

Company Registration No. IP00537C (England and Wales)

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

REPORTS AND FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2017

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

COMPANY INFORMATION

Directors Bill Furness Chair
Michael Sanders Secretary
Paul Beeson
Steve Lee
Al Murray
Janet Taylor
Stephen Denham
David Radford

Supervisory Committee Carol Shier
Steve Bright
Janet Taylor

Credit Committee Graham Cameron
Helen Marples
Bill Furness

Manager Karen Peck

Company number IP00537C

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

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 2017

The Directors present their report with the financial statements of the Credit Union for the year ended 30 September 2017.

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. In the past this product has shown good growth until 2016 where it was static and this year there has been a reduction of around 10%. This trend we understand is a National Trend and The Association of Credit Unions which we are members are focussing on this at their Annual General Meeting in March 2018.

- The net value of all loans to members at the end of the year had dropped to £598,050 (1.7%). The number of loans decreased from 1,446 to 1,128.
- The Junior Savers Scheme initiative to help promote savings in schools has over 900 pupils/toddlers holding accounts. Total savings from junior members rose from £31,126 to £43,437.
- Membership increased from 2,979 to 3,477 in the year. A net increase of 498.
- Net value of Members Shares rose by £135,205 or 27%.

The Credit Union made an operating surplus after taxation of £12,643 compared to £40,900 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 and rents for the new office. 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 to medium term.

With the value of reserves well above the minimum level needed the Directors paid an interim dividend of 0.5% (£2,908) as a reward to all members. This was based on the average balance saved during the year ended 30 September 2017. 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 decreased from 3.5% to 3.4%. The loans in arrears as a percentage has dropped from 3.3% to 2.5%.

The Credit Union currently has 9 members of staff, who are dedicated to providing excellent service to its members and stakeholders. The directors also must 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 2017

Directors

The Directors during the year under review were:

Bill Furness	David Radford
Michael Sanders	Martin Stone (resigned January 2017)
Paul Beeson	Clive Gray (resigned February 2017)
Steve Lee	Rachel Driver (resigned February 2017)
Al Murray	Anthony Dix (resigned April 2017)
Janet Taylor	Kathryn Sarvent (appointed August 2017)
Stephen Denham	Peter Innes (resigned November 2017)

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 Industrial and Provident Societies Acts. 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CREDIT UNION FOR THE YEAR ENDED 30 SEPTEMBER 2017

We have audited the financial statements of Chesterfield and North East Derbyshire Credit Union Limited on pages 6 to 16 for the year ended 30 September 2017. 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.

This report is made solely to the Credit Union's members, as a body, in accordance with the Credit Union Act 1979. Our audit work has been undertaken so that we might state to the Credit Union'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 Credit Union and the Credit Union's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility, as independent auditor, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with UK Generally Accepted Accounting Practice, the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, or if proper books of account have not been kept by the Credit Union. In addition, we state if we have not obtained all the information and explanations necessary for the purposes of our audit if the Credit Union's balance sheet and its revenue account are not in agreement with the books of account.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an

assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Credit Union's circumstances, consistently applied and adequately disclosed.

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 2017*

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the Credit Union's affairs as at 30 September 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

Philip Allsop (Senior Statutory Auditor)

for and on behalf of BHP LLP, Chartered Accountants 57-59 Saltergate
Statutory Auditor Chesterfield
Derbyshire
S40 1UL

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2017

Notes	2017	2016
	£	£
Income		
Interest on loans to members	13,699	13,505
Interest on FLS loans to members	118,638	
112,834		
Interest on loyalty loan	49,666	46,295
Grants received	21,796	49,364
Entrance fees	1,475	1,710
Bad debts recovered	4,732	6,809
CUEP Income	1,690	2,963
Bank interest received	506	266
Service fees and commission	437	457
	212,639	234,203
Expenditure		
Wages and salaries	95,432	93,174
Staff training	647	869
Audit and accountancy fees	3,285	3,195
Premises costs	16,041	15,771
Light and heat	2,118	6,634
Telephone	2,562	2,156
Printing, stationery and advertising	6,035	6,279
Interest and bank charges	757	25
Fidelity insurance	1,282	973
LP/LS insurance	4,956	4,123
Director's and officer's insurance	832	805
Employee liability insurance	302	-
ABCUL dues	1,942	2,108
Rates	2,575	2,544
Computer maintenance	5,375	1,852
Travel expenses	3,183	3,481
AGM expenses	-	54
Collection point expenses	900	-
General expenses	2,750	1,258
FCA fees	(416)	1,072
Legal and professional fees	825	2,248
Depreciation	4,244	5,432
Bad debts written off	45,196	36,020
Bad debt provision	(926)	3,135

		199,897	193,208
Operating surplus	2	12,742	40,995

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

INCOME AND EXPENDITURE ACCOUNT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

		2017	2016
		£	£
Operating surplus	2	12,742	40,995
Taxation	5	99	95
Transfer to general reserve (40,900)		(12,643)	
Transfer to capital grant reserve		-	-
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 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible fixed assets	7		9,830		14,074
Current assets					
Loans to members	8	577,951		586,663	
Other debtors		7,256		2,634	
Cash at bank and in hand		433,535		297,055	
			1,018,742		886,352
Creditors: amounts falling due within one year					
Accruals		7,793		16,888	
Grants in advance	9	47,015		54,812	
Other creditors		152		53	
			54,960		71,753
Net current assets			963,782		814,599
Net assets			973,612		828,673
Represented by:					
General reserve	10		163,391		153,656
Capital grant reserve	15		166,000		166,000
Amounts due to members:					
Members' shares	11		600,784		477,891
Juvenile Savings	12		43,437		31,126
			973,612		828,673

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

BALANCE SHEET (CONTINUED) *AS AT 30 SEPTEMBER 2017*

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

.....
Michael Sanders
Secretary

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

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 company. 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.

These financial statements for the year ended 30 September 2017 are the first financial statements of Chesterfield and NE Derbyshire Credit Union Ltd prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 October 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

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 charity 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 and to the extent the goods have been provided or on completion of the service.

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 2017

1 Accounting policies - continued

1.5 Taxation

As a not for profit organisation, Chesterfield and NE 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 $\frac{1}{3}$ % 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, 20% 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 2017

2 Operating surplus	2017	2016
	£	£
Operating surplus is stated after charging:		
Depreciation of tangible assets		4,244
5,432		
Auditors' remuneration - audit		3,285
3,195		
		=====
3 Interest receivable	2017	2016
	£	£
Interest on loans to members		182,002
172,634		
Bank interest received	506	266

	182,508	172,900
	=====	=====
4 Grants received	2017	2016
	£	£
Grants received in relation to:		
Wages and NIC	6,816	21,285
School Project grant	-	10,703
Accommodation costs	3,000	3,000
Other	11,980	
14,376		
	21,796	49,364
	=====	=====

5 Taxation

	2017	2016
	£	£
Domestic current year tax		
UK corporation tax	99	95
	<hr/> 99	<hr/> 95
	<hr/> <hr/>	<hr/> <hr/>

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 2017

6 Employees

The average number of persons employed by the company during the year was 9 (2016: 9).

7 Tangible fixed assets	Fixtures & fittings £	Computer Equipment £	Total £
Cost			
At 1 October 2016	20,093	32,180	
52,273			
Additions	-	-	
-			
At 30 September 2017	20,093	32,180	
52,273			
Depreciation			
At 1 October 2016	10,231	27,968	38,199
Charge for the year	2,112	2,132	4,244
At 30 September 2017	12,343	30,100	42,443
Net book value			
At 30 September 2017	7,750	2,080	9,830
At 30 September 2016	9,862	4,212	14,074

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

8 Loans to members	2017	2016
	£	£
At 1 October 2016	608,129	582,857
New loans	948,416	939,782
Interest on loans	177,757	176,337
Loan repayments	(1,091,056)	(1,054,827)
Loans written off	(45,196)	(36,020)
	598,050	608,129
Provision of doubtful debts (see below) (21,466)		(20,099)
At 30 September 2017	577,951	586,663
Number of loans	1,128	1,446
Loans to members as a percentage of total current assets 66.19%		56.69%
Provision for doubtful debts	Specific	General
Total		
	£	£
At 1 October 2016	13,027	8,439
21,466		
Movement in provision	(1,393)	26
At 30 September 2017	11,634	8,465
	20,099	

As a percentage of:	2017	2016
Total loans at year end	3.36%	3.52%

Analysis of loans in arrears	Total		3 to 6	6 to 9	9 to 12	Over 12	Total
	2017	2016					
Number		7	4	1	7	19	19
Amount		3,674	538	2,467	8,051	14,730	20,030

As a percentage of:	2017	2016
Total loans	1.95%	2.14%

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

9 Deferred income	£	
Deferred income at 1 October 2016	54,812	
Resources deferred during the year	14,000	
Amounts released from previous years (21,797)		
Deferred income at 30 September 2017	47,015	
10 General reserve	£	
At 1 October 2016	153,656	
Transfer from income and expenditure account	12,643	
Dividend	(2,908)	
At 30 September 2017	163,391	
11 Members' shares	2017	2016
	£	£
Amounts		
At 1 October 2016	477,891	396,632
Received during the year	809,967	844,659

Withdrawn during the year	(690,482)	(763,400)
At 30 September 2017	597,376	477,891
	2017	2016
Member numbers		
At 1 October 2016	2,979	2,417
Joined during the year	564	621
Resigned during the year	(66)	(59)
At 30 September 2017	3,477	2,979

CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

12 Juvenile savings	2017	2016
	£	£
Amounts		
At 1 October 2016	31,126	15,902
Received during the year	23,497	21,198
Withdrawn during the year	(11,186)	(5,974)
At 30 September 2017	43,437	31,126

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 2017 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£	£
Amounts payable		
Within one year	15,964	15,964
Between one and five years		9,968
25,932		

15 Capital grant reserve

	2017	2016
	£	£
Amounts		
At 1 October 2016	166,000	166,000
Grants received for Family Loan Scheme		-
-		
At 30 September 2017	166,000	166,000

16 Contingent liabilities

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