

FCA Registration number: 213306

# Police Credit Union Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2017

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

# **Police Credit Union Limited**

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# **Police Credit Union Limited**

## **Credit Union Information**

<b>Chairman</b>	Mr N Rabbitts
<b>Directors</b>	Mr N Rabbitts Mr P Watson Mr A J Duncan Mr N D Alston Mr S Grange Mr M Richardson Mr J Sheeran Mr M Salt
<b>Registered office</b>	Guardians House 2111 Coventry Road Sheldon Birmingham B26 3EA
<b>Bankers</b>	Barclays Bank Plc Liverpool Business Centre Lord Street City Business Centre Liverpool L2 1TD
<b>Auditors</b>	Hallidays Statutory Auditor Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD

## **Police Credit Union Limited**

### **Directors' Report Year Ended 30 September 2017**

The directors present their report and the financial statements for the year ended 30 September 2017.

#### **Directors of the Credit Union**

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

Mr N Rabbitts - Chairman

Mr P Watson

Mr A J Duncan - Director

Mr N D Alston

Mr S Grange

Mr M Richardson

Mr P Chapple (resigned 22 February 2017)

Mr G Thorburn (resigned 22 February 2017)

Mr J Sheeran

Mr M Salt

#### **Dividends**

The directors recommend a final dividend payment of £418,907 be made in respect of the financial year ended 30 September 2017. This dividend has not been recognised as a liability in the financial statements.

#### **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.

## Police Credit Union Limited

### Directors' Report Year Ended 30 September 2017

#### Results and dividends

The accounts show the results for the years activities for the combined operations.

The surplus for the year, after taxation, amounted to £639,858

The dividend is calculated at 1.0% (2016: 0.3%) for the Member Accounts and Junior Accounts.

#### The common bond qualifications for membership is as follows:

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:-

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-governmental 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

## **Police Credit Union Limited**

### **Directors' Report Year Ended 30 September 2017**

#### **Directors responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Credit Union Law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors must not approve the financial statements unless they are 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 directors are 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 directors are 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 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.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Credit Union's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

#### **Reappointment of auditors**

Hallidays will be recommended for re-appointment at the AGM under the Co-operative and Community Benefits Societies Act 2014.

Approved by the Board on 20 March 2018 and signed on its behalf by:

.....  
Mr N Rabbitts  
Chairman

.....  
Mr A J Duncan  
Director

.....  
Mr N D Alston  
Director

## **Police Credit Union Limited**

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

#### **Opinion**

We have audited the financial statements of Police Credit Union Limited for the year ended 30 September 2017, set out on pages 9 to 20. 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), including FRS 102 "The Financial reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Credit Union's 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 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 opinions we have formed.

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 2017 and of its profit 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 Credit Union 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 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 Credit Union's ability 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.

## **Police Credit Union Limited**

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

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual 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, except to the extent otherwise explicitly stated in our report, 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.

#### **Opinion on other matters prescribed by The Co-operative and Community Benefit Societies Act 2014**

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 2017 and of its profit 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.

#### **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.

#### **Respective responsibilities of The Board of Directors**

As explained more fully in the The Board of Directors' Responsibilities (set out on page 3), the directors are 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 the directors determine 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 Board of Directors are responsible for assessing the Credit Union'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 Board of Directors either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

## **Police Credit Union Limited**

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

#### **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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Credit Union audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Police Credit Union Limited**

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

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

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

20 March 2018

## Police Credit Union Limited

### Revenue Account for the Year Ended 30 September 2017

	Note	2017 £	2016 £
Income	3	3,111,121	3,082,184
Administrative expenses		<u>(2,271,474)</u>	<u>(2,315,632)</u>
Operating surplus	4	<u>839,647</u>	<u>766,552</u>
Interest payable and similar charges	5	<u>(163,979)</u>	<u>(182,200)</u>
		<u>(163,979)</u>	<u>(182,200)</u>
Surplus/(Deficit) before tax		675,668	584,352
Taxation	8	<u>(35,810)</u>	<u>(51,235)</u>
Surplus/(Deficit) for the financial year		<u><u>639,858</u></u>	<u><u>533,117</u></u>

The above results were derived from continuing operations.

## Police Credit Union Limited

### (FCA Registration number: 213306) Balance Sheet as at 30 September 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	9	348,447	361,990
Tangible assets	10	<u>512,494</u>	<u>550,644</u>
		<u>860,941</u>	<u>912,634</u>
<b>Current assets</b>			
Debtors	11	36,628,922	33,412,392
Cash at bank and in hand	12	<u>26,467,446</u>	<u>28,414,333</u>
		<u>63,096,368</u>	<u>61,826,725</u>
<b>Net assets</b>		<u>63,957,309</u>	<u>62,739,359</u>
<b>Capital and reserves</b>			
Other liabilities	13	1,228,085	1,202,225
Members shares - repayable on demand	14	55,547,538	54,876,950
General reserves		6,762,779	6,539,384
Appropriation account		<u>418,907</u>	<u>120,800</u>
Total equity		<u>63,957,309</u>	<u>62,739,359</u>

Approved and authorised by the Board on 20 March 2018 and signed on its behalf by:

.....

Mr N Rabbitts  
Chairman

.....

Mr A J Duncan  
Director

.....

Mr N D Alston  
Director

The notes on pages 13 to 20 form an integral part of these financial statements.

## Police Credit Union Limited

### Statement of Changes in Reserves for the Year Ended 30 September 2017

		<b>General reserves £</b>	<b>Appropriation account £</b>	<b>Total £</b>
At 1 October 2016		6,539,384	-	6,539,384
Surplus for the year		-	639,858	639,858
Other reserve movement		223,395	(220,951)	2,444
Total comprehensive income		223,395	418,907	642,302
At 30 September 2017		6,762,779	418,907	7,181,686
		<b>General reserves £</b>	<b>Appropriation account £</b>	<b>Total £</b>
	<b>Other reserve £</b>			
At 1 October 2015	1,000,000	5,125,892	-	6,125,892
Surplus for the year	-	-	533,117	533,117
Other reserve movement	(1,000,000)	1,413,492	(412,317)	1,175
Total comprehensive income	(1,000,000)	1,413,492	120,800	534,292
At 30 September 2016	-	6,539,384	120,800	6,660,184

The notes on pages 13 to 20 form an integral part of these financial statements.

## Police Credit Union Limited

### Statement of Cash Flows for the Year Ended 30 September 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Surplus for the year		639,858	533,117
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	81,684	82,889
Loss on disposal of tangible assets		3,968	32,493
Finance costs	5	163,979	182,200
Taxation provision	8	35,810	51,235
Impairment expense		190,334	56,509
		1,115,633	938,443
Working capital adjustments			
Decrease in other debtors	11	11,332	29,577
Increase in other creditors	13	2,130	35,190
Cash generated from operations		1,129,095	1,003,210
Taxation paid	8	(51,386)	(43,039)
Net cash flow from operating activities		1,077,709	960,171
<b>Cash flows from investing activities</b>			
Acquisitions of tangible assets		(5,159)	(135,490)
Acquisition of intangible assets	9	(28,800)	(102,840)
Net cash flows from investing activities		(33,959)	(238,330)
<b>Cash flows from changes in operating assets and liabilities</b>			
Interest paid	5	(163,979)	(182,200)
Cash inflow from share deposits		28,818,945	28,911,031
Cash outflow from share withdrawals		(28,109,048)	(25,377,764)
New loans to members		(21,251,330)	(17,908,374)
Repayment of loans by members		17,833,132	19,003,855
Dividend paid		(118,357)	(387,908)
<b>Net cash flows from operating activities</b>		(2,990,637)	4,058,640
Net (decrease)/increase in cash and cash equivalents		(1,946,887)	4,780,481
Cash and cash equivalents at 1 October		28,414,333	23,633,852
Cash and cash equivalents at 30 September		26,467,446	28,414,333

The notes on pages 13 to 20 form an integral part of these financial statements.

# Police Credit Union Limited

## Notes to the Financial Statements for the Year Ended 30 September 2017

### 1 General information

The address of its registered office is:  
Guardians House  
2111 Coventry Road  
Sheldon  
Birmingham  
B26 3EA

These financial statements were authorised for issue by the Board on 20 March 2018.

### Legal and regulatory framework

The Credit Union is a society established under the Industrial and Provident Societies Act 1965, whose principal activity is to operate as a Credit Union, within the meaning of the Credit Unions Act 1979. The Credit Union has registered with the Financial Services Authority under the provisions of the Financial Services and Markets Act 2000.

In accordance with the regulatory environment for Credit Union's, deposits from members can be made by subscription for redeemable shares, deferred shares and interest-bearing shares. At present the Credit Union has only issued redeemable shares.

### 2 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### Basis of preparation

These financial statements have been prepared in accordance with FRS102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and also with The Co-Operative and Community Benefit Societies Act 2014.

The financial statements are prepared on the historical cost basis.

#### Going concern

The financial statements have been prepared on a going concern basis.

#### Income

Loan interest receivable and similar income: Interest on both loans to members and loans to banks (ie. cash and cash equivalents held on deposit with other financial institutions) is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Fees and commissions receivable: Fees and charges either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is completed.

## Police Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2017

#### Tax

The tax charge for the year reflects current tax payable. Current tax is the expected corporation tax payable for the year, using tax rates in force for the year. The Credit Union is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income.

As a result of the limited activities of the Credit Union from which profits are chargeable to corporation tax, it is unlikely that deferred tax will arise.

#### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value, on a straight line basis over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Computer Equipment	50% Straight line
Fixtures and fittings	20% Straight line

#### Amortisation

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

<b>Asset class</b>	<b>Amortisation method and rate</b>
Software	10 years straight line

#### Financial assets - loans and advances to members

Loans to members are financial assets with fixed to determinable payments, and are not quoted in active market. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member. The Credit Union does not transfer loans to third parties.

#### Employee benefits

Defined contributions plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by the Credit Union for the relevant period.

Other employee benefits: Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

#### Reserves

Retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to members.

## Police Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2017

#### Use of estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the Credit Unions accounting policies.

#### 3 Revenue

The analysis of the Credit Union's revenue for the year from continuing operations is as follows:

	2017	2016
	£	£
Loan interest receivable from members	2,788,701	2,696,148
Other revenue	322,420	386,036
	<u>3,111,121</u>	<u>3,082,184</u>

#### 4 Operating profit

Arrived at after charging/(crediting)

	2017	2016
	£	£
Depreciation expense	39,342	45,633
Amortisation expense	42,342	37,256
Auditors fees - the audit of the credit unions annual accounts	7,950	7,950
(Profit)/loss on disposal of tangible fixed assets	3,968	32,493

#### 5 Interest payable and similar charges

	2017	2016
	£	£
Other finance costs	<u>163,979</u>	<u>182,200</u>

#### 6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017	2016
	£	£
Wages and salaries	<u>1,089,514</u>	<u>1,119,250</u>

The average number of persons employed by the Credit Union (including directors) during the year, analysed by category was as follows:

	2017	2016
	No.	No.
Administration and support	<u>36</u>	<u>37</u>

## Police Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2017

#### 7 Auditors' remuneration

	2017 £	2016 £
Audit of the financial statements	7,950	7,950

	2017 £	2016 £
Audit of the financial statements	7,950	7,950
Non audit services	5,400	5,400
	13,350	13,350

#### 8 Taxation

Tax charged/(credited) in the income statement

	2017 £	2016 £
<b>Current taxation</b>		
UK corporation tax	35,810	51,235

#### 9 Intangible assets

	Computer software and website £	Total £
<b>Cost or valuation</b>		
At 1 October 2016	414,725	414,725
Additions acquired separately	28,800	28,800
At 30 September 2017	443,525	443,525
<b>Amortisation</b>		
At 1 October 2016	52,735	52,735
Amortisation charge	42,343	42,343
At 30 September 2017	95,078	95,078
<b>Carrying amount</b>		
At 30 September 2017	348,447	348,447
At 30 September 2016	361,990	361,990

## Police Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2017

#### 10 Tangible assets

	Freehold property £	Furniture, fittings and equipment £	Property improvements £	Total £
<b>Cost or valuation</b>				
At 1 October 2016	358,239	244,021	212,582	814,842
Additions	-	5,159	-	5,159
Disposals	-	(42,338)	(68)	(42,406)
	358,239	206,842	212,514	777,595
At 30 September 2017	358,239	206,842	212,514	777,595
<b>Depreciation</b>				
At 1 October 2016	101,721	129,013	33,464	264,198
Charge for the year	7,165	27,928	4,250	39,343
Eliminated on disposal	-	(38,425)	(15)	(38,440)
	108,886	118,516	37,699	265,101
At 30 September 2017	108,886	118,516	37,699	265,101
<b>Carrying amount</b>				
At 30 September 2017	249,353	88,326	174,815	512,494
At 30 September 2016	256,519	115,008	179,117	550,644

#### 11 Debtors

	2017 £	2016 £
Loans to members	36,334,674	33,106,812
Prepayments	294,248	305,580
	36,628,922	33,412,392
Total current and other debtors	36,628,922	33,412,392

#### 12 Cash , cash equivalents and liquid deposits

	2017 £	2016 £
Cash on hand	102	102
Cash at bank	7,398,114	12,150,653
Short-term deposits	19,069,230	16,263,578
	26,467,446	28,414,333
	26,467,446	28,414,333

## Police Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2017

#### 13 Other liabilities

	Note	2017 £	2016 £
<b>Due within one year</b>			
Juvenile deposits		1,035,979	996,670
Other creditors		-	22,652
Accrued expenses		156,404	131,625
Income tax liability	8	<u>35,702</u>	<u>51,278</u>
		<u>1,228,085</u>	<u>1,202,225</u>

#### 14 Members shares

	2017		2016	
	No.	£	No.	£
Members shares	<u>55,547,538</u>	<u>55,547,538</u>	<u>54,876,950</u>	<u>54,876,950</u>

#### 15 Financial risk management

The Credit Union manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable/dividends payable.

The main financial risks arising from the Credit Union activities are credit risk, liquidity risk, market risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

**Credit risk:** Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the Credit Union, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

**Liquidity risk:** The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

**Market risk:** Market risk is generally comprised of interest rate risk, currency risk and other price risk. The Credit Union conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore the Credit Union is not exposed to any form of currency risk or other price risk.

**Interest rate risk:** The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. The Credit Union does not use interest rate options to hedge its own positions.

## Police Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2017

#### 16 Interest rate risk disclosures

The following table shows the average interest rates applicable to relevant financial assets and financial liabilities.

	2017		2016	
	Amount £	Average interest rate	Amount £	Average interest rate
<b>Financial assets</b>				
Loans to members	<u>36,444,214</u>	<u>7.67%</u>	<u>33,225,813</u>	<u>8.11%</u>
<b>Shares repayable on demand</b>				
Members shares	<u>55,547,538</u>	<u>1.00%</u>	<u>54,876,950</u>	<u>0.3%</u>

The interest rates applicable to loans to members are fixed and range from 4.5% to 25.0%.

The interest payable on shares is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and interest payable. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

## Police Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2017

#### 17 Credit risk disclosures

The carrying amount of the loans to members represents the Credit Union's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2017		2016	
	Amount £	Proportion %	Amount £	Proportion %
<b>Not impaired:</b>				
Neither past due not impaired	36,220,854	98.85%	32,815,802	98.23%
Up to 3 months past due	129,948	0.35%	158,909	0.48%
Between 3 and 6 months past due	-	-	-	-
Between 6 months and 1 year past due	-	-	-	-
Over 1 year past due	-	-	-	-
<b>Sub-total: loans not impaired</b>	<b>36,350,802</b>	<b>99.2%</b>	<b>32,974,711</b>	<b>98.71%</b>
<b>Individually impaired:</b>				
Not yet past due, but impaired	-	-	-	-
Up to 3 months past due	31,768	0.09%	162,123	0.49%
Between 3 and 6 months past due	28,549	0.08%	36,732	0.11%
Between 6 months and 1 year past due	33,096	0.09%	52,247	0.16%
Over 1 year past due	199,795	0.55%	177,516	0.53%
<b>Total loans</b>	<b>36,444,009</b>	<b>100%</b>	<b>33,403,329</b>	<b>100%</b>
<b>Impairment allowance</b>	<b>(309,335)</b>		<b>(296,517)</b>	
<b>Total carrying value</b>	<b>36,334,674</b>		<b>33,106,812</b>	

## Police Credit Union Limited

### Detailed Revenue Account for the Year Ended 30 September 2017

	2017 £	2016 £
Income (analysed below)	<u>3,111,121</u>	<u>3,082,184</u>
Gross profit (%)	100%	100%
<b>Administrative expenses</b>		
Regulatory costs (analysed below)	257,254	336,345
General administrative expenses (analysed below)	1,704,371	1,779,121
Finance charges (analysed below)	33,862	28,275
Depreciation costs (analysed below)	85,652	115,382
Impairment losses (analysed below)	<u>190,335</u>	<u>56,509</u>
	<u>2,271,474</u>	<u>2,315,632</u>
Operating profit	839,647	766,552
Interest payable and similar charges (analysed below)	<u>(163,979)</u>	<u>(182,200)</u>
Profit before tax	<u><u>675,668</u></u>	<u><u>584,352</u></u>

This page does not form part of the statutory financial statements.

## Police Credit Union Limited

### Detailed Revenue Account for the Year Ended 30 September 2017

	2017 £	2016 £
<b>Income</b>		
Interest on loans	2,788,701	2,696,148
Accident and sickness insurance	-	328
Bad debt recovery	110,500	86,247
Joining fees	-	65
Sundry income	2,812	17,002
Lottery funds	26,000	26,000
Interest from loans to other credit unions	2,921	9,937
Bank interest received	180,187	246,457
	<u>3,111,121</u>	<u>3,082,184</u>
<b>Regulatory costs</b>		
Insurance	142,423	199,307
Office Expenses	61,098	61,690
Association dues & affiliation fees	53,733	75,348
	<u>257,254</u>	<u>336,345</u>
<b>General administrative expenses</b>		
Wages and salaries	1,089,514	1,119,250
Telephone and fax	43,266	47,088
Committee of management and staff training	30,637	38,067
Computer software and maintenance costs	170,826	229,355
Printing, postage and stationery	38,832	60,014
Charitable donations	726	703
Sundry expenses	36,897	13,470
Travel and subsistence	92,410	83,838
Advertising	108,722	111,595
Auditors fees - the audit of the credit unions annual accounts	7,950	7,950
Legal and professional fees	77,839	56,233
Debt recovery charges	6,752	11,558
	<u>1,704,371</u>	<u>1,779,121</u>
<b>Finance charges</b>		
Bank charges	33,862	28,275
<b>Depreciation costs</b>		
Amortisation of development costs	42,342	37,256
Depreciation	39,342	45,633
(Profit)/loss on disposal of tangible fixed assets	3,968	32,493
	<u>85,652</u>	<u>115,382</u>

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## Police Credit Union Limited

### Detailed Revenue Account for the Year Ended 30 September 2017

	2017 £	2016 £
<b>Impairment losses</b>		
Impairment expense	190,335	162,884
General provision write back	-	(306,375)
Provision for subordinated loan	-	200,000
	<u>190,335</u>	<u>56,509</u>
Operating profit	839,647	766,552
<b>Interest payable and similar charges</b>		
ISA interest paid	<u>163,979</u>	<u>182,200</u>
Profit before tax	<u><u>675,668</u></u>	<u><u>584,352</u></u>

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