

Credit Union Registration No. 745C (England and Wales)

KENT SAVERS CREDIT UNION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

KENT SAVERS CREDIT UNION LIMITED

BUSINESS INFORMATION

Directors	Philip Davies Mark Faithfull The Reverend Lesley Jones Martin Kingman Paula Spain Michael Whiting Catherine Parker (Appointed 28 April 2015) David Wilson
Secretary	Catherine Parker
Reference number	745C
Registered office	Maidstone Community Support Centre 39-48 Marsham Street Maidstone Kent ME14 1HH
Auditors	Jones Avens Limited Piper House 4 Dukes Court Bognor Road Chichester West Sussex PO19 8FX
Bankers	Unity Trust Bank Plc Nine Brindleyplace Birmingham B1 2HB

KENT SAVERS CREDIT UNION LIMITED

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KENT SAVERS CREDIT UNION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2015

The directors present their report and financial statements for the year ended 30 September 2015.

Principal activities

The principal activity of Kent Savers continued to be that of operating a credit union in the ceremonial county of Kent and Medway, and the London Borough of Bexley, for the mutual benefit of its members.

Business development and growth

This year was the fifth full year of operation for Kent Savers. Building on several initiatives begun in the previous year, we have seen further growth and development of the credit union. The key this year was meeting and sustaining new levels of capital to meet new regulatory requirements, and with good support from a number of partners we achieved this.

In May 2015 applications for our loans exceeded all previous records and this has continued at an increased level for each subsequent month, such that at the time of writing we can see the amount we have on loan soon exceeding £1 million. The increased loan book also increased our income and we now anticipate a trading surplus developing as 2016 progress.

Activities

Our partnership with the Diocese of Canterbury continues to be a significant part of our operation. We launched the Murston Community Bank in Sittingbourne in January 2014 and this year we have launched branches in Tenterden and Ramsgate in May 2015 and four linked branches in Canterbury in January 2016. We are also working with the Diocese of Rochester on projects for the future. The Ramsgate branch was launched in conjunction with Newington Big Local.

Kent Savers continued its membership of the Government's "Credit Union Expansion Programme" which we joined in May 2013 as one of 83 participating credit unions. The programme is led by ABCUL, the credit union member trade body and is producing new shared services, products and systems. In 2016 we plan to migrate our operations to a new platform as part of this programme, offering enhanced services for our members..

We lowered our best loan interest rate from 5.9% to 4.9% in May 2015. May 2015 saw a big jump in loan applications, not just at the best rate but across our complete loan range and we have issued more money on loan in every month from May 2015 than in any single month before that.

As the business has expanded we have reformed our finance committee and formed a new marketing committee to free more time for the Board for strategic issues. Our new marketing committee have been instrumental in giving Kent Savers a higher profile both through social media and also in traditional media. we ran a major holiday loans campaign in February 2015 both online and in print. We also continue to be promoted by partners including the Dioceses and churches, Councils, Housing Associations, Unison, Carers Support, Big Local, and several local businesses and schools.

Governance, staff and volunteers

Gail Devries, director since our launch in 2010 and president from March 2013 to March 2015 retired from the Board of Directors in December 2015 and we wish her well. The Board continues with 8 members and we are looking to add new faces with new skills.

The staff team reduced to 2 in March 2015 with the retirement of Denis Buckley, but we have strong support from several volunteers in the office. Our branches are staffed entirely by volunteers.

KENT SAVERS CREDIT UNION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2015

Funding and income

Kent Savers income for the year was £155,570. This compares favourably with income of £109,041 in 2013/14. The deficit in the profit and loss account in 2013/14 was £39,485 and this has reduced to £4,009 for 2014/15.

During the previous year and again this year Kent Savers took steps to secure additional capital funds. These were required because the regulatory requirements for retained capital were increased for all credit unions between October 2012 and October 2014. We sought funding support from all of the 12 district councils in Kent, and the Medway unitary authority, and had on-going support from Kent County Council. During the year to September 2015 a total of £50,000 was received in subordinated loans and £25,000 as capital grants.

Kent Savers is very appreciative of the financial assistance it has received from a number of sources in the form of capital funding and revenue grant funding. We would like to thank all of our funders in 2014/15 which include: Ashford Borough Council, Kent County Council, Maidstone Borough Council, Tonbridge & Malling Borough Council, Tunbridge Wells Borough Council, mhs Homes, Orbit Group, Kent Housing Group, Department for Work and Pensions and the Friends of Kent Savers.

Business development and growth to 2017/18

The Board has approved a new three-year Business Plan for 2015 - 2018. The key objectives are:

- To provide a range of financial products for every income group
- To contribute to economic recovery by encouraging financial prudence, incentivising borrowers to become regular savers and promoting financial capability
- To lend prudently by offering loans only to those who can afford to repay them and working with other agencies to provide debt advice when needed
- To offer a social and financial return for investors
- To work in partnership with local communities and other organisations to provide cohesive solutions to financial exclusion

The Directors review the management accounts every month, which are drawn up fully adjusted in a similar fashion to the annual accounts. As a result, at the time of approving the financial statements, the Directors consider that Kent Savers has sufficient resources to continue in operational existence for the foreseeable future, and accordingly, that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

Results and dividends

The results for the year are set out on page 8.

Directors

The following directors have held office since 1 October 2014:

Philip Davies	
Gail Devries	(Retired 9 December 2015)
Mark Faithfull	
The Reverend Lesley Jones	
Martin Kingman	
Stephen McGinnes	(Retired 31 March 2015)
Paula Spain	
Michael Whiting	
Catherine Parker	(Appointed 28 April 2015)
David Wilson	

KENT SAVERS CREDIT UNION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2015

Statement of directors' responsibilities

The directors are responsible for the preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Legislation requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then 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.

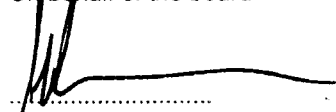
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the credit union and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. 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.

Statement of disclosure to auditors

(a) so far as the directors are aware, there is no relevant audit information of which the credit union's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors 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.

On behalf of the board



Martin Kingman

Director

22/3/2016

KENT SAVERS CREDIT UNION LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KENT SAVERS CREDIT UNION LIMITED

We have audited the financial statements of Kent Savers Credit Union Limited for the year ended 30 September 2015 which comprise the income and expenditure account and balance sheet and the related notes as set out on pages 6 to 11. 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's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 Ethical Standards for Auditors, including APB Ethical Standard - Provisions Available for Small Entities (Revised), in the circumstances set out in note 16 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 the 30 September 2015 and of its income and expenditure 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, and the Credit Unions Act 1979.

KENT SAVERS CREDIT UNION LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF KENT SAVERS CREDIT UNION LIMITED

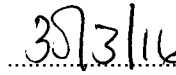
Matters on which we are required to report by exception

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 income and expenditure account 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.



For and on behalf of Jones Aves Limited



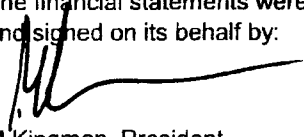
Chartered Accountants
Statutory Auditor

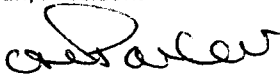
Piper House 4 Dukes Court
Bognor Road Chichester
West Sussex PO19 8FX

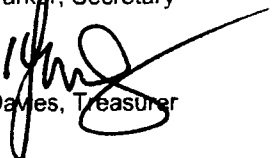
Kent Savers Credit Union Limited
Balance Sheet
As at 30th September 2015

	Notes	2015		2014	
		£	£	£	£
Fixed assets	2		3,426		7,686
Current assets					
Due from members for loans					
Secured		-		-	
Unsecured		879,948		571,058	
General provision for doubtful debts		(14,286)		(8,867)	
Specific provision for doubtful debts		(90,729)		(68,634)	
Other debtors		23,933		10,518	
Prepaid expenses		3,500		4,846	
Investments – Banks and Building Societies		451,229		528,044	
Cash and bank balances		<u>39,655</u>		<u>58,209</u>	
			1,293,250		1,095,174
Total assets			<u>1,296,676</u>		<u>1,102,860</u>
Liabilities					
Juvenile deposits		2,493		826	
Grants	8	10,227		16,362	
Other creditors and accruals		16,621		5,597	
Corporation tax	11	1,304		1,203	
Other					
Deferred income	5	<u>-</u>		<u>2,672</u>	
			(30,645)		(26,660)
Net assets			<u>1,266,031</u>		<u>1,076,200</u>
Credit union capital & reserves					
General reserve	3	1,572		1,572	
Other reserves					
Loan capital funds		172,283		172,283	
Other reserves	6	47,494		26,907	
Income and Expenditure account	4	(262,897)		(233,888)	
Subordinated debt (over 4 years remaining)		75,000		60,000	
Subordinated debt (4 years or less remaining)		<u>28,000</u>		<u>-</u>	
Total Capital			61,452		26,874
Members' share balances			<u>1,204,579</u>		<u>1,049,326</u>
Total capital and share balances			<u>1,266,031</u>		<u>1,076,200</u>

The financial statements were approved and authorised for issue by the board on 22 March 2016 and signed on its behalf by:


M Kingman, President


C Parker, Secretary


P Davies, Treasurer

Kent Savers Credit Union Limited
Revenue Account
For the year ended 30th September 2015

	Notes	2015		2014	
		£	£	£	£
Income					
Entrance fees		1,204		1,228	
Interest from members' loans		86,351		67,899	
Other investment income		6,523		6,013	
Bad debts recovered		939		1,373	
Grants	7	32,345		23,590	
Donations		3		6	
Ancillary service charges		189		-	
Other					
CUNA Mutual dividend		133		-	
Credit Union Expansion Project		<u>27,883</u>		<u>8,932</u>	
			155,570		109,041
Expenses					
Administrative expenses	9	104,399		109,114	
Auditors remuneration		5,076		3,054	
Fidelity bond insurance		1,742		1,267	
Management expenses	9	186		-	
Bad debt provision		27,515		16,101	
Bad debts written off		11,239		8,737	
Bank charges		2,140		1,850	
Interest charged (on borrowings)		141		2	
General insurance		504		420	
LP/LS insurance		1,823		4,281	
PRA fees		1,384		1,042	
Trade association membership dues		<u>2,126</u>		<u>1,455</u>	
			(158,275)		(147,323)
Net surplus (deficit) before taxation			<u>(2,705)</u>		<u>(38,282)</u>
Taxation	11		(1,304)		(1,203)
Net surplus (deficit) after taxation			<u>(4,009)</u>		<u>(39,485)</u>
Transfer to appropriation account					

Appropriation Account
For the year ended 30th September 2015

	Notes	2015		2014	
		£	£	£	£
Net surplus (deficit) after taxation			(4,009)		(39,485)
Transfer to loan capital funds			-		(20,809)
Transfer to Other Reserves	6		(25,000)		(15,078)
Transfer to Income & Expenditure account	4		<u>29,009</u>		<u>75,372</u>
Closing balance			<u>-</u>		<u>-</u>

Kent Savers Credit Union Limited
Notes to the Financial Statements
Year Ended 30th September 2015

1. ACCOUNTING POLICIES

1.a Accounting convention

The credit union is registered under the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. The financial statements are prepared under the historical cost convention.

1.b Tangible fixed assets

Depreciation is provided at the following rates in order to write off each asset over its estimated useful life. Items with an original cost of under £100 are not capitalised.

PCs, other IT equipment, software	written off over 3 years
Furniture and office equipment	written off over 6 years

1.c Grants received

Grants are released to income to match relevant expenses.
For revenue expenses, the full matching grant is released.
For capital expenditure, grants are released to match depreciation.

1.d Credit control costs

Costs incurred as a result of credit control processes (e.g. court fees) are attributable to the borrower and are added to the amount outstanding on their loan.

1.e Turnover

Turnover comprises the amounts earned in the financial year, whether received or still owing, from loans, bank deposits and membership fees.

1.f Interest on loans to members

Interest represents the interest earned in the financial year, whether received or still owing. Interest owing is calculated daily.

1.g Provision for doubtful debts

Provisions are made against amounts outstanding on loans. The provision on each loan is assessed independently based on risk and is set at, or above, the minimum recommended provisions from CREDS - the PRA and FCA Sourcebook for credit unions.

1.h Growth Fund loan capital

This represents the loan capital granted by the Department for Work and Pensions to issue loans. Income from loans is added to the capital figure; expenses incurred are subtracted from the capital figure as per DWP guidelines.

1.i Southern Housing loan fund

This represents the loan capital granted by Southern Housing to issue loans. Income from loans is added to the capital figure; expenses incurred are subtracted from the capital figure.

1.j Other reserves

Other reserves represent retained surpluses, capital acquired on the merger with the District of Canterbury Credit Union, loan funds from Moat Homes and West Kent Housing, and gifts of capital.

1.k Licences

Rentals payable are charged against income on a straight line basis over the licence term.

Kent Savers Credit Union Limited
Notes to the Financial Statements
Year Ended 30th September 2015

2.	FIXED ASSETS		2015	2014
		Notes	£	£
	Opening cost		46,362	43,362
	Additions at cost		230	3,000
	Original cost of disposals		(1,553)	-
	Opening depreciation		(38,676)	(34,017)
	Depreciation charge in year		(4,490)	(4,659)
	Depreciation eliminated on disposals		1,553	-
	Net book value		<u>3,426</u>	<u>7,686</u>
3.	GENERAL RESERVE		2015	2014
			£	£
	Opening balance		<u>1,572</u>	<u>1,572</u>
	Closing balance		<u>1,572</u>	<u>1,572</u>
4.	INCOME & EXPENDITURE ACCOUNT		2015	2014
			£	£
	Opening balance		(233,888)	(158,516)
	Result for the year (after appropriations)		<u>(29,009)</u>	<u>(75,372)</u>
	Closing balance		<u>(262,897)</u>	<u>(233,888)</u>
5.	DEFERRED INCOME			
	Following the principles of SSAP 4, deferred income represents grant funds used to purchase fixed assets and donated fixed assets. The deferred income is released to income to match the annual depreciation charge.			
			2015	2014
			£	£
	Opening balance		2,672	4,331
	Added during the year from grants	8	-	3,000
	Applied during year to grant income	7	<u>(2,672)</u>	<u>(4,659)</u>
	Closing balance		<u>-</u>	<u>2,672</u>
6.	OTHER RESERVES		2015	2014
			£	£
	Opening balance		26,907	18,336
	Transferred from appropriation account		25,000	15,078
	Transferred from grants	8	-	536
	Payment of dividend		<u>(4,413)</u>	<u>(7,043)</u>
	Closing balance		<u>47,494</u>	<u>26,907</u>
7.	GRANT INCOME		2015	2014
			£	£
	Transferred from grants	8	29,673	18,931
	Transferred from deferred income	5	<u>2,672</u>	<u>4,659</u>
			<u>32,345</u>	<u>23,590</u>

Kent Savers Credit Union Limited
Notes to the Financial Statements
Year Ended 30th September 2015

8. GRANTS		2015	2014
	Notes	£	£
Opening balance		16,362	20,073
Received during year			
- Maidstone Borough Council		10,000	-
- Tonbridge & Malling Borough Council		10,000	-
- Gravesham Borough Council		-	10,000
- KMFIP		-	5,078
- Kent Housing Group		5,000	2,500
- Swale Borough Council		-	1,000
- Friends of Kent Savers		148	178
Applied during year to grant income	7	(29,673)	(18,931)
Transferred to reserves	6	-	(536)
Transferred to deferred income	5	-	(3,000)
Transferred to shares		(1,610)	-
Closing balance		<u>10,227</u>	<u>16,362</u>

9. DETAILS OF EXPENSES

Administrative expenses is broken down as follows:

		2015	2014
		£	£
AGM		177	269
Debt collection		3	59
Depreciation	2	4,490	4,659
IT		9,832	9,569
Postage		1,814	1,712
Printing & stationery		1,179	2,764
Promotion & advertising		3,775	66
Rent & rates		7,821	7,691
Salaries & wages	10	62,576	72,853
Telephone		1,839	1,819
Training		269	247
Transaction costs		5,317	4,587
Travel & subsistence		745	661
Underwriting		1,933	1,502
Miscellaneous		2,629	656
		<u>104,399</u>	<u>109,114</u>

Management expenses is broken down as follows:

Directors travel expenses		<u>186</u>	-
		<u>186</u>	-

Kent Savers Credit Union Limited
Notes to the Financial Statements
Year Ended 30th September 2015

10. STAFFING

During the year the maximum number of paid staff was 3.
The average number of staff was 2.5.

11. TAXATION

Corporation tax is due on bank and investment income.

12. RELATED PARTY TRANSACTIONS

All shares are held by members of the credit union. There is no controlling shareholder.
The directors of the credit union hold shares and loans in accordance with the provisions that apply to all other members.

13. AUDITORS' ETHICAL STANDARDS

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

14. FINANCIAL COMMITMENTS

At 30 September 2015 the credit union was committed to making the following payments.

(a) Office Accommodation

3 year licence from 01/04/2014, with 3 months notice on either side
3 months rent 1,696

(b) Carparking

1 year licence from 01/04/2014, with 3 months notice on either side
3 months rent 272