

**SALFORD CREDIT UNION LTD**

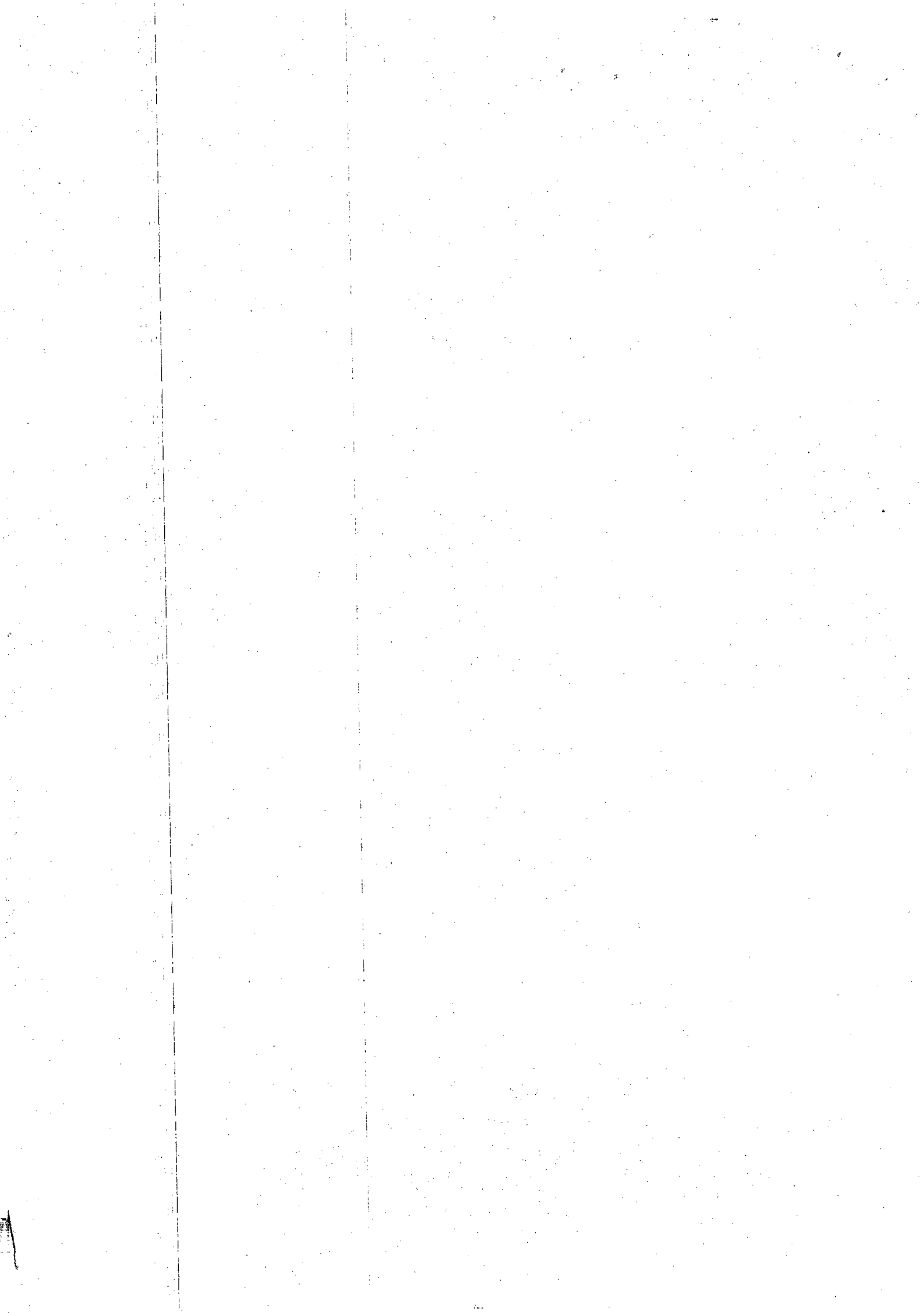
**Firm Reference No 213304**

**Registered No IP00120C**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 SEPTEMBER 2015**



**STATEMENT OF THE DIRECTOR'S RESPONSIBILITIES TO THE MEMBERS OF  
SALFORD CREDIT UNION LTD**

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS**

The directors are responsible for preparing financial statements for each financial year in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. In preparing those financial statements the directors are required to:-

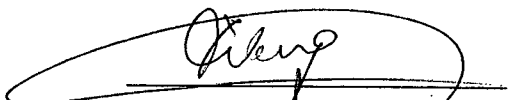
- show a true and fair view of the state of affairs of the Credit Union and the surplus/deficit for that period
- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare financial statements on a going concern basis unless this is inappropriate
- to presume that the Credit Union will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Credit Union, and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Credit Union Act 1979. They are also responsible for safeguarding the assets of the Credit Union, and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

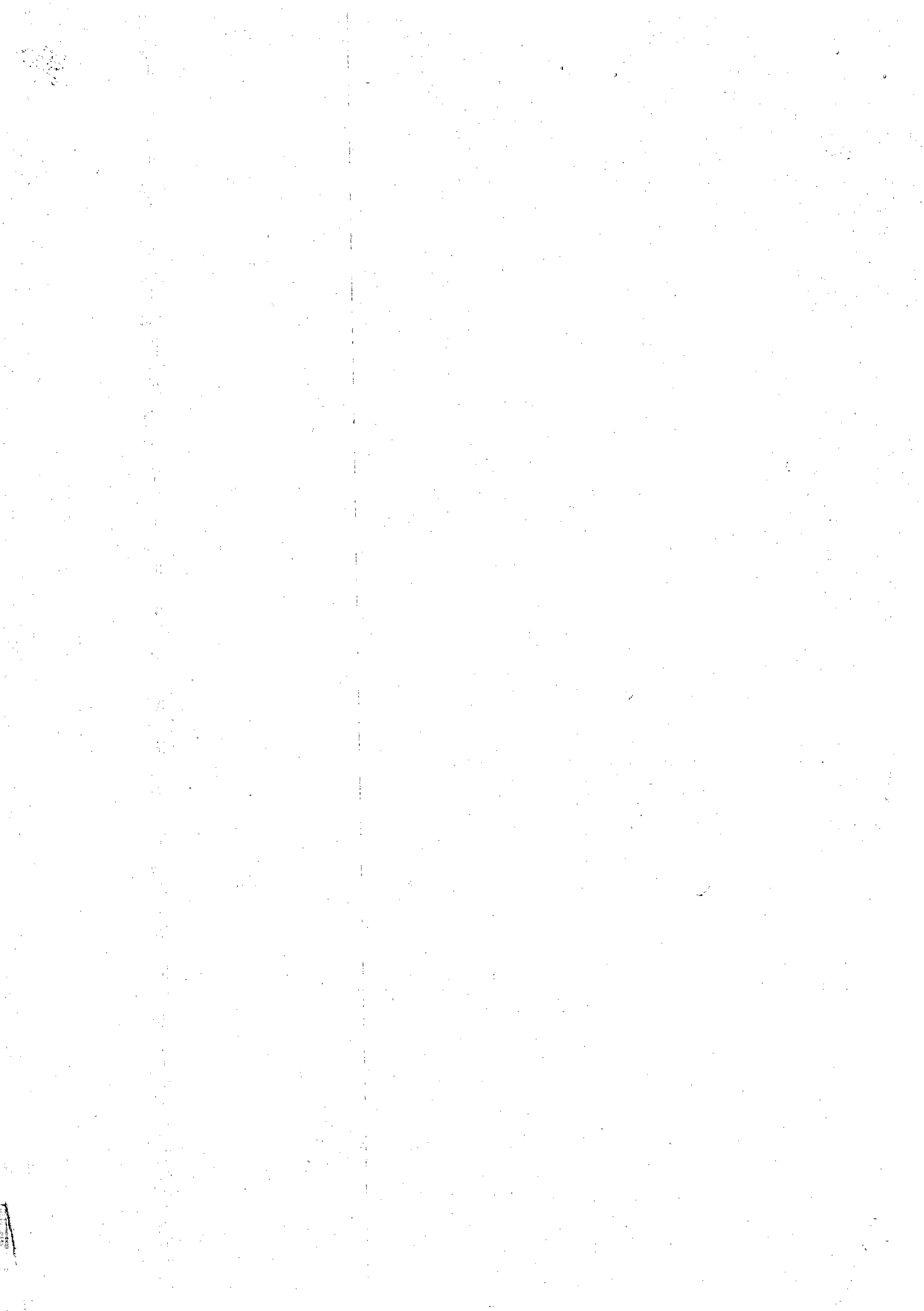
**ON BEHALF OF THE BOARD:**

Signature  Date: 18/1/2016

Name of Director 1: DEAN WATSON

Signature  Date: 18/1/2016

Name of Director 2: James King



**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF SALFORD CREDIT UNION LTD**

We have audited the financial statements of Salford Credit Union Ltd for the year ended 30 September 2015 which comprise the income and expenditure account, appropriation account, the statement of general reserve, the balance sheet and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The report is made solely for the Credit Union's members as a body, and our audit work has been undertaken so that we might state to the Credit Union's members those matters that 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 Credit Union's members as a body for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors including APB Ethical Standard – Provisions Available for Small Entities (Revised), in the circumstances set out in Note 5 to the Financial Statements.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Credit Union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON THE FINANCIAL STATEMENTS**

In our opinion the financial statements:

- Give a true and fair view of the state of the Credit Union's affairs as at 30 September 2015 and of its income and expenditure for the year then ended; and,
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and with the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

**OTHER MATTERS**

The financial statements of Salford Credit Union Ltd for the year ended 30 September 2014 were audited by another auditor who expressed an unqualified opinion on those statements on 12 March 2015.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

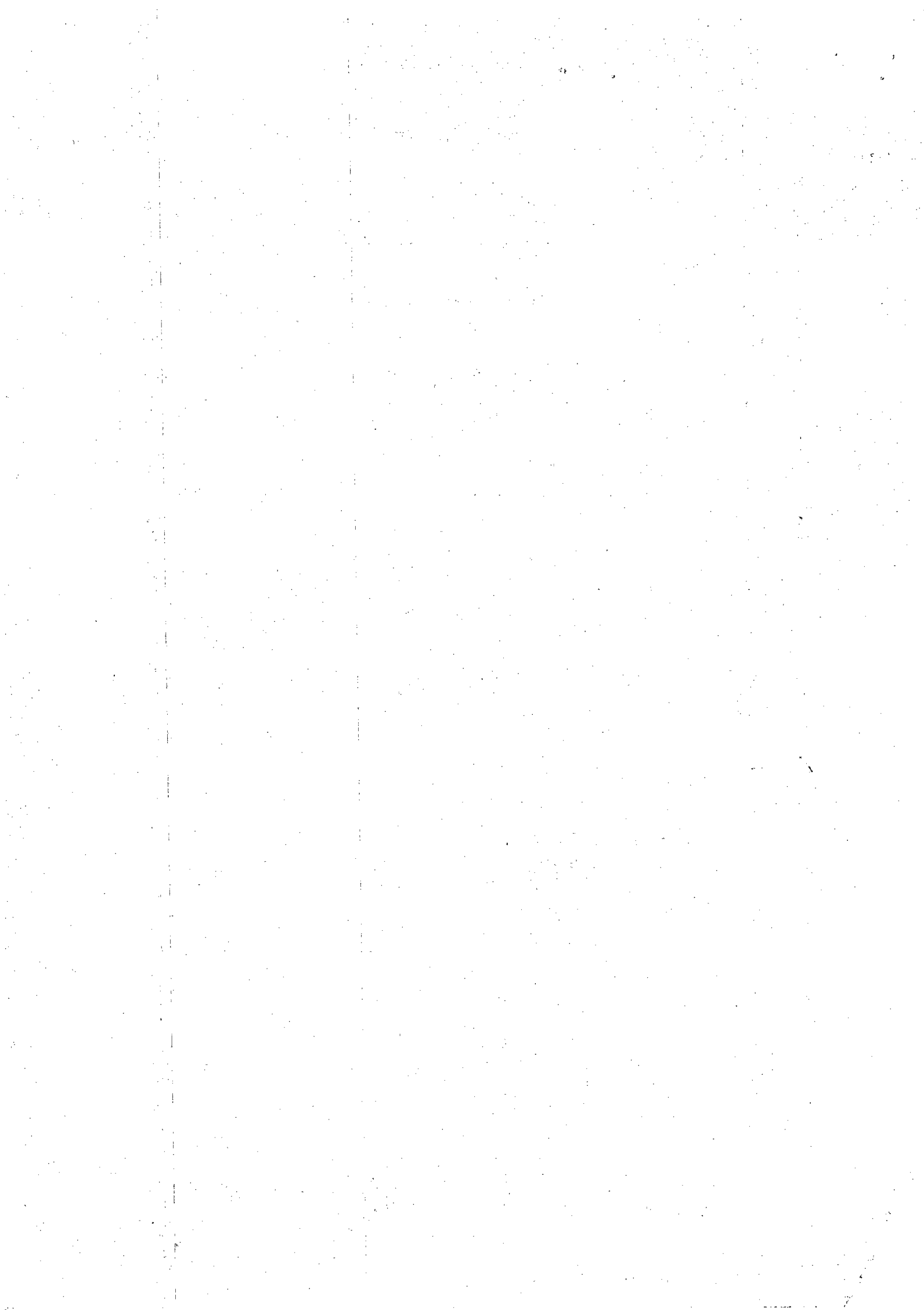
We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- Proper books of account have not been kept by the Credit Union in accordance with the requirements of the legislation.
- A satisfactory system of control over transactions has not been maintained by the Credit Union in accordance with the requirements of the legislation,
- The revenue account or the other accounts (if any) to which our report relates, and the balance sheet are not in agreement with the books of account of the credit union.
- We have not obtained all the information and explanations necessary for the purposes of our audit.

 2/2/2016

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**David Adams FCA (Senior Statutory Auditor)**

**For and on behalf of Lindley Adams Ltd  
Chartered Accountants and Statutory Auditors  
28, Prescott Street, Halifax, HX1 2LG**



## SALFORD CREDIT UNION LTD

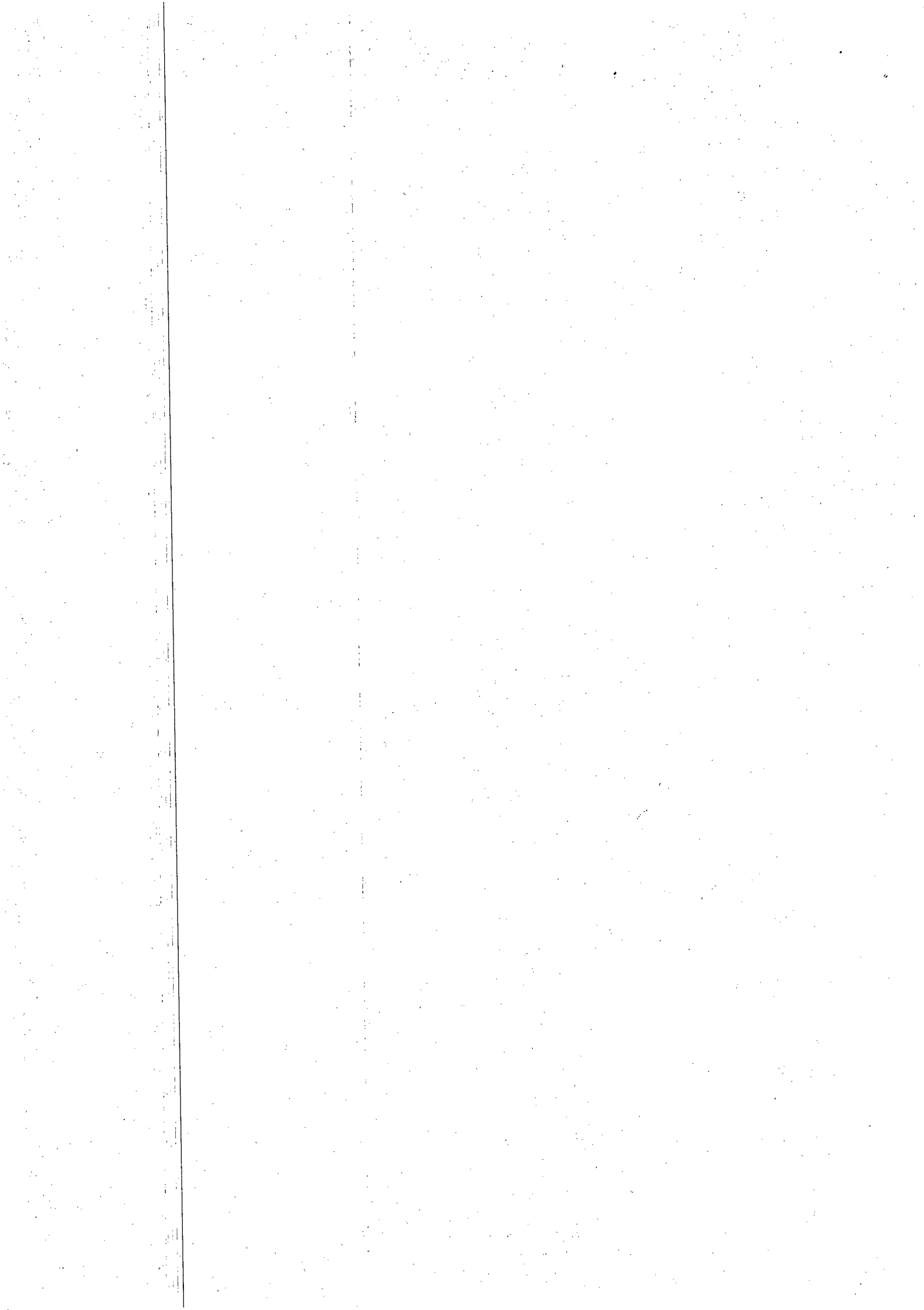
Income and Expenditure Account for the year ended 30 September 2015

INCOME	Notes	2015	2014
Entrance fees		660	1,511
Income from standard loans to members.	2	213,139	240,901
Income from interest bearing deposits		15,633	11,115
Bad Debts recovered		15,493	16,227
Grants released		24,909	15,428
Other income: Donations / Other Income		7,819	16,363
<b>TOTAL INCOME FOR THE YEAR</b>		<b>277,653</b>	<b>301,545</b>
<b>EXPENDITURE</b>			
Administration Expenses		194,736	216,012
Auditors Remuneration		3,324	2,556
Fidelity Bond Insurance		2,982	5,652
Bad Debt Provision		9,786	(10,575)
Bad Debts written off		21,884	86,186
Bank Charges		9,106	5,234
Interest on Subordinated Loan		1,190	-
Savings & Loan Insurance		1,597	2,181
FCA/PRA Fees		3,136	3,534
Profit on sale of Building / Improvements to building	11	-	(144,812)
Depreciation of assets	3	14,339	1,790
<b>TOTAL EXPENDITURE FOR THE YEAR</b>		<b>262,080</b>	<b>167,758</b>
<b>SURPLUS FOR YEAR BEFORE TAX</b>		<b>15,573</b>	<b>133,787</b>
<b>TAXATION</b>		<b>3,125</b>	<b>11,585</b>
<b>SURPLUS FOR YEAR AFTER TAX</b>		<b>12,448</b>	<b>122,202</b>
Appropriations:-			
To General Reserve compulsory transfer		2,490	24,440
To (From) General Reserve voluntary transfer		9,958	97,762
<b>TOTAL APPROPRIATIONS</b>		<b>12,448</b>	<b>122,202</b>

Note :There are no recognised gains or losses other than those included on the income and expenditure account

All figures included on the income and expenditure account are from continuing activities.



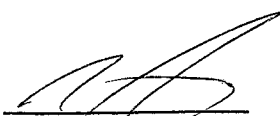


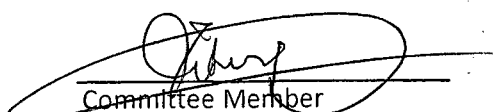
## SALFORD CREDIT UNION LTD


Balance Sheet as at 30 September 2015

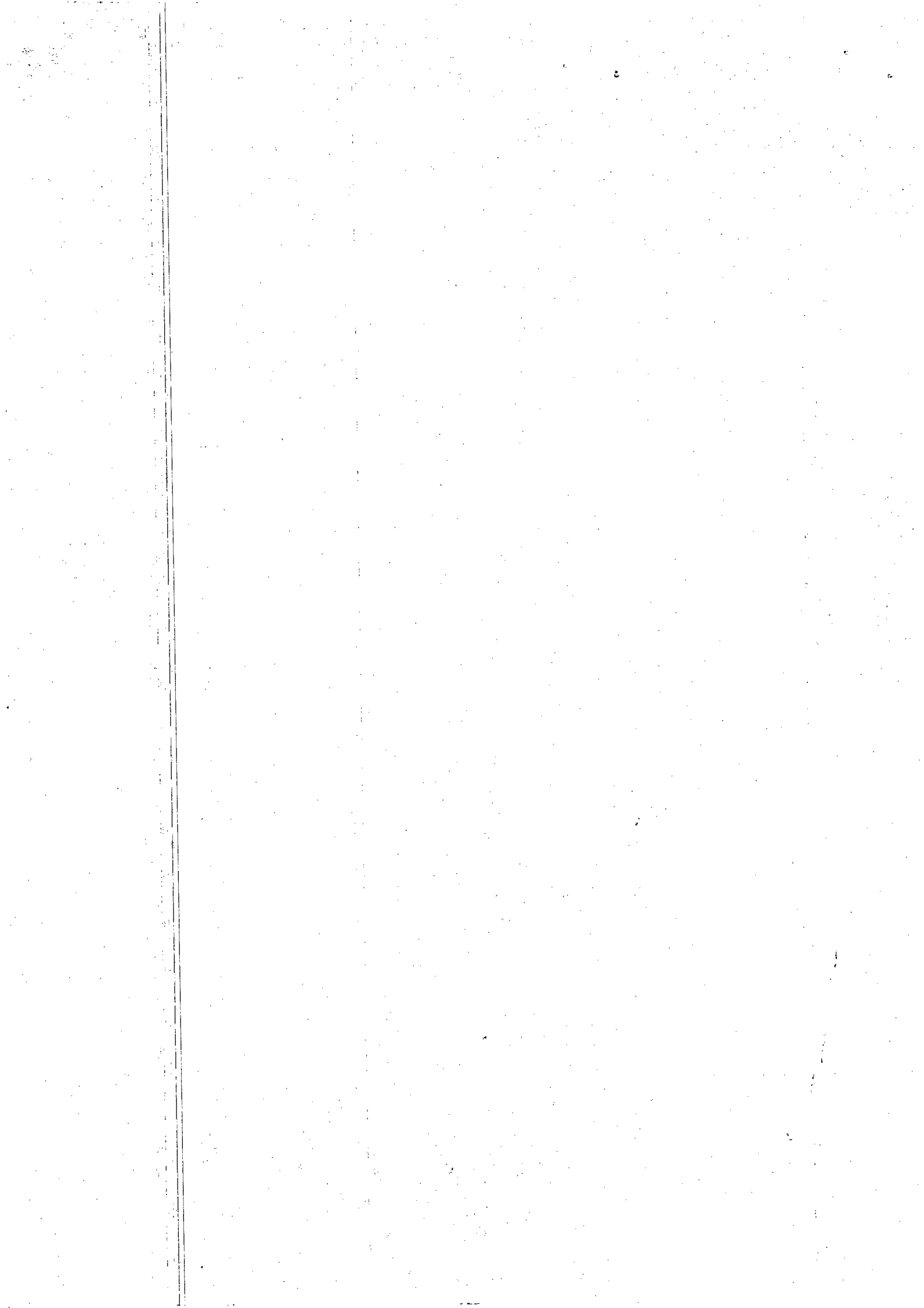
	Notes	2015	2014
<b>FIXED ASSETS</b>	3	516	5,213
<b>MEMBERS LOAN ACCOUNTS</b>			
Standard Loan balances	2	1,045,594	1,241,064
Less provision for unperforming loans		<u>(92,820)</u>	<u>(83,034)</u>
		952,774	1,158,030
<b>SUNDRY DEBTORS AND PREPAYMENTS</b>		13,021	3,161
<b>INVESTMENTS</b>	4	1,000,000	1,010,456
<b>IMMEDIATE LIQUIDITY</b>			
Cash at bank on current account.		512,705	366,896
Cash in hand.		<u>83</u>	<u>208</u>
		<u>512,788</u>	<u>367,104</u>
		512,788	367,104
<b>TOTAL ASSETS</b>		<u><u>2,479,099</u></u>	<u><u>2,543,964</u></u>
<b>LIABILITIES</b>	2		
Ordinary members shares repayable on demand		2,256,347	2,304,088
Junior Members Shares		<u>101,915</u>	<u>105,717</u>
		2,358,262	2,409,805
<b>OTHER PAYABLES</b>			
Creditors and accruals		4,190	6,592
Grants carried forward:			
Booths charities		3,335	-
Capital Grant		673	2,019
Computers/IT		11,324	33,221
Subordinated loan	9	8,800	-
Corporation tax due within one year		<u>3,125</u>	<u>11,585</u>
		31,447	53,417
<b>OTHER CAPITAL</b>			
Subordinated loan	8,9	<u>40,200</u>	<u>44,000</u>
		40,200	44,000
<b>RETAINED EARNINGS</b>			
General reserve	8	<u>49,190</u>	<u>36,742</u>
		49,190	36,742
<b>TOTAL LIABILITIES</b>		<u><u>2,479,099</u></u>	<u><u>2,543,964</u></u>

We hereby approve and adopt the attached accounts for circularisation to our members.

  
Committee Member  
DEAN WATSON  
18/11/2016

  
Committee Member  
JIM KING  
18/11/2016

  
Secretary  
Date  
18/11/2016  
ALEC MCFADDEN



## SALFORD CREDIT UNION LTD

## NOTES ON THE ACCOUNTS

**1 ACCOUNTING POLICIES****a. Basis of preparation**

The financial statements have been prepared under the historical cost accounting rules and in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Credit Union Act 1979. Applicable accounting standards have been followed.

**b. Tangible fixed assets and depreciation**

Fixed Assets are stated at cost. Depreciation of fixed assets is charged by equal instalments commencing in the year of acquisition at rates estimated to write off their cost less any residual value over their expected useful life as follows:

Office Furniture & Fittings	5 years
Computers	4 years
Secured by grant	1 year

**c. Interest**

Interest is accounted for on the basis of amounts receivable or payable.

**d. Bad and doubtful debts**

Provision for Doubtful Debts is stated after specifically reviewing all loans in arrears. The criteria used is whether the loan will be repaid within the medium term and whether there is a regular pattern of repayments.

**e. Dividends**

Dividends are accounted for when approved by the vote of members.

**2 SUMMARY OF MEMBERS SHARE (including Juniors) AND LOAN ACCOUNTS**

	SHARES		LOANS	
	2015	2014	2015	2014
Balances brought forward from last year	2,409,805	2,689,423	1,241,064	1,520,715
Shares saved and loans repaid.	5,437,198	2,922,184	(1,319,879)	(1,656,082)
Dividends paid	-	-		
Shares withdrawn	(5,488,741)	(3,201,802)		
Loans granted			933,153	1,205,489
Interest charged			213,139	240,901
Loans Written Off and Recovered			(21,884)	(69,959)
<b>Balances carried forward to next year.</b>	<b>2,358,262</b>	<b>2,409,805</b>	<b>1,045,593</b>	<b>1,241,064</b>

**3 TANGIBLE FIXED ASSETS COST**

	Computers	Office Furniture	TOTAL
At 30th September 2014	14,209	2,078	16,287
Additions during year	8,994	648	9,642
Disposals during year	-	(1,668)	(1,668)
At 30th September 2015	23,203	1,058	24,261

**DEPRECIATION**

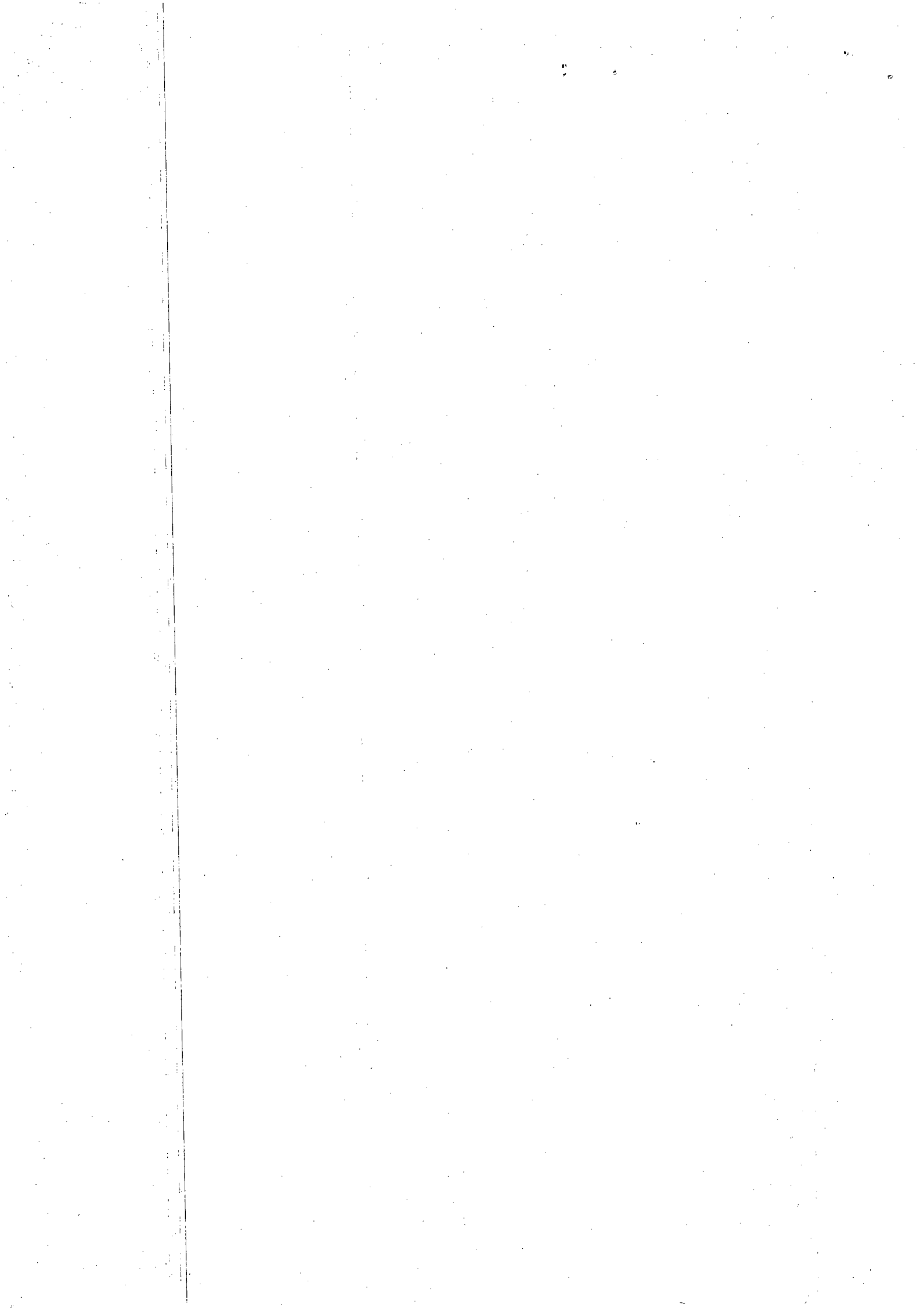
At 30th September 2014	9,078	1,996	11,074
Charged in these accounts	14,125	214	14,339
Depreciation on disposal	-	(1,668)	(1,668)
At 30th September 2015	23,203	542	23,745

**NET BOOK VALUE**

At 30th September 2015	-	516	516
At 30th September 2014	5,131	82	5,213

**4 INVESTMENTS**

	2015	2014
14 Day Notice Miscellaneous Grant Account	-	2
14 Day Notice Salford Loan Scheme Account	-	9,706
Fixed rate deposit accounts	1,000,000	1,000,748
	<b>1,000,000</b>	<b>1,010,456</b>



**5 NON AUDIT SERVICES**  
 In common with many other Credit Unions of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist us with the preparation of the financial statements.

**6 NUMBER OF MEMBERS (including Juniors)**

	2015	2014
Number at beginning of year	4,291	4,845
Joined during year	337	584
Lapsed during year	(754)	(1,138)
Number at end of year.	<u>3,874</u>	<u>4,291</u>

**7 RELATED PARTY TRANSACTIONS**  
 During the year, 7 members of the board, staff and 7 their close relatives were granted or held loans with the Credit Union. In 2 cases such loans were approved on the same basis as loans to other members of the credit union. In 5 cases, a separate staff rate of 6.168% per annum was granted in accordance with section 30 of the credit union rules and CREDS section 7.2.7(1)(a). Subject to this none of the directors and staff have had any preferential terms on their loans.

**8 GOING CONCERN**  
 The credit union must maintain a minimum Capital-To-Total assets ratio of 3%, in accordance with PRA Guidelines outlined under CREDS 5.3.1 (T.P. 1.1). This is calculated as follows:-

	2015	2014
Regulatory capital is made up of:		
General reserve	49,190	36,742
Subordinated loanee below note	40,200	44,000
<b>CAPITAL</b>	<u>89,390</u>	<u>80,742</u>
Fixed Assets	516	5,213
Loans, Net of provisions	952,774	1,158,030
Sundry Debtors and prepayments	13,021	3,161
Investments	1,000,000	1,010,456
Cash and Bank	512,788	367,104
<b>TOTAL ASSETS</b>	<u>2,479,099</u>	<u>2,543,964</u>
<b>CAPITAL TO TOTAL ASSETS RATIO (A / B x 100):</b>	3.61%	3.17%

**9 SUBORDINATED LOAN**  
 During the year, to boost regulatory capital, the credit union received a subordinated loan of £5,000, which is repayable over 5 years. Of £44,000 in loans received in the 2013-14 year, £8,800 has been written down in accordance with CREDS 5.2.7. The capital carried forward is made up of:

	2015	2014
Capital written down	Amount	Years elapsed
Loans Granted in 2013-14	8,800	1
Loans Granted in 2014-15	0	0
Carried forward	<u>8,800</u>	<u>40,200</u>
as a Creditor		
Capital c/f	Amount	Years remaining
Total Loan	40,200	4
as Capital	5,000	5
	<u>49,000</u>	<u>44,000</u>
	<u>5,000</u>	<u>49,000</u>

**10 POST BALANCE SHEET EVENTS**  
 On 17 November 2015 the credit union was granted £63,360 from Lloyds Banking Foundation for the purpose of increasing capital-asset ratio to above 5% and allow growth in both membership and assets.  
 In addition to this £10,000 has been granted by Salford Council's community committees to assist with IT upgrades, marketing and equipment.



## SALFORD CREDIT UNION LTD

## NOTES ON THE ACCOUNTS (CONT.)

## 1 SALE AND DISPOSAL OF PROPERTY

On 16 July 2014 the property at 6 Great Clowes Street, Lower Broughton, Salford, M7 1RE was sold for £200,000. The profit on sale of £144,812 on the Income and Expenditure is made up of:

Sale Proceeds	200,000	
- Solicitors fees and disbursements	(7,726)	
+ Revaluation surplus to 28 June 2013	120,032	See additional note
<b>Proceeds of Disposal</b>	<b>312,306</b>	<b>A</b>
Revalued cost of property at 28 June 2013	150,000	
+ Improvements made to property from date of purchase	56,708	
Less accumulated depreciation to 30 September 2013	(39,214)	
<b>Cost of Disposal</b>	<b>167,494</b>	<b>B</b>
<b>Profit on Disposal (A - B)</b>	<b>144,812</b>	

Additional Note:

A Revaluation was carried out by Wignall Brownlow LLP, Chartered Surveyors of 334 Deansgate, Manchester on 28 June 2013, who have valued the property at £150,000 on an Existing Use Value (EUV). This resulted in a surplus of £120,032 which was shown on the balance sheet under Other capital. This could not be presented as **regulatory capital** as this did not meet criteria outlined in CREDS 5.2.1 (8), therefore to ensure that this reserve is included as part of regulatory capital, this has been included as part of the proceeds on disposal. The effective profit on disposal (minus revaluation reserve) is **£24,780**.



