

Company Registration No. IP00537C (England and Wales)

**CHESTERFIELD AND NORTH EAST DERBYSHIRE
CREDIT UNION LIMITED**

REPORTS AND FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2018

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

COMPANY INFORMATION

Directors	Bill Furness	Chair
	Paul Beeson	
	Steven Lee	Treasurer
	William Murray	
	Stephen Denham	
	David Radford	
	Kathryn Sarvent	
	Graham Cameron	

Supervisory Committee	Stephen Bright
	Beverley Powell
	Diana Allen

Credit Committee	Graham Cameron
	Helen Marples
	Bill Furness

Manager	Karen Peck
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Company number	IP00537C
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Address	4 – 6 Soresby Street
	Chesterfield
	S40 1JN

Auditors	BHP LLP
	Chartered Accountants
	57-59 Saltergate
	Chesterfield
	S40 1UL

Bankers	Co-operative Bank
	Elder Way
	Chesterfield
	S40 1UR

	Lloyds Bank
	Rose Hill
	Chesterfield
	S40 1LR

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

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CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The Directors present their report with the financial statements of the Credit Union for the year ended 30 September 2018.

Principal activity and review of the business

The principal activity in the year under review was that of a Credit Union and there have been no significant changes in the activities during the year.

The last 12 months have seen activities show good growth with the exception of loans to members who regularly save with us. Although in the past this product has shown good growth until 2016, where it was static, within the last two years we have witnessed a reduction. However, the Family Loans have shown good growth 9% during the year, with overall lending was at £988,356 an increase of just over £43,000. The BBC programme "A Matter of Life and Debt" which featured the work of credit unions appeared to increase applications for membership with many of them requesting Family Loans. The net value of all loans to members at the end of the year had risen to £616,314. The number of loans increased from 1,128 to 1,189.

One of our most successful areas of the business is the Junior Savers Scheme initiative to help promote savings in schools. At the end of the financial year, 23 schools and one children's centre had joined the scheme with 1,094 pupils/toddlers holding accounts, with total savings from junior members rising from £43,437 to £57,471. Membership increased from 3,477 to 3,994 in the year. A net increase of 514. Net value of Members Shares rose by £4,613 or 7.2%.

The Credit Union made an operating surplus after taxation of £22,201 compared to £12,643 in the previous 12 months.

This surplus is of course after the receipt of grants from the local authorities to support the salary of some staff especially those staff involved in the initiative for promoting savers in schools.

Without this level of support the Credit Union would not have been able to provide the much needed service to the residents and workers in the Borough and District. The Parish Councils of North Wingfield and Clay Cross continue to support the Credit Union with grants that have enabled "instant" loans to be made to support families in their localities. It is acknowledged that the Credit Union will continue to need grant income for some of the activities currently supported by the Local Authorities. However it is the aim to be self-sustaining in the short term. With the value of reserves well above the minimum level needed the Directors paid an interim dividend of 0.5% as a reward to all members. This was based on the average balance saved during the year ended 30 September 2018.

Bad debts continued to be a concern for the Credit Union and this is an area where we concentrated to reduce the impact on the business by carrying out pre-loan interviews to all applicants. The level of bad debts has risen from 3.4% to 3.6%. The loans in arrears as a percentage has risen from 2.5% to 3.2%

The Credit Union currently has 10 members of staff, who are dedicated to providing excellent service to its members and stakeholders. The directors also have to acknowledge the tremendous effort put in by volunteers without whom the Credit Union would cease to exist.

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

Directors

The Directors during the year under review were:

Bill Furness
Michael Sanders (Deceased)
Paul Beeson
Steve Lee
Al Murray
Stephen Denham
David Radford
Peter Innes (resigned November 2017)
Kathryn Sarvent
Graham Cameron

Statement of Directors responsibilities

The directors are responsible for preparing the financial statements each financial year in accordance with applicable law and United Kingdom Accounting Standards. The financial statements are required by law to give a true and fair view of the state of affairs of the credit union and of the income and expenditure for that period. In preparing those financial statements the directors are required to:

- a) Select suitable accounting policies and apply them consistently;
- b) Make reasonable and prudent judgements and estimates;
- c) State whether applicable accounting standards have been followed, and give details of any departures; and
- d) Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Credit Union will continue in business

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the club and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Signed on behalf of the board on by:

.....
Bill Furness
Chair

.....
Stephen Denham
Treasurer

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CREDIT UNION FOR THE YEAR ENDED 30 SEPTEMBER 2018

Opinion

We have audited the financial statements of Chesterfield and North East Derbyshire Credit Union Limited the 'society' for the year ended 30 September 2018 which comprise an income and expenditure account, balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 30 September 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the committee of management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee of management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CREDIT UNION (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

Other information

The committee of management is responsible for the other information. The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the committee of management

As explained more fully in the directors' responsibilities statement set out on page 2, the committee of management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the committee of management is responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee of management either intends to liquidate the society or to cease operations, or has no realistic alternative but to do so.

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CREDIT UNION (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Allsop (Senior Statutory Auditor)

for and on behalf of BHP LLP, Chartered Accountants
Statutory Auditor

57-59 Saltergate
Chesterfield
Derbyshire
S40 1UL

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Income					
Interest on loans to members			7,896		13,699
Interest on FLS loans to members			127,432		118,638
Interest on loyalty loan			49,611		49,666
Grants received	4		16,823		21,796
Entrance fees			1,800		1,475
Bad debts recovered			6,251		4,732
CUEP Income			-		1,690
Bank interest received			952		506
Service fees and commission			383		437
			211,148		212,639
Expenditure					
Wages and salaries		104,889		95,432	
Staff training		490		647	
Audit and accountancy fees		3,386		3,285	
Premises costs		15,572		16,041	
Light and heat		2,509		2,118	
Telephone		2,983		2,562	
Printing, stationery and advertising		4,246		6,035	
Interest and bank charges		1,405		757	
Fidelity insurance		1,305		1,282	
LP/LS insurance		4,803		4,956	
Directors' and officers' insurance		847		832	
Employee liability insurance		308		302	
ABCUL dues		2,109		1,942	
Rates		252		2,575	
Computer maintenance		5,403		5,375	
Travel expenses		3,489		3,183	
Collection point expenses		-		900	
General expenses		2,659		2,750	
FCA fees		21		(416)	
Legal and professional fees		1,111		825	
Depreciation		4,397		4,244	
Bad debts written off		24,515		45,196	
Bad debt provision		2,219		(926)	
			188,918		199,897
Operating surplus	2		22,230		12,742

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

INCOME AND EXPENDITURE ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

		2018	2017
		£	£
Operating surplus	2	22,230	12,742
Taxation	5	29	99
Transfer to general reserve		(22,201)	(12,643)
Retained surplus for the period		-	-

The income and expenditure account has been prepared on the basis that all operations are continuing operating.

There were no recognised gains or losses other than those passing through in the income and expenditure account.

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible fixed assets	7		6,763		9,830
Current assets					
Loans to members	8	593,997		577,951	
Other debtors prepayments		9,295		7,256	
Cash at bank and in hand		457,491		433,535	
			1,060,783		1,018,742
Creditors: amounts falling due within one year					
Accruals		8,713		7,793	
Grants in advance	9	61,440		47,015	
Other creditors		181		152	
			70,334		54,960
Net current assets			990,449		963,782
Net assets			997,212		973,612
Represented by:					
General reserve	10		182,378		163,391
Amounts due to members:					
Members' shares	11		591,363		600,784
Juvenile Savings	12		57,471		43,437
Capital grant reserve	15		166,000		166,000
			997,212		973,612

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2018

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board on _____ and signed on their behalf by:

.....
Bill Furness
Chair

.....
Stephen Denham
Treasurer

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and in accordance with the Co-operative and Community Benefit Societies Act 2014. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the credit union. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Chesterfield and NE Derbyshire Credit Union Limited meets the definition of a public benefit entity under FRS 102.

1.2 Income

All income is recognised once the credit union has entitlement to the income, it is probable that the income will be received and the amount receivable can be measured reliably.

Other income is recognised in the period in which it is receivable.

1.3 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses are allocated to the applicable expenditure headings.

1.4 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies - continued

1.5 Taxation

As a not for profit organisation, Chesterfield and North East Derbyshire Credit Union Limited is exempt from tax on income and gains falling within the available tax exemptions. However, the Credit Union is liable to pay corporation tax on investment income and is detailed in note 5.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are measured at cost, net of depreciation.

Depreciation is provided on all tangible assets at the following rates calculated to write off the cost over their estimated useful lives:

Fixtures & fittings	20% straight line
Computer equipment	33% straight line

1.7 Bad debt provision

The bad debt provision is provided in the financial statements in accordance with the guidance in the Credit Union handbook issued by the Financial Services Authority. It is a 100% provision of balances in arrears of over 1 year, a 80% provision of balances in arrears of between 9 and 12 months, a 60% provision of balances in arrears of between 6 to 9 months, 35% provision of balances in arrears of between 3 to 6 months and a 2% provision of all other loan balances.

1.8 Grants received

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss accounts over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss accounts as the related expenditure is incurred. Grants to fund the build up of a loan book are credited to a capital grant reserve.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks.

1.10 Operating leases

Costs of operating leases are recognised on a straight line basis over the period of the lease.

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2	Operating surplus	2018	2017
		£	£
	Operating surplus is stated after charging:		
	Depreciation of tangible assets	4,397	4,244
	Auditors' remuneration – audit	3,386	3,285
		7,783	7,529
3	Interest receivable	2018	2017
		£	£
	Interest on loans to members	184,939	182,002
	Bank interest received	952	506
		185,981	182,508
4	Grants received	2018	2017
		£	£
	Grants received in relation to:		
	Wages and NIC	7,277	6,816
	Accommodation costs	-	3,000
	Other	7,000	11,980
	School project	2,546	-
		16,823	21,796
5	Taxation	2018	2017
		£	£
	Domestic UK Corporation tax		
	Current year tax charge	181	99
	Less previous year unpursued tax	(152)	-
		29	99

The Credit Union is only liable to pay corporation tax on investment income.

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

6 Employees

The average number of persons employed by the company during the year was 10 (2017: 9).

7 Tangible fixed assets	Fixtures & fittings £	Computer Equipment £	Total £
Cost			
At 1 October 2017	20,093	32,180	52,273
Additions	-	1,330	1,330
At 30 September 2018	<u>20,093</u>	<u>33,510</u>	<u>53,603</u>
Depreciation			
At 1 October 2017	12,343	30,100	42,443
Charge for the year	1,822	2,575	4,397
At 30 September 2018	<u>14,165</u>	<u>32,675</u>	<u>46,840</u>
Net book value			
At 30 September 2018	<u>5,928</u>	<u>835</u>	<u>6,763</u>
At 30 September 2017	<u>7,750</u>	<u>2,080</u>	<u>9,830</u>

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

8	Loans to members		2018	2017			
			£	£			
	At 1 October 2017		598,050	608,129			
	New loans		975,510	948,416			
	Interest on loans		184,939	177,757			
	Loan repayments		(1,117,670)	(1,091,056)			
	Loans written off		(24,515)	(45,196)			
			616,314	598,050			
	Provision for doubtful debts (see below)		(22,317)	(20,099)			
	At 30 September 2018		593,997	577,951			
	Number of loans		1,189	1,128			
	Loans to members as a percentage of total current assets		56.00%	56.69%			
	Provision for doubtful debts	Specific	General	Total			
		£	£	£			
	At 1 October 2017	11,634	8,465	20,099			
	Movement in provision	2,393	(175)	2,218			
	At 30 September 2018	14,027	8,290	22,317			
	As a percentage of:		2018	2017			
	Total loans at year end		3.62%	3.36%			
	Analysis of loans in arrears	3 to 6	6 to 9	9 to 12	Over 12	Total	Total
		Months	Months	Months	Months	2018	2017
	Number	44	8	2	9	63	19
	Amount	6,939	2,039	2,901	8,054	19,933	14,730
	As a percentage of:					2018	2017
	Total loans					2.04%	1.95%

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

9	Grants in advance	2018	2017
		£	£
	As at 1 October 2017	47,015	54,812
	Resources deferred during the year	42,000	14,000
	Amounts released from previous years	(27,575)	(21,797)
	As at 30 September 2018	61,440	47,015
10	General reserve	2018	2017
		£	£
	At 1 October 2017	163,391	153,656
	Transfer from income and expenditure account	22,201	12,643
	Dividend	(3,214)	(2,908)
	At 30 September 2018	182,378	163,391
11	Members' shares	2018	2017
		£	£
	Amounts		
	At 1 October 2017	600,784	477,891
	Received during the year	827,850	813,375
	Withdrawn during the year	(837,271)	(690,482)
	At 30 September 2018	591,363	600,784
		2018	2017
	Member numbers		
	At 1 October 2017	3,477	2,979
	Joined during the year	612	564
	Resigned during the year	(95)	(66)
	At 30 September 2018	3,994	3,477

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

12	Juvenile savings	2018	2017
		£	£
	Amounts		
	At 1 October 2017	43,437	31,126
	Received during the year	32,139	23,497
	Withdrawn during the year	(18,105)	(11,186)
	At 30 September 2018	57,471	43,437

13 Related party transactions

The Credit Union is a mutual organisation and is controlled by its members.

The Directors are personal members of the Credit Union and, as such, hold members shares and member loans on the same terms as apply to other members.

14 Operating lease commitments

At 30 September 2018 the total of the Credit Unions future minimum lease payments under non-cancellable operating leases was:

	2018	2017
	£	£
Amounts payable		
Within one year	8,644	15,964
Between one and five years	1,324	9,968

15 Capital grant reserve

	2018	2017
	£	£
Amounts		
At 1 October 2017 & 30 September 2018	166,000	166,000

16 Contingent liabilities

The capital grant reserve in note 15 were received to establish a Family Loan Scheme. The grants are repayable if the Credit Union ceased to operate this scheme.