

Registration number: 213306

Police Credit Union Limited

Financial Statements

For the Year Ended 30 September 2015



Hallidays
Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Police Credit Union Limited

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Police Credit Union Limited

Professional advisors

Year Ended 30 September 2015

Registered office	Guardians House 2111 Coventry Road Sheldon Birmingham B26 3EA
Bankers	Barclays Bank Plc Liverpool Business Centre Lord Street Liverpool L2 1TD
Auditors	Hallidays Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD

Police Credit Union Limited

The Committee of Management Report

Year ended 30 September 2015

The committee of management have pleasure in presenting their report and the financial statements of the credit union for the year ended 30 September 2015.

Directors

The directors who held office during the year were as follows:

Mr P Watson - Chairman

Mr B Longdon (resigned 16 January 2015)

Mr A J Duncan Credit Union Secretary

Mr N D Alston

Mr C Jones (resigned 4 December 2014)

Mr N Rabbitts

Mr S Grange

Mr C McDermott (resigned 10 October 2014)

Mr J Bruce (resigned 10 October 2014)

Mr J Skinner

Mr M Richardson

Mr P Chapple

Mr G Thorburn

Mr M Salt (appointed 30 January 2015)

Mr J Sheeran (appointed 11 December 2014)

Principal activities and business review

The principal activity of the credit union during the year was that of the provision of savings and lending facilities for the benefit of its members.

The qualification for admission to membership of the Credit Union is restricted to:

- a) An individual who follows an occupation in the following "Minor" or "Unit" Groups of the Office of National Statistics' Standard Occupational Classification:
 - i) 331 Protective Services Occupations.
 - ii) 411 Administrative Occupations: Government and Related Organisations.
 - iii) 117 Senior Officers in Protective Services.
 - iv) 244 Welfare Professionals.
- b) An individual associated with other members by virtue of receiving a pension as a result of following the occupations listed in a).
- c) An individual who is a member of the same household as, and is a relative of, an individual who is a member of the Credit Union and falls directly within (a) or (b) of the common bond specified above
- d) A body corporate, an individual in his/her capacity as a partner in a partnership, an individual in his/her capacity as an officer or member of the governing body of an unincorporated association, if the body corporate, partnership or unincorporated association is associated with the individuals in (a) or (b) above in the following way:
 - i) It employs or otherwise engages persons who follow the above occupations and/or associated occupations;
 - ii) It relates to the above occupations and/or associated occupations in the following way:

Police Credit Union Limited

The Committee of Management Report

...Continued

Year ended 30 September 2015

It is a provider of and/or employs or otherwise engages individuals involved in trade union, credit union, social and welfare, ancillary or contracted services to the above occupations and/or associated occupations.

- **331 Protective Service Occupations**
- 3311 NCOs and other ranks
- 3312 Police officers (sergeant and below)
- 3314 Prison service officers (below principal officer)
- 3315 Police community support officers
- 3319 Protective service associate professionals n.e.c.

- **411 Administrative Occupations**
- 4112 National Government administrative occupations
- 4113 Local Government administrative occupations
- 4114 Officers of non-government organisations

- **117 Senior Officers in Protective Services**
- 1171 Officers in armed forces
- 1172 Senior police officers
- 1173 Senior officers in prison and related services

- **244 Welfare Professionals**
- 2443 Probation Officers

Results and dividends

The accounts show the results for the 12th year's activities for the combined operations.

The surplus for the year, after taxation, amounted to £882,066. Particulars of dividends paid are detailed in note 4 to the financial statements.

The dividend is calculated at 1 % (2014 1.2%) for the Member Accounts and Junior Accounts, projected 1.3% for the ISA Accounts (2014 1.6%). The remainder of the surplus is transferred to the general reserve.

Police Credit Union Limited

The Committee of Management Report

...Continued

Year ended 30 September 2015

The committee of management responsibilities

The committee of management is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Credit Union law requires the committee of management to prepare financial statements for each financial year. Under that law the committee of management has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under credit union law the committee of management must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the credit union and of the surplus or deficit of the credit union for that period. In preparing these financial statements, the committee of management is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The committee of management is responsible for keeping adequate accounting records that are sufficient to show and explain the credit union's transactions and disclose with reasonable accuracy at any time the financial position of the credit union and enable it 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.

In so far as the committee of management is aware:

- there is no relevant audit information of which the credit union's auditor is unaware; and
- the committee of management has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditor is aware of that information.

Donations

During the year the credit union made charitable donations of £5,300 (2014, £2,444).

Auditor

Hallidays will be recommended for re-appointed at the AGM under The Co-operative and Community Benefit Societies Act 2014.

Registered Office

Guardians House
2111 Coventry Road
Sheldon
Birmingham
B26 3EA

Approved by the Board on.....

.....
Mr A J Duncan
Credit Union Secretary

Independent Auditor's Report to the Members of Police Credit Union Limited

We have audited the financial statements of Police Credit Union Limited for the year ended 30 September 2015, set out on pages 7 to 14. 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).

This report is made solely to the credit union members, as a body, in accordance with Section 87, Part 7 of Chapter 14 of The Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the credit unions 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 opinions we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the Committee of management Responsibilities, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they 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.

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 committee of management report to identify material inconsistencies with the audited financial statements. 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 surplus 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.

Opinion on other matter prescribed by The Co-operative and Community Benefit Societies Act 2014

In our opinion the information given in the Committee of management Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of
Police Credit Union Limited**

... Continued

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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

.....
Philip Jones BA FCCA (Senior Statutory Auditor)
For and on behalf of Hallidays, Statutory Auditor

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Date:.....

Police Credit Union Limited
Income and Expenditure Account
Year Ended 30 September 2015

	Note	2015 £	2014 £
Income		3,143,018	3,512,364
Administrative expenses		(2,217,871)	(2,233,392)
Surplus on ordinary activities before taxation		925,147	1,278,972
Tax on profit on ordinary activities	3	(43,081)	(66,000)
Surplus for the financial year		<u>882,066</u>	<u>1,212,972</u>

All of the activities of the credit union are classed as continuing.

The credit union has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 14 form an integral part of these financial statements.

Police Credit Union Limited

(Registration number: 213306)

Balance Sheet at 30 September 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible fixed assets	5	296,405	-
Tangible fixed assets	6	493,282	548,987
		<u>789,687</u>	<u>548,987</u>
Current assets			
Debtors	7	34,593,983	36,116,953
Cash at bank and in hand		23,633,851	21,320,446
		<u>58,227,834</u>	<u>57,437,399</u>
Creditors: Amounts falling due within one year	8	(1,095,021)	(1,088,988)
Net current assets		<u>57,132,813</u>	<u>56,348,411</u>
Net assets		<u>57,922,500</u>	<u>56,897,398</u>
Capital and reserves			
Called up share capital	9	51,407,524	50,597,595
General reserves	10	5,125,892	4,818,520
Revenue reserves	10	1,000,000	1,000,000
Income and expenditure account	11	389,084	481,283
Shareholders' funds		<u>57,922,500</u>	<u>56,897,398</u>

These financial statements have been prepared in accordance with the version one provisions for credit union under The Co-operative and Community Benefit Societies Act 2014.

Approved and authorised for issue by the Board on and signed on its behalf by:

.....
Mr P Watson
Chairman

.....
Mr A J Duncan
Credit Union Secretary

.....
Mr N Rabbitts
Director

The notes on pages 9 to 14 form an integral part of these financial statements.

Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2015

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements.

Income

Income shown in the income and expenditure account represents amounts received during the year.

The policy of the credit union is to recognise revenue on the interest received on loans to members on a daily basis.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Computer Software and Website	10 years

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Freehold Property	2 % straight line basis
Fixtures and Fittings	10 % reducing balance basis
Office Equipment	25 % reducing balance basis
Property Improvements	2 % straight line basis

Intangible assets

Computer software expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future economic benefits from the project.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the credit union after deducting all of its liabilities.

Taxation

UK Corporation tax is calculated on bank interest received during the year.

Provision for doubtful debts

The provision for doubtful debts is made in accordance with guidance issued by the PRA/FCA.

Amount of interest

Interest receivable on loans and other investments of the credit union are accounted for on the accruals basis.

Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2015

...continued

2. Operating Surplus

Operating surplus is stated after charging:

	2015	2014
	£	£
Depreciation of owned fixed assets	44,204	57,007
Loss on disposal of fixed assets	18,540	8,738
Auditor's fees	9,466	9,190
Amortisation	15,480	-
	<u>15,480</u>	<u>-</u>

3. Taxation on Ordinary Activities

Analysis of charge in the year

	2015	2014
	£	£
Current tax:		
UK Corporation tax based on the results for the year	43,081	66,000
Total current tax	<u>43,081</u>	<u>66,000</u>

4. Dividends

	2015	2014
	£	£
Paid during the year:		
Dividends on members shares (Including ISA dividend)	<u>669,998</u>	<u>825,454</u>
Proposed at the year-end:		
Dividends on members shares (Excluding ISA dividend)	<u>389,084</u>	<u>481,283</u>

Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2015

...continued

5. Intangible fixed assets

	Computer software and website £	Total £
Cost		
Additions	311,885	311,885
At 30 September 2015	<u>311,885</u>	<u>311,885</u>
Amortisation		
Charge for the year	15,480	15,480
At 30 September 2015	<u>15,480</u>	<u>15,480</u>
Net book value		
At 30 September 2015	<u><u>296,405</u></u>	<u><u>296,405</u></u>

6. Tangible fixed assets

	Freehold property £	Fixtures & fittings £	Office equipment £	Property improvement £	Total £
Cost or valuation					
At 1 Oct 2014	358,239	105,339	415,346	151,031	1,029,955
Additions	-	901	3,450	2,690	7,041
Disposals	-	-	(131,828)	-	(131,828)
At 30 Sep 2015	<u>358,239</u>	<u>106,240</u>	<u>286,968</u>	<u>153,721</u>	<u>905,168</u>
Depreciation					
At 1 Oct 2014	87,393	73,760	293,664	26,151	480,968
Charge for the year	7,165	3,212	30,767	3,061	44,205
Eliminated disposal	-	-	(113,287)	-	(113,287)
At 30 Sep 2015	<u>94,558</u>	<u>76,972</u>	<u>211,144</u>	<u>29,212</u>	<u>411,886</u>
Net book value					
At 30 Sep 2015	<u>263,681</u>	<u>29,268</u>	<u>75,824</u>	<u>124,509</u>	<u>493,282</u>
At 30 Sep 2014	<u>270,846</u>	<u>31,579</u>	<u>121,682</u>	<u>124,880</u>	<u>548,987</u>

Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2015

...continued

7. Debtors

	2015	2014
	£	£
Amounts due from members for loans	34,498,834	36,080,826
Provision for doubtful debts	(440,008)	(523,359)
Prepayments and accrued income	335,157	359,486
Subordinated Debt	200,000	200,000
	34,593,983	36,116,953

Debtors includes £200,000 (2014: £200,000) receivable after one year.

This can be analysed as follows:

	2015	2014
	£	£
Subordinated debt	200,000	200,000
	200,000	200,000

8. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Other creditors including taxation:		
Due to Junior Depositors	932,851	888,216
Corporation Tax	43,081	66,000
Other Creditors	119,089	134,772
	1,095,021	1,088,988

9. Share capital

Members share balances:

	2015	2014
	£	£
Balance brought forward:	50,597,595	49,370,934
Net increase in shares	809,929	1,226,661
Balance carried forward	51,407,524	50,597,595

Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2015

...continued

10. Reserves

	2015	2014
	£	£
General reserve balance brought forward:	4,818,520	4,479,096
Transfer from /(to) the Income & Expenditure Account	304,267	536,268
Transfer from /(to) revenue reserves	-	(200,000)
Over provided dividend	3,105	3,156
	<u>5,125,892</u>	<u>4,818,520</u>

	2015	2014
	£	£
Revenue reserve balance brought forward:	1,000,000	800,000
Transfer from /(to) the Income & Expenditure Account	-	-
Transfer from /(to) general reserves	-	200,000
	<u>1,000,000</u>	<u>1,000,000</u>

11. Income and expenditure account

	2015	2014
	£	£
Surplus for the financial year	882,066	1,212,972
ISA Dividends paid	(188,715)	(195,421)
Transfer to general reserve	(304,267)	(536,268)
Transfer to revenue reserve	-	-
	<u>389,084</u>	<u>481,283</u>

Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2015

...continued

12. Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Surplus for the financial year	882,066	1,212,972
Net increase in shares	809,929	1,226,661
Dividends paid	(669,998)	(825,454)
Over provided dividend	3,105	3,156
	<hr/>	<hr/>
Net addition to shareholders' funds	1,025,102	1,617,335
Opening shareholders' funds	56,897,398	55,280,063
	<hr/>	<hr/>
Closing shareholders' funds	<u>57,922,500</u>	<u>56,897,398</u>

13. Related party transactions:

No transactions with related parties were undertaken such as a required to be disclosed under Financial Reporting Standard 8.

Police Credit Union Limited
Detailed Income and Expenditure Account
Year Ended 30 September 2015

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 5 to 6.

Police Credit Union Limited

Detailed Income and Expenditure Account

Year Ended 30 September 2015

	2015 £	2014 £
Income		
Interest on loans	2,773,126	2,988,772
Accident and sickness insurance	1,272	3,171
Bad debt recovery	69,217	73,505
Joining fees	125	100
Sundry income	57,875	94,146
Lottery funds	26,000	26,000
Interest from loans to other credit unions	10,000	9,984
Bank interest received	205,403	316,686
	<u>3,143,018</u>	<u>3,512,364</u>
Employment costs		
Wages and salaries	1,030,758	992,523
	<u>1,030,758</u>	<u>992,523</u>
Establishment costs		
Insurance	196,350	202,887
Office expenses	58,649	71,234
Association dues & affiliation fees	78,061	67,821
	<u>333,060</u>	<u>341,942</u>
General administrative expenses		
Telephone and fax	37,654	26,565
Committee of management and staff training	68,623	33,655
Computer software and maintenance costs	157,579	70,181
Printing, postage and stationery	61,289	57,733
Charitable donations	5,300	2,444
Sundry expenses	15,851	13,573
Accountancy fees		-
Auditors remuneration – The audit of the credit union	9,466	9,190
Legal and professional fees	76,735	97,482
Advertising	99,838	137,191
Travel and subsistence	90,557	87,564
Bad debts written off	206,320	219,523
	<u>829,212</u>	<u>755,101</u>

