

Credit Union for South East Northumberland Limited
T/A Northumberland Community Bank
Financial Statements
For the Year Ended
31 December 2019

Registration Number 214298

**CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK
MANAGEMENT COMMITTEE REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2019**

ACCOUNTING PERIOD

The Financial Statements cover the period 1 January 2019 to 31 December 2019.

RESPONSIBILITY OF MANAGEMENT COMMITTEE

The Rules of the Credit Union and Credit Union Regulations require the Committee of Management to prepare Financial Statements for each accounting period, which give a true and fair view of the state of affairs of the Credit Union and of the surplus or deficit of income over expenditure for the period covered by the Financial Statements. In preparing those Statements, the Committee of Management are required to:-

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the Financial Statements;
- 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 also responsible for:-

- keeping proper accounting records, (in accordance with the requirements of section 1(1)(a) FIPSA), 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 legislation;
- ensuring that a satisfactory system of control is maintained over the transactions of the Credit Union in accordance with section (1)(b) FIPSA; and
- safeguarding the assets of the Credit Union and hence taking reasonable steps for the prevention of fraud and other irregularities.

FINANCIAL RESULTS

The net loss for the accounting period was £26,100 (2018 : £71,342 profit). The Committee of Management recommends:

- a transfer from General Reserve of £26,100 (2018 : £46,342 to General Reserve)
- a transfer to Lloyds Foundation Credit Union Reserve of £0 (2018 : £25,000)
- there is no dividend proposed for the year (2018 : £0)

SHARES

At the year end the adult shares were £626,009 (2018 : £446,041) and the junior shares were £22,032 (2018 : £22,589).

LOANS

At the year end there were loans of £519,698 (2018 : £349,363) outstanding of which general loans were £519,668 (2018 : £346,439); Growth Fund loans were £0 (2018: £390), Repossession Fund loans were £30 (2018 : £2,534).

AUDITORS

A resolution to re-appoint the Auditors, Baldwins Audit Services, will be proposed at the Annual General Meeting, under the provisions of Rule 95(e).

By Order of the Committee of Management

Chairman

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK
YEAR ENDED 31 DECEMBER 2019**

OPINION ON FINANCIAL STATEMENTS

We have audited the financial statements of Credit Union for South East Northumberland Limited T/A Northumberland Community Bank, for the year ended 31 December 2019 set out on pages 5 to 9, which comprise the Income and Expenditure Account, 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, including FRS 102 The Financial Reporting Standard application in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 31 December 2019 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISA's (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 company 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 the provisions available for small entities, in the circumstances set out in note 2.1 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those 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 ISA's require us to report where:

- the committee of management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee of management 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK
YEAR ENDED 31 DECEMBER 2019**

OTHER INFORMATION

The other information comprises the information included in the annual report, other than financial statements and our auditor's report thereon. The committee of management are responsible for the other information. 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the committee of management report.

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:

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

RESPECTIVE RESPONSIBILITIES OF COMMITTEE OF MANAGEMENT AND AUDITOR

As explained more fully in the committee of management's responsibilities statement set out on page 1, the committee of management 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 committee of management 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 committee of management are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using Compendium of illustrative auditor's reports.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK
YEAR ENDED 31 DECEMBER 2019**

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 ISA's (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

USE OF OUR REPORT

This report is made solely to the credit union's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the 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.

**Baldwins Audit Services
32 Brenkley Way
Seaton Burn
Newcastle upon Tyne
NE13 6DS**

Dated:

**CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

INCOME	Notes	<u>2019</u>	<u>2018</u>
Entrance Fees		701	246
Income from Loans to Members		87,696	55,950
Grants Received	9	97,821	122,212
Donations and Other Income		2,366	7,972
Bad Debts Recovered		5,580	4,844
TOTAL INCOME FOR THE YEAR		<u>194,164</u>	<u>191,224</u>
EXPENDITURE			
Wages and Salaries		68,578	21,495
Consultancy		27,807	56,750
Rent and Rates		2,800	2,800
Repairs and Renewals		1,274	1,740
Printing, Stationery and Telephone		5,508	4,522
Marketing		10,935	3,274
Travel and Conference Expenses		3,223	1,144
Professional Fees and Software Licence		19,402	19,641
Auditors Remuneration		5,160	5,160
Fidelity Bond Insurance		1,801	1,329
Bad Debt Provision		2,813	(31,575)
Bad Debts Written Off		56,871	21,011
Bank Charges		3,422	3,675
Interest payable – 12 month bond @ 2%		2,000	-
Dividend paid		2,149	-
Other Insurances		364	312
Savings and Loan Insurance		2,259	2,004
FCA Fees		284	385
Trade Association Dues		1,632	1,340
Sundries		1,982	4,875
Depreciation of Assets	3	-	-
TOTAL EXPENDITURE FOR THE YEAR		<u>220,264</u>	<u>119,882</u>
SURPLUS/(DEFICIT) FOR THE YEAR BEFORE TAX		<u>(26,100)</u>	<u>71,342</u>
TAXATION		-	-
SURPLUS/(DEFICIT) FOR YEAR AFTER TAX		<u>(26,100)</u>	<u>71,342</u>
Appropriations:			
To/(From) General Reserve Compulsory Transfer		(5,220)	14,268
To/(From) General Reserve Voluntary Transfer		(20,880)	32,074
To Lloyds Foundation Credit Union Reserve		-	25,000
To Dividends Proposed		-	-
TOTAL APPROPRIATIONS		<u>(26,100)</u>	<u>71,342</u>

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.

**CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK**

BALANCE SHEET AS AT 31 DECEMBER 2019

	Notes		<u>2019</u>	<u>2018</u>
ASSETS				
Fixed Assets	3		-	-
CURRENT ASSETS				
Due From Members for Loans	2	519,698	349,363	
Less: Provision for Doubtful Debts		(10,925)	(8,112)	
Prepayments and Other Debtors		36,244	35,718	
Cash at Bank		194,604	246,885	
Petty Cash		<u>2,266</u>	<u>4,065</u>	
			<u>741,887</u>	<u>627,919</u>
			741,887	627,919
LIABILITIES				
Creditors & Accruals		7,160	9,911	
Due to Junior Members	2	22,032	22,589	
NCC Debit Card Fund		12,000	-	
Cell Big Local Fund		3,000	-	
Income in Advance		<u>9,230</u>	<u>60,822</u>	
			53,422	93,322
NET ASSETS			<u>688,465</u>	<u>534,597</u>
CREDIT UNION CAPITAL RESERVES				
General Reserve	4		37,456	63,556
Lloyds Foundation Credit Union Reserve	5		25,000	25,000
Members Share Balances	2		626,009	446,041
			<u>688,465</u>	<u>534,597</u>

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

Chairman

Secretary

Committee Member

Date :

**CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK**

NOTES ON THE ACCOUNTS

1 ACCOUNTING POLICIES

a. Accounting Convention

The Credit Union is registered under the Co-operative and Community Benefit Societies Act 2014. The Financial Statements have been prepared under the historic cost convention in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Credit Union Act 1979.

b. 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 lives as follows:-

Office Furniture and Fittings, Software	5 years
Computers	3 years

c. Income

Income is itemised on the Income and Expenditure account on page 5 and accounted for on an accruals basis.

d. Interest

Interest receivable is accounted for on the basis of amounts receivable or payable in the year covering these accounts.

e. Bad Debt Provision

Bad debt provisions from loans are set aside to ensure at least the minimum requirements of the FCA are met.

f. Juvenile Shares

Juvenile transactions are included within the accounts unless specifically shown otherwise.

g. Grants Receivable

Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred. The balance of grants not spent is deferred to a subsequent period.

h. Taxation

Corporation tax is not chargeable on the Credit Union's ordinary surplus. Liability to corporation tax is on investment income only.

**CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK**

NOTES ON THE ACCOUNTS (cont)

2 SUMMARY OF MEMBERS SHARES (including Juniors) AND LOAN ACCOUNTS

	SHARES		LOANS	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Balances brought forward from last year	468,630	488,980	349,363	285,644
Shares saved	716,408	576,614	-	-
Dividends paid	2,149	-	-	-
Shares withdrawn	(539,146)	(596,964)	-	-
Loans repaid	-	-	(464,074)	(339,459)
Loans granted	-	-	603,584	400,874
Interest charged - members loans	-	-	87,696	55,950
Loans written off	-	-	(56,871)	(53,646)
Balances carried forward to next year	<u>648,041</u>	<u>468,630</u>	<u>519,698</u>	<u>349,363</u>

3 TANGIBLE FIXED ASSETS

COST	Computer & Office Equipment	Software	Office Furniture	Total
	Cost at 1 January 2019	7,897	6,338	9,299
Additions during year	-	-	-	-
Cost at 31 December 2019	<u>7,897</u>	<u>6,338</u>	<u>9,299</u>	<u>23,534</u>
DEPRECIATION				
Depreciation at 1 January 2019	7,897	6,338	9,299	23,534
Charged in these accounts	-	-	-	-
Depreciation at 31 December 2019	<u>7,897</u>	<u>6,338</u>	<u>9,299</u>	<u>23,534</u>
VALUE AT 31 DECEMBER 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
VALUE AT 31 DECEMBER 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

4 GENERAL RESERVE

	<u>2019</u>	<u>2018</u>
As at 1 January	63,556	17,214
Compulsory transfer	(5,220)	14,268
Voluntary transfer	(20,880)	32,074
As at 31 December	<u>37,456</u>	<u>63,556</u>

5 LLOYDS FOUNDATION CREDIT UNION RESERVE

	<u>2019</u>	<u>2018</u>
Transfer - 2018	<u>25,000</u>	<u>25,000</u>

6 NUMBER OF MEMBERS (including Juniors)

	<u>2019</u>	<u>2018</u>
Number at beginning of year	1,209	3,067
Joined during year	1,110	317
Dormant accounts closed	-	(1,298)
Lapsed during year	(286)	(877)
Number at end of year	<u>2,033</u>	<u>1,209</u>

**CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK**

NOTES ON THE ACCOUNTS (cont)

7 RELATED PARTY TRANSACTIONS

During the year 24 members of the board, staff and close relatives have shares with the Credit Union. There is 1 ex-member of staff that has a loan with the Credit Union. This loan was approved on the same basis as loans to other members of the Credit Union and no preferential terms were given on the loan.

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 8.5.1. The relevant ratios are:

	2019	2018
	8.42%	14.10%

9 GRANTS RECEIVED & RELEASED

During the year, the Credit Union received the following grants:

Tony Trapp	10,000
G Wylie	10,000
The Mercers' Company	30,000
Bernicia	2,000
Ashington TC	8,000
Blyth TC	<u>7,000</u>
	<u>67,000</u>

During the year, the following grants were drawn down to the Income and Expenditure account:

North Star Foundation	13,280
Northumberland CC	25,000
Ashington/Blyth Town Council	25,571
NCC – Community Chest	6,600
The Mercer' Company (offset to staff costs)	20,770
Bernicia	2,000
G Wylie	15,370
Tony Trapp	<u>10,000</u>
	<u>118,591</u>