will handle all applications to BACS and your bank for companies securing a BACS processing Originator Identification Number (OIN) for the first time.
- If you already have a BACS processing OIN we simply require a letter to be sent to your bank to establish our position and security attachment.
- If you are not already a BACS AUDDIS submitter we will make the necessary application to your bank.

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Instalment Collection Service ICS

The Instalment Collection Service is a non-credit based method of collection that is quick and easy to set up. ICS is able to achieve high rates of collection at a cost often very much less than in-house systems. Administration is significantly reduced allowing businesses more time to concentrate on their core activities and using the optional default service the collection on a minimum term agreement is enhanced.

Direct Debits enable time periods to be unlimited and amounts collected to be variable, without the need for customers to re-sign new documentation. This means that once the agreement is signed it can roll indefinitely. Collections are possible on every working day of the month allowing immediate advice of failed payments. The Direct Debit method gives greater flexibility than Standing Orders and is safer and easier than handling cash or cheques.

If you require a minimum term on the agreement then access to our specialist debt recovery company, Harlands Services Ltd. allows businesses to pursue customers that default on payment, giving greater certainty of income. The service is tailored to individual requirements and our dedicated team is able to offer expert advice in the field of payment administration.

Key Features:

- Collections by Direct Debit
- Non-credit based
- High collection rates achieved
- Flexible and customer focused
- Optional default service (MRP)
- Access to a dedicated payment help line

The Instalment Collection Service will provide the following services: -

- Provision of compliant membership agreement template
- Input details onto our system and carry out a modulus check for validation. E.g. are the bank account details correct and do they support Direct Debits
- Electronic instruction to bank to set up DDM
- Letter to the client confirming monthly instalment amounts
- Monetary collections from the clients account
- Second submissions to the clients account if refer to payer
- Letter to client informing of a second submission, 7 days later (contains help line number)
- Notify the club within 24 hours of receipt of cancelled mandates and failed second attempts of a refer to payer situation
- Provision of twice monthly reports outlining payments and member status
- Club Policies are agreed at the outset and are strictly adhered to, feedback is given to the club
- Dedicated member help line Automatic Renewal

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Membership Revenue Plan (MRP)

MRP is a comprehensive membership collection service that provides key benefits to any business reliant upon regular, secure and growing income collection by installments from 3 months to 3 years. With a proven collection rate of 97% the Membership Revenue Plan uses well tested Consumer Credit Agreements or non-cancelable membership agreements backed up by a highly experienced team to ensure that regular payments are received. Our dedicated help-line enables staff to concentrate on providing first class customer care and our customer services team will handle all payment issues customer queries and deliver consistent messages that exactly mirror the policies laid down by your business.

Key Benefits:

- No Collection No Fee Our Collection is No submission No fee – Unlike some third party collection companies Harlands Group will only charge you for submissions made.
- Fixed fee not a % - which means our fees don't increase as yours do.
- Reduced Club administration
- An average collection rate of 97%
- Rolling Renewal agreements
- Dedicated member helpline
- No Fee Debt Recovery
- Branded Stationary – Harlands Group can include logo's etc. onto the supplied Membership Agreement to add greater ownership.

Key Features:

- Input details onto our system and carry out a modulus check for validation. E.g. are the bank account details correct and do they support Direct Debits.
- Electronic instruction to bank to set up DDM
- Second submissions within 14 days if the payment bounces "refer to payer"
- Letter to client informing of a second submission, 7 days later (contains help line number)
- Provision of twice monthly reports outlining payments and member status
- Default Process – up to 45 days including credit control letters and default notices.
- Debt Recovery – this is optional following the initial default service and would only have a very marginal effect on the overall collection. See Debt recovery fact sheet.
- No additional charges – Harlands Group will carryout a comprehensive default process involving sequence of letters all inclusive in the submission fee. Once a Default Notice has been sent and we receive no response (this is approximately 45 days after cancellation) we would move the member to our Debt Recovery section.

Processing Dates

1. Harlands Group has built its business on the flexibility of Direct Debit. Consequently, unlike some of our competitors, we submit to BACS each working day.
2. This added flexibility for your customers reduces the likelihood of a bounced payment due to insufficient funds.
3. Direct Debit also means we can respond accordingly to unpaid and cancelled direct debit due to the nature of the reporting we receive from BACS.

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Harlands Services NO FEE Debt Recovery

Harlands Services (HS) supports our usual Membership Revenue Plan service to guarantee that you get maximum profit on your contracted agreements on a NO FEE basis. Unlike many other collection specialists we offer HS as an independent service.

You remain in control throughout the process and we ensure that no action is taken without your authority. It is important that revenue is maximised but not to the detriment of the clubs reputation.

Nevertheless, many members are unlikely to settle a debt until they believe they are likely to suffer some negative credit score or legal action as a consequence. Our systems will ensure that you are kept remote from the collection process but benefit from a new income stream.

HS provides skilled full time staff and support resources that concentrate solely on the collection of delinquent debts allowing businesses to concentrate on their core operations.

- The service is based upon an experienced team of employees supported by sophisticated information technology and disciplined administration.
- Our team is trained to obtain the best repayments possible and the commitment of the debtors to maintain the payments.
- The ability to collect telephone payments by Credit / Debit cards can immediately resolve arrears problems.

Approximately 12% of the UK's population change address each year. Many do not inform their creditors of such moves. By using our investment in technology we can trace debtors and commence recovery procedures on behalf of creditors.

In small number of cases where negotiated payments have not yet yielded success we are able to fully administer the process of County Court actions, which again would only be instigated with your authority. Our County Court claim programme is able to produce all necessary documentation and we will handle the whole process through to obtaining judgment.

Key Features:

- Debt recovery for delinquent payers
- County Court Action Administration
- Post-judgment enforcement
- No Solicitor costs to pay
- NO FEE based charges
- No upfront charges
- No solicitors letters
- No charges
- No commission

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SNAP Information Sheet

Snap™ is a new product that, when attached to your website, will give prospective members the opportunity to join your club and set up their Direct Debit on-line – all in under 5 minutes. Quick, affordable and easy to use Snap supports your existing sales activity by targeting the following potential customers but you may be able to think of more: pre-sales, expired and lapsed members, lost prospects, referrals, gifts and more. Snap™ can be integrated easily with your existing web site and appears as your personalized online payment facility.

The functionality of setting up a Direct Debit Online provides organisations with reduced processing costs and greater efficiency. Many customers prefer to buy from the convenience of their home or work and sales are also likely to improve as new customers can make on the spot buying decisions. Snap™ makes the move through the decision-making process to the moment of sign-up both quick and seamless. With Snap once someone's visited your website and decided they want to join or subscribe, they can sign-up immediately and we can begin the process of efficiently collecting the due funds. Payment details are checked "live" and verified there and then avoiding data entry errors or more commonly unreadable handwritten membership forms. YOU CAN EVEN USE Snap within your club to sign up members on the spot provided you have a suitable broadband connection.

Our web interface blends into your site as we carry over your logo and corporate colours. Importantly for many companies, you don't need your own BACS OIN (Originator Identification Number) to benefit from this paperless technology. It's quick, affordable and easy to use, so get online with Snap before your competitors do.

Key Features of SNAP:

- SNAP linked to your website and branded with your logo
- Your individual membership terms and conditions uploaded onto the web portal
- Complete membership details instantly e-mailed to the club.
- Personalised e-mail sent to the new joiner instantly
- Pro-rata amounts, joining fees and promotional codes can all be included
- Complete DD membership collection service for each new member
- Advice and support on how to make the most out of SNAP can also be given
- Regular detailed reports showing payment details of SNAP members.

Key Benefits of SNAP:

- Increased joining up of unsuccessful toured prospects, ex members, guests, pay and play, referrals and gift buyers.
- Effective and no cost e-marketing becomes more effective and less time consuming
- Less time and resources needed for the sign up process
- Members details completed in full with no mistakes and bank details checked before submission
- Increased sales to people who feel intimidated to come down
- SNAP supports other club marketing such as static adverts and flyers increasing their effectiveness
- Exceptionally low cost DD collection
- As SNAP is new to the industry you can get one step ahead of your competitors
- Provision of an online sign up service to help develop an e-government strategy.

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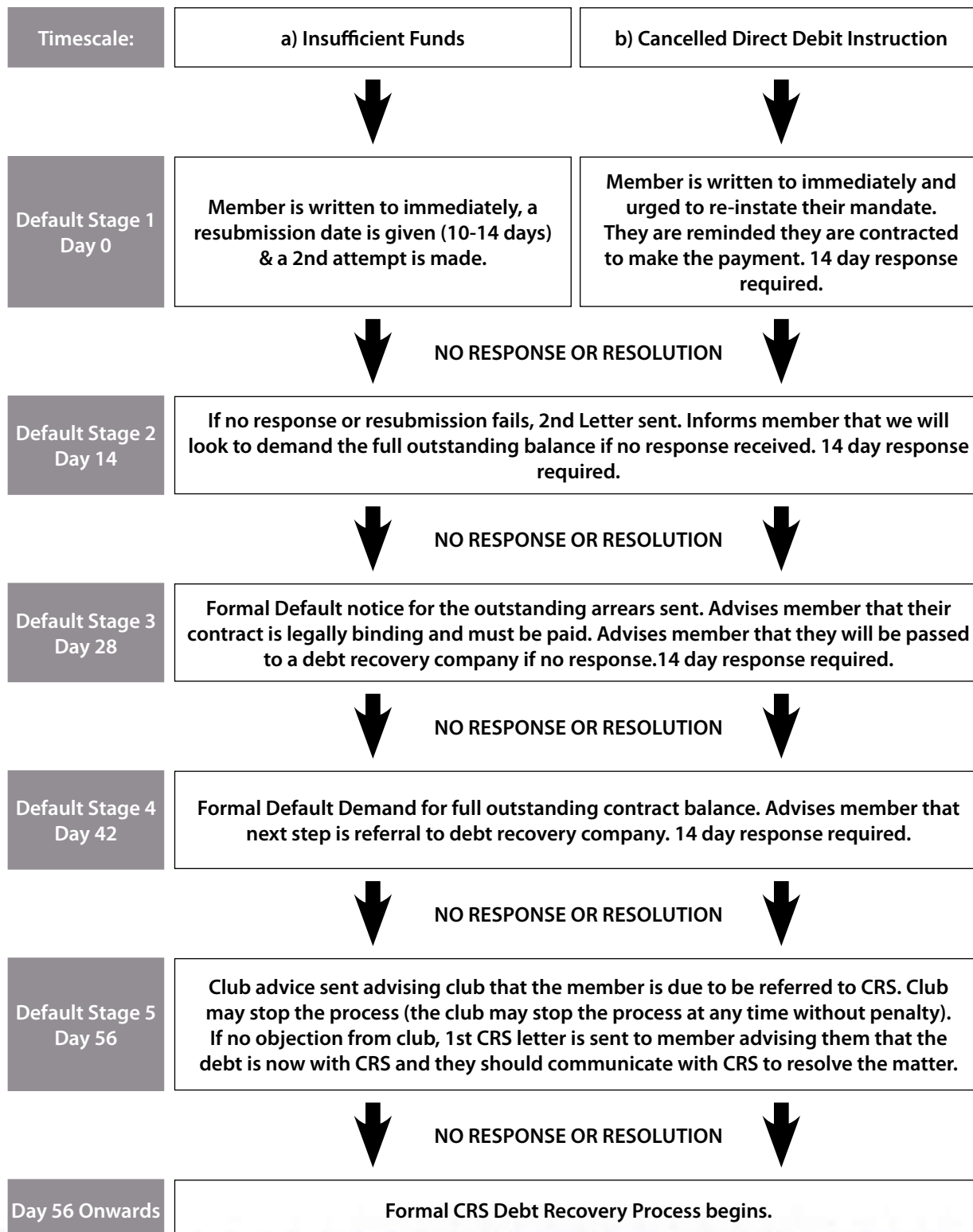


Harlands Arrears Management Schedule

Membership Instalment missed due to:

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Leisure centre users in Hampshire SNAP up memberships online...!

Valley Leisure Ltd is a not for profit trust currently operating the major leisure facilities in the Test Valley, Hampshire on behalf of Test Valley Borough Council. Providing a vast range of leisure facilities to the public at an affordable price is a struggle for any leisure trust or local authority run site. Under the stewardship of chief executive Derek Jeffrey the trust has a strong focus in it's four centres on service, standards and sales.

After taking the step of introducing a new 12 month contracted membership option to increase total income generated from sales enquiries, Valley Leisure needed to ensure contracts were adhered to fairly and sales targets were met. Valley Leisure decided to use Harlands to ensure they achieved both these critical objectives.

Harlands now collect and manage all the 12 month membership contracts sold by Valley Leisure on a BACS Bureau basis. Harlands also provide its unique SNAP product to allow customers to sign up to membership online.



Derek Jeffrey, Chief Executive says...

"We were originally looking for a better return on the income gained from our membership base and therefore took the decision to introduce a 12-month contract option for membership to run along side the looser annual agreement we had in place. We were willing to offer a lower price for contracts as a reward for customers giving us greater commitment. "

"After assessing the competition in some detail we eventually chose Harlands to administer our membership collections arising from these 12-month contracts for 3 main reasons. "

"Firstly Harlands were the only company at the time that offered a BACS Bureau collection service meaning that by collecting on our own OIN (Originator Identification Number) they collect directly from the member's account and pay it to ours with out ever holding onto the income. This is great for our cash flow as there is no delay in receiving payment."

"Secondly we were pleased with the value for money aspect. Harlands were the cheapest quote for the level of service on offer. Also, they provide our members with a helpline number for any queries/changes members wish to make, a free debt recovery service should we need it for any defaulters and they only charge us for successful DD's taken, which they invoice us for once the work has been carried out."

"Finally Harlands were able to offer us an aid to our sales process through their online membership signup feature - SNAP. Customers can now sign themselves up through our website without having to come into one of our centres. It has proved a real sales aid for closing membership sales initiated through prospecting calls. We had our doubts initially about its utility and have been pleasantly surprised. SNAP has made joining up far more accessible for our customers and less time consuming for our staff. I now consider online membership signup to be a 'must have'."

"Harlands are not the only company in the business. It was a risk choosing them (or any other company for this all important business) but they have delivered what they said they would and I have been pleased with the level of service to date. We have also had no complaints from customers."

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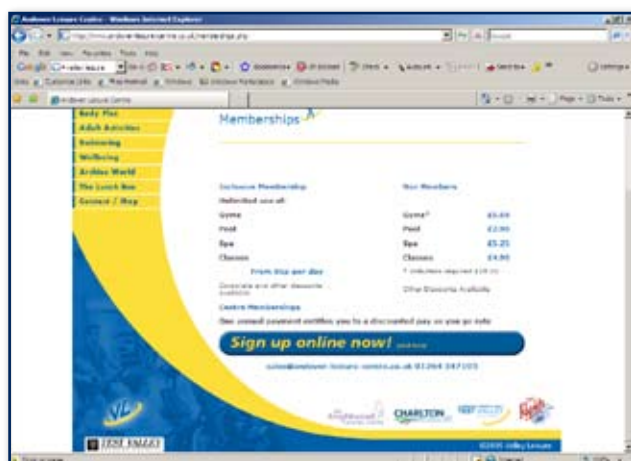


Harlands can offer SNAP, its unique sales tool as a separate product or as part of an overall membership collections solution...

Harlands have designed SNAP to increase sales in leisure facilities by simply making it far more convenient for the consumer to sign up. Members who are already familiarised with facilities can simply log on at their own convenience and sign up 24/7. Just as companies in other sectors have managed to increase sales by offering their products online as well as their shop floors, the leisure industry now has the chance to embrace e-commerce at an affordable price through SNAP.

Advantages of SNAP:

- Increases in the joining up of prospects who were toured but didn't join there and then
- Increase sales by up to 20%
- Ex members looking to rejoin can do so quickly and with out effort
- Converting Pay and play members to monthly payers becomes far more effective
- Effective and no cost e-marketing to guests and referrals inviting them to join 24/7 is more penetrative
- Increased sales of other DD payable products such as crèche courses, personal training and weight management courses
- Less time and resources needed for the sign up process
- Increased sales to people who feel intimidated to come down
- Members details completed in FULL and bank details checked before submission



Sales trainers will tell you that if you don't ask for the sale then you are far less likely to actually get it.

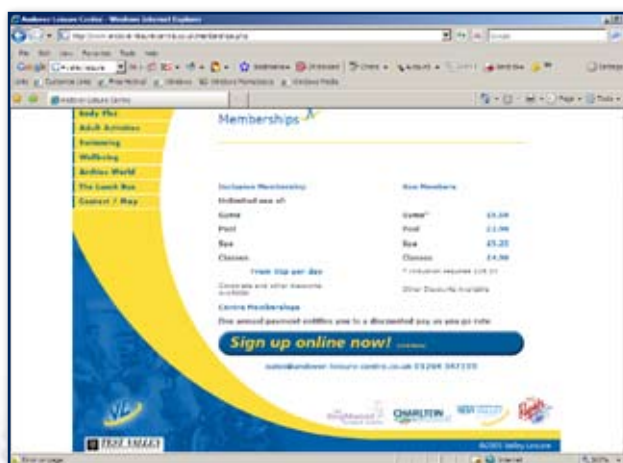
SNAP will ask anyone viewing your website if they would like to join, in a non-pressured environment. How you ask them is up to you. Opposite you'll see how Valley Leisure have applied SNAP on their website.



SNAP is simply a membership contract and DD mandate that can be filled out and set up online in 7 simple steps.

As shown opposite the SNAP pages can be personalised with your logo.

Following the signup the member will receive an e-mail receipt welcoming them to the centre and all their details are passed to the centre to be entered onto a membership database.



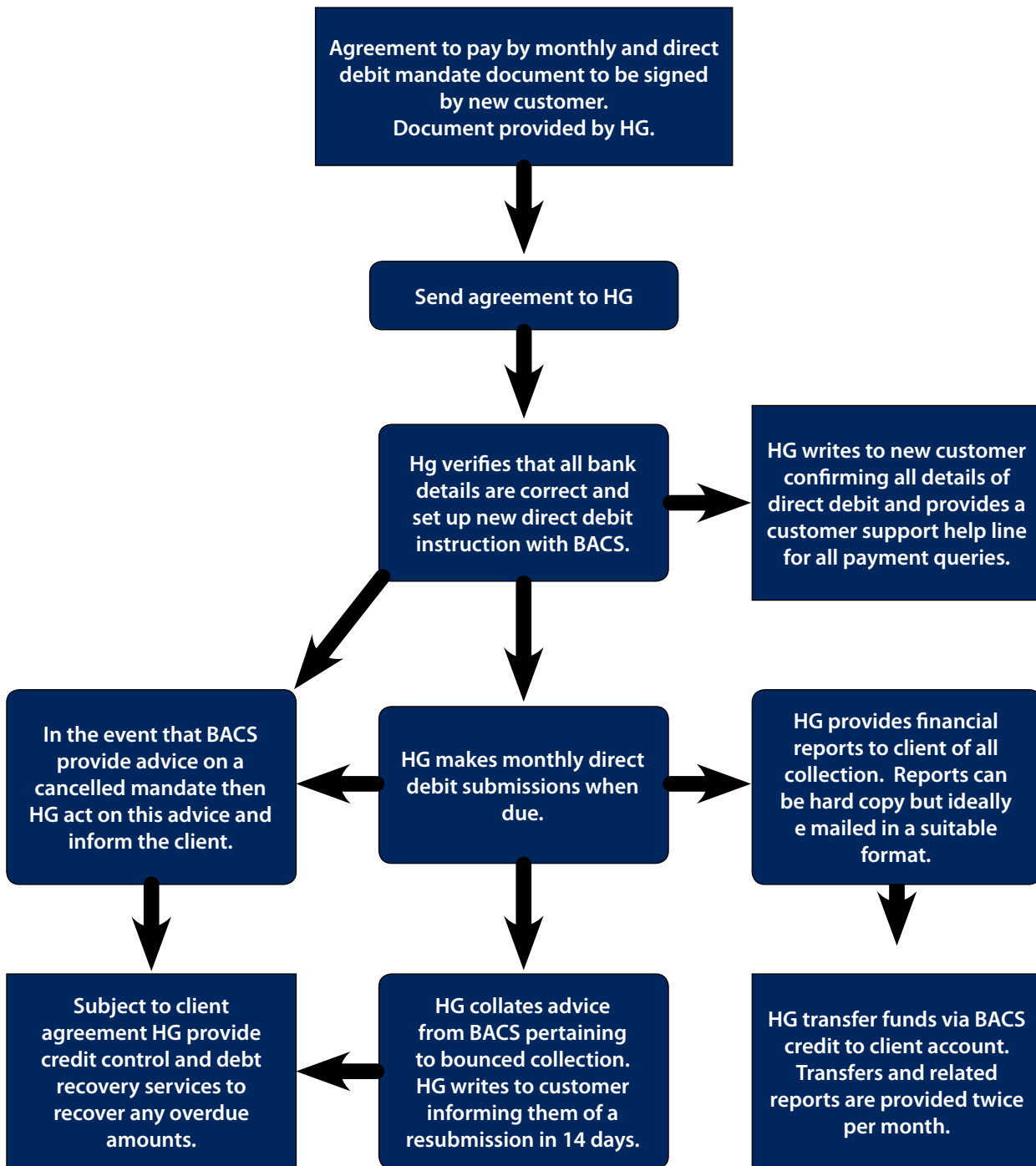
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For more information contact Harlands on 01444 449157 or e-mail sales@harlandsgroup.co.uk
For a demonstration go to www.snapdd.co.uk

Harlands Group direct debit collection and management process

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