

Registration No. IP000745 (England and Wales)

**KENT SAVERS CREDIT UNION LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

# KENT SAVERS CREDIT UNION LIMITED

## BUSINESS INFORMATION

---

<b>Directors</b>	M Kingman P Spain M Faithful D Wilson L Jones P Davies C Parker
<b>Secretary</b>	C Parker
<b>Registration number</b>	IP000745
<b>Registered office</b>	Maidstone Community Support Centre 39-48 Marsham Street Maidstone KENT ME14 1HH
<b>Auditor</b>	Jones Avens Limited Piper House 4 Dukes Court Bognor Road Chichester West Sussex PO19 8FX

---

# KENT SAVERS CREDIT UNION LIMITED

## CONTENTS

---

	<b>Page</b>
Directors' report	1
Directors' responsibilities statement	2
Independent auditor's report	3 - 4
Revenue account	5
Balance sheet	6
Statement of retained earnings	7
Statement of cash flows	8
Notes to the financial statements	9 - 24

---

# KENT SAVERS CREDIT UNION LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

---

The directors present their annual report and financial statements for the year ended 30 September 2016.

### Principal activities

The principal activity of the business continued to be that of a credit union.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G Devries	(Retired 9 December 2015)
M Kingman	
P Spain	
M Faithful	
D Wilson	
M Whiting	(Retired 25 October 2016)
L Jones	
P Davies	
C Parker	

### Results and dividends

The results for the year are set out on page 5.

A dividend of 0.5% was paid. Any dividend based on the results for the current year will be proposed at the AGM.

### Auditor

A resolution proposing the appointment of auditors of the credit union will be put to the annual general meeting.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the credit union's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the credit union's auditor is aware of that information.

On behalf of the board

.....  
M Kingman  
**Director**

.....

# **KENT SAVERS CREDIT UNION LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 SEPTEMBER 2016***

---

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

The Co-operative and Community Benefit Societies Act 2014 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 that 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 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.

# KENT SAVERS CREDIT UNION LIMITED

## INDEPENDENT AUDITOR'S 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 2016 which comprise the Revenue Account, the Balance Sheet, the Statement of Retained Earnings and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 the Co-operative and Community Benefit Societies Act 2014 and the Credit Union 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 auditor**

As explained more fully in the Directors' Responsibilities Statement, 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.

#### **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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on 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 2016 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 and the Credit Unions Act 1979.

# **KENT SAVERS CREDIT UNION LIMITED**

## **INDEPENDENT AUDITOR'S 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 and the Credit Unions Act 1979 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.

**Jones Avens Limited**

.....

**Chartered Accountants  
Statutory Auditor**

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

# KENT SAVERS CREDIT UNION LIMITED

## REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

---

	Notes	2016 £	2015 £
Interest receivable	3	139,240	92,874
Interest payable	10	(5,762)	(4,554)
<b>Net interest income</b>		<u>133,478</u>	<u>88,320</u>
Fees and other income receivable	4	62,678	62,696
<b>Net fees and other income receivable</b>		<u>62,678</u>	<u>62,696</u>
Administrative expenses	5	(85,649)	(99,490)
Depreciation and amortisation	12	(2,954)	(4,490)
Other operating expenses	6	(17,075)	(15,400)
Impairment losses on loans to members	16	(56,521)	(33,335)
Surplus/(deficit) before taxation		<u>33,957</u>	<u>(1,699)</u>
Taxation	11	1,086	1,304
<b>Surplus/(deficit) for the financial year</b>		<u><u>32,871</u></u>	<u><u>(3,003)</u></u>

The Revenue Account has been prepared on the basis that all operations are continuing operations.



# KENT SAVERS CREDIT UNION LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2016

	Notes	2016 £	2015 £
<b>Assets</b>			
Loans and advances to banks	13	441,819	490,884
Loans and advances to members	15	992,916	773,706
Tangible assets	12	951	3,426
Other receivables	15	44,128	42,946
<b>Total assets</b>		<u>1,479,814</u>	<u>1,310,962</u>
Subscribed capital - repayable on demand			
	18	1,345,475	1,204,579
Other payables			
	17	26,730	30,645
		<u>1,372,205</u>	<u>1,235,224</u>
Other reserves			
		172,283	172,283
Subordinated debt - over 4 years remaining			
		80,000	75,000
Subordinated debt - 4 years or less remaining			
		22,000	28,000
Retained earnings			
		(166,674)	(199,545)
<b>Total liabilities</b>		<u>1,479,814</u>	<u>1,310,962</u>

The financial statements were approved by the board of directors and authorised for issue on .....  
and are signed on its behalf by:

.....  
**M Kingman**  
Director

.....  
**P Davies**  
Treasurer

.....  
**C Parker**  
Secretary

FCA Registration No. IP000745

# KENT SAVERS CREDIT UNION LIMITED

## STATEMENT OF RESERVES

FOR THE YEAR ENDED 30 SEPTEMBER 2016

---

	Notes	Other reserves £	Retained earnings £	Total £
Balance at 1 October 2014		172,283	(196,542)	(24,259)
Year ended 30 September 2015: Deficit and total comprehensive income for the year		-	(3,003)	(3,003)
Balance at 30 September 2015		<u>172,283</u>	<u>(199,545)</u>	<u>(27,262)</u>
Year ended 30 September 2016: Surplus and total comprehensive income for the year		-	32,871	32,871
Balance at 30 September 2016		<u>172,283</u>	<u>(166,674)</u>	<u>5609</u>

# KENT SAVERS CREDIT UNION LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

---

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	24		78,802		47,749
Interest paid			(5,762)		(4,554)
Income taxes paid			(1,304)		(1,203)
			<hr/>		<hr/>
<b>Net cash inflow from operating activities</b>			71,736		41,992
<b>Investing activities</b>					
Purchase of tangible fixed assets		(479)		(230)	
Net cash flow from managing liquid deposits		(61,677)		(1,383)	
		<hr/>		<hr/>	
<b>Net cash used in investing activities</b>			(62,156)		(1,613)
<b>Financing activities</b>					
Proceeds from issue of shares		742,374		759,327	
Redemption of shares		(601,478)		(604,074)	
Net increase in subordinated loans		5,000		43,000	
Reallocation of subordinated loans to creditors		(6,000)		-	
Loans advanced to members		(912,997)		(754,078)	
Repayment of loans by members		652,779		418,436	
		<hr/>		<hr/>	
<b>Net cash used in financing activities</b>			(120,322)		(137,389)
			<hr/>		<hr/>
<b>Net decrease in cash and cash equivalents</b>			(110,742)		(97,010)
Cash and cash equivalents at beginning of year			405,269		502,279
			<hr/>		<hr/>
<b>Cash and cash equivalents at end of year</b>			294,527		405,269
			<hr/> <hr/>		<hr/> <hr/>

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

---

### 1 Accounting policies

#### Business information

Kent Savers Credit Union Limited 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. Kent Savers Credit Union has registered with the Financial Conduct Authority and is regulated by the Prudential Regulation Authority under the provisions of the Financial Services and Markets Act 2000.

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

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

The financial statements are prepared in sterling, which is the functional currency of the credit union. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention.

These are Kent Savers Credit Union's first financial statements to comply with FRS 102. The date of transition to FRS 102 is 1 October 2014.

The transition to FRS 102 has resulted in a small number of accounting policy changes compared to those that applied previously. Note 25 to the financial statements describes the differences between the retained earnings and surplus or deficit presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ended at 30 September 2015 (ie comparative information), as well as the retained earnings presented in the opening balance sheet. It also describes all the required changes in accounting policies made on first-time adoption of FRS 102.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the credit union has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

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.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

---

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	Straight line over 6 years
Computers	Straight line over 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to surplus or deficit.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the credit union reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the credit union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 Financial instruments

The credit union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the credit union's balance sheet when the credit union becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in surplus or deficit, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

---

### 1 Accounting policies

(Continued)

#### **Financial assets - loans to members**

Loans to members are financial assets with fixed or determinable payments, and are not quoted in an 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. Kent Savers Credit Union does not transfer loans to third parties.

#### **Impairment of financial assets**

Kent Savers Credit Union assesses, at each balance sheet date, if there is any objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar risk characteristics, because no loans are individually significant. In addition, if during the course of the year, there is no objective evidence any individual loan is impaired, a specific loss will be recognised.

Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the credit union transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the credit union after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from other credit unions and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Financial liabilities - subscribed capital**

Members' shareholdings in Kent Savers Credit Union are redeemable and therefore are classified as financial liabilities, and described as subscribed capital. They are recognised at the amount of cash deposited.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the credit union's contractual obligations expire or are discharged or cancelled.

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

---

### 1 Accounting policies

(Continued)

#### 1.8 Equity instruments

Equity instruments issued by the credit union are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the credit union.

#### 1.9 Taxation

The tax expense represents the sum of the tax currently payable.

##### *Current tax*

The tax charge for the year reflects current tax payable. Current tax is the expected corporation tax payable in the year, using tax rates in force for the year. Kent Savers 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 Kent Savers Credit Union from which profits are chargeable to corporation tax, it is unlikely that deferred tax will arise.

#### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the credit union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.12 Grants

Grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.13 Reserves

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

The DWP Growth Fund Reserve represents funds granted to Kent Savers Credit Union Limited at the end of the contract with the DWP for the funding of loans to financially excluded households. This reserve is available to be utilised as required by Kent Savers Credit Union Limited.

Other reserves represent one off non repayable grants from certain Housing Associations for their tenants to gain access to affordable credit. The grants will be utilised as required.

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 1 Accounting policies

(Continued)

#### 1.14 Impairment losses on loans to members

Impairment of loans to members is based upon the provisioning percentages specified in CREDS, the credit union sourcebook, which specifies the percentage of bad debt provisioning to be applied to loans in arrears according to the age of the debt.

### 2 Judgements and key sources of estimation uncertainty

In the application of the credit union's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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

### 3 Loan interest receivable and similar income

	2016	2015
	£	£
Interest on members loans	133,808	86,351
Bank interest	5,432	6,523
	<u>139,240</u>	<u>92,874</u>

### 4 Fees and other income receivable

	2016	2015
	£	£
Entrance fees	1,028	1,204
Bad debts recovered	1,014	939
Miscellaneous income	10,007	28,208
Grant income	50,629	32,345
	<u>62,678</u>	<u>62,696</u>



# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 5 Administrative expenses

	2016 £	2015 £
Employment costs	52,997	62,576
Travelling expenses and sustenance	304	931
Bank charges	8,543	7,457
Advertising	640	3,775
Auditor's remuneration	5,111	5,076
Telephone	1,818	1,839
Computer operations	9,644	9,832
Legal and professional	2,355	1,936
Staff training	179	269
General expenses	1,328	2,806
Printing, postage and stationery	2,730	2,993
	<u>85,649</u>	<u>99,490</u>

### 6 Other operating expenses

Other operating expenses comprise the cost of occupying offices and regulatory and financial management costs:

	2016 £	2015 £
<b>Cost of occupying offices (excluding depreciation)</b>		
Rent and rates	7,977	7,821
	<u>7,977</u>	<u>7,821</u>
<b>Regulatory and financial management costs</b>		
Financial Conduct Authority and Prudential Regulation Authority fees	1,135	1,384
Association of British Credit Unions Limited fees	2,814	2,126
Fidelity insurance and general insurance	2,511	2,246
Loan protection and life savings insurance	2,638	1,823
	<u>9,098</u>	<u>7,579</u>
	<u>17,075</u>	<u>15,400</u>

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 7 Operating surplus

	2016	2015
	£	£
Operating surplus for the year is stated after charging		
Fees payable to the credit union's auditor for the audit of the credit union's financial statements	5,111	5,076
Depreciation of owned tangible fixed assets	2,954	4,490
Operating lease charges	7,977	7,821
	<u>          </u>	<u>          </u>

### 8 Employees

The average monthly number of persons employed by the credit union during the year was:

	2016	2015
	Number	Number
Administration	3	3
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	51,049	59,727
Social security costs	1,948	2,849
	<u>          </u>	<u>          </u>
	<u>52,997</u>	<u>62,576</u>

### 9 Directors' remuneration

The directors of the credit union received no remuneration in the year (2015: nil).

### 10 Interest payable and similar charges

Interest expense is primarily the dividend paid to members for the prior year. The dividend is formally proposed by the Directors after the year end and is confirmed at the following AGM. As a result it does not represent a liability at the balance sheet date. Interest on borrowing is also included.

	2016	2015
	£	£
<b>Interest paid during the year</b>		
Interest on borrowing	200	141
Dividends on members shares	5,562	4,413
	<u>          </u>	<u>          </u>
	<u>5,762</u>	<u>4,554</u>
Dividend rate	0.5%	0.5%

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

(Continued)

### 10 Interest payable and similar charges

#### Interest proposed but not recognised

6,442	5,562
-------	-------

Dividend rate

0.5%	0.5%
------	------

### 11 Taxation

<b>2016</b>	<b>2015</b>
£	£

#### Current tax

UK corporation tax on non-mutual income for the current period

1,086	1,304
-------	-------

### 12 Tangible fixed assets

Fixtures and fittings  
£

#### Cost

At 1 October 2015

45,039

Additions

479

At 30 September 2016

45,518

#### Depreciation and impairment

At 1 October 2015

41,613

Depreciation charged in the year

2,954

At 30 September 2016

44,567

#### Carrying amount

At 30 September 2016

951

At 30 September 2015

3,426

### 13 Cash and cash equivalents

<b>2016</b>	<b>2015</b>
£	£

Cash and balances with the Bank of England

-

Loans and advances to banks

441,819

441,819	490,884
---------	---------

Less: amounts maturing after three months

(147,292)	(85,615)
-----------	----------

294,527	405,269
---------	---------

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 14 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,037,044	816,652
	<u>                    </u>	<u>                    </u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	16,638	19,114
	<u>                    </u>	<u>                    </u>

### 15 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Loans to members	992,916	773,706
Other debtors	44,128	42,946
	<u>                    </u>	<u>                    </u>
	1,037,044	816,652
	<u>                    </u>	<u>                    </u>

	2016 £	2015 £
Loans to members		
At start of year	879,948	540,032
Advanced, including interest	912,997	754,078
Repaid	(652,779)	(418,436)
	<u>                    </u>	<u>                    </u>
	1,140,166	875,674
Impaired loans written off	(11,209)	(11,239)
Loan impairment provision	(136,041)	(90,729)
	<u>                    </u>	<u>                    </u>
	992,916	773,706
	<u>                    </u>	<u>                    </u>

Memorandum - Total loan assets for regulatory purposes

	2016 £	2015 £
Gross loans and advances to members	1,140,166	875,674
Impairment of individual financial assets	(11,209)	(11,239)
	<u>                    </u>	<u>                    </u>
	1,128,957	864,435
	<u>                    </u>	<u>                    </u>

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 15 Debtors

(Continued)

Provision for impaired loans (bad debts) is stated after specifically reviewing all loans in arrears. The criteria used are whether the loans will be repaid within the medium term and whether there is a regular pattern of repayments.

The Prudential Regulation Authority (PRA) requirement is that provision for impaired loans should be calculated on the basis of net liability (i.e member's loan balance plus accrued interest less member's shares held) and at the following provision rates:

Loans 91 to 180 days in arrears - 35%

Loans 181 to 270 days in arrears - 60%

Loans 271 to 365 days in arrears - 80%

Loans of 366 days or more in arrears - 100%

Kent Savers Credit Union does not offer mortgages and as a result all loans to members are issued unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. Security may be sought on delinquent loans.

The carrying amount of the loans to members represents Kent Savers 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.

Factors that are considered in determining whether loans are impaired are discussed in Note 1.7

	2016		2015	
	Amount	Proportion	Amount	Proportion
	£	%	£	%
Not impaired:				
Neither past due or impaired	979,899	84	741,913	89
Up to 3 months past due	28,463	4	36,628	3
Between 3 and 6 months past due	-	-	-	-
Between 6 months and 1 year past due	-	-	-	-
Over 1 year past due	-	-	-	-
Sub-total: loans not impaired	1,008,362	88	778,541	92
Individually impaired:				
Not yet past due, but impaired	-	-	-	-
Up to 3 months past due	-	-	-	-
Between 3 and 6 months past due	23,154	3	31,275	3
Between 6 months and 1 year past due	11,587	2	14,607	1
Over 1 year past due	85,854	7	40,012	4
Total loans	1,128,957	100	864,435	100
Impairment allowance	(136,041)		(90,729)	
Total carrying value	992,916		773,706	

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 16 Allowance account for impairment losses

	2016 £	2015 £
As at 1 October 2015	90,729	68,633
Allowance for losses made during the year	56,521	33,335
Allowances reversed during the year	(11,209)	(11,239)
	<hr/>	<hr/>
Increase/(decrease) in allowances during the year	45,312	22,096
	<hr/>	<hr/>
As at 30 September 2016	<u>136,041</u>	<u>90,729</u>

### Impairment losses recognised for year

	2016 £	2015 £
Impairment of individual financial assets	11,209	11,239
Increase/(decrease) in impairment allowances during the year	45,312	22,096
	<hr/>	<hr/>
Reversal of impairment where debts recovered	56,521 (1,014)	33,335 (939)
	<hr/>	<hr/>
Total impairment losses recognised for the year	<u>55,507</u>	<u>32,396</u>

### 17 Other payables

	2016 £	2015 £
	<b>Notes</b>	
Corporation tax	1,086	1,304
Grants	9,006	10,227
Other creditors	10,491	12,114
Accruals and deferred income	6,147	7,000
	<hr/>	<hr/>
	<u>26,730</u>	<u>30,645</u>

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 18 Share capital

	2016	2015
	£	£
<b>Members share accounts</b>		
As at 1 October 2015	1,204,579	1,049,326
Received during the year	742,374	759,327
Repaid during the year	(601,478)	(604,074)
	<u>1,345,475</u>	<u>1,204,579</u>

Deposits from members may only be made by way of subscription for shares.

### 19 Financial commitments, guarantees and contingent liabilities

Kent Savers Credit Union participates in the Financial Services Compensation Scheme (FSCS) and therefore has a contingent liability, which cannot be quantified, in respect of contributions to the FSCS, as required by the Financial Services and Markets Act 2000. Such contributions are subject to future changes in interest rates and levels of deposits held by UK deposit takers, therefore there is inherent uncertainty regarding the totality of the levy that Kent Savers Credit Union will have to pay.

### 20 Operating lease commitments

#### Lessee

At the reporting end date the credit union had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	£	£
Within one year	<u>6,883</u>	<u>6,783</u>

### 21 Events after the reporting date

There are no material events after the balance sheet date to disclose.

### 22 Related party transactions

During the year, 4 members of the Board, staff and their close family members (2015: 3 members) had loans with Kent Savers Credit Union Limited. These loans were approved on the same basis as loans to other members of Kent Savers Credit Union Limited. None of the directors, staff or their close family members, have any preferential terms on their loans.

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

---

### 23 Additional financial instruments disclosure

#### Financial risk management

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

The main financial risks arising from Kent Savers Credit Union's activities are credit risk, liquidity 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 Kent Savers Credit Union, resulting in financial loss to the credit union. In order to manage this risk the Board approves Kent Savers 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. Subsequent loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

**Liquidity risk:** Kent Savers 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 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. Kent Savers Credit Union conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore Kent Savers Credit Union is not exposed to any form of currency risk or other price risk.

**Interest rate risk:** Kent Savers 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. Kent Savers Credit Union considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. Kent Savers Credit Union does not use interest rate options to hedge its own position.

The interest rate risk is considered by the Board on a regular basis and will make decisions on the interest rates to be applied to loans, and to the investment of funds held in order to mitigate this risk.

#### Interest rate risk disclosures

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

	2016 £	2015 £
Financial assets		
Loans to members	1,128,957	879,948
Average interest rate	13.43%	12.11%
Financial liabilities		
Subscribed capital	1,345,475	1,204,579
	0.5%	0.5%



# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 23 Additional financial instruments disclosure

(Continued)

The interest rates applicable to loans to members are fixed and range from 4.9% to 42.6%.

The interest payable on subscribed capital is determined on the basis of income less administrative expenses and any known future commitments 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.

#### Liquidity risk disclosures

Excluding short-term and other payables, as noted on the balance sheet, Kent Savers Credit Union's financial liabilities, the subscribed capital, are repayable on demand.

#### Fair value of instruments

Kent Savers Credit Union does not hold any financial instruments at fair value.

### 24 Cash generated from operations

	2016 £	2015 £
Profit/(loss) for the year after tax	32,871	(3,003)
<b>Adjustments for:</b>		
Taxation charged	1,086	1,304
Finance costs	5,762	4,554
Depreciation and impairment of tangible fixed assets	2,954	4,490
<b>Movements in working capital:</b>		
Decrease in debtors	39,826	36,778
(Decrease)/increase in creditors	(2,476)	12,433
(Decrease) in deferred income	(1,221)	(8,807)
<b>Cash generated from operations</b>	<u>78,802</u>	<u>47,749</u>

### 25 Reconciliations on adoption of FRS 102

#### Reconciliation of equity

	1 October 2014 £	30 September 2015 £
Equity as reported under previous UK GAAP	1,084,809	1,266,031
Adjustments arising from transition to FRS 102: reversal of general bad debt provision	1      8,867	14,286
Equity reported under FRS 102	<u>1,093,676</u>	<u>1,280,317</u>

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 25 Reconciliations on adoption of FRS 102

(Continued)

#### Reconciliation of loss for the financial period

	Notes	2015 £
Loss as reported under previous UK GAAP		(8,422)
Adjustments arising from transition to FRS 102: reversal of general bad debt provision	1	5,419
Loss reported under FRS 102		<u>(3,003)</u>

#### Reconciliation of equity

	Notes	At 1 October 2014			At 30 September 2015		
		Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
<b>Fixed assets</b>							
Tangible assets		7,686	-	7,686	3,426	-	3,426
<b>Current assets</b>							
Debtors	1	517,788	8,867	526,655	802,366	14,286	816,652
Bank and cash		586,253	-	586,253	490,884	-	490,884
		<u>1,104,041</u>	<u>8,867</u>	<u>1,112,908</u>	<u>1,293,250</u>	<u>14,286</u>	<u>1,307,536</u>
<b>Creditors due within one year</b>							
Taxation		(1,203)	-	(1,203)	(1,304)	-	(1,304)
Other creditors		(6,681)	-	(6,681)	(19,114)	-	(19,114)
Deferred income		(19,034)	-	(19,034)	(10,227)	-	(10,227)
		<u>(26,918)</u>	<u>-</u>	<u>(26,918)</u>	<u>(30,645)</u>	<u>-</u>	<u>(30,645)</u>
Net current assets		<u>1,077,123</u>	<u>8,867</u>	<u>1,085,990</u>	<u>1,262,605</u>	<u>14,286</u>	<u>1,276,891</u>
Total assets less current liabilities		<u>1,084,809</u>	<u>8,867</u>	<u>1,093,676</u>	<u>1,266,031</u>	<u>14,286</u>	<u>1,280,317</u>
Net assets		<u>1,084,809</u>	<u>8,867</u>	<u>1,093,676</u>	<u>1,266,031</u>	<u>14,286</u>	<u>1,280,317</u>

# KENT SAVERS CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 25 Reconciliations on adoption of FRS 102

(Continued)

Notes	At 1 October 2014			At 30 September 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
<b>Capital and reserves</b>						
Share capital	1,049,068	-	1,049,068	1,204,579	-	1,204,579
Subordinated loans	60,000	-	60,000	103,000	-	103,000
Other reserves	172,283	-	172,283	172,283	-	172,283
Retained earnings	(196,542)	8,867	(187,675)	(213,831)	14,286	(199,545)
Total equity	1,084,809	8,867	1,093,676	1,266,031	14,286	1,280,317

### Reconciliation of loss for the financial period

Notes	Year ended 30 September 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £
Turnover	155,570	-	155,570
Administrative expenses	(158,134)	5,419	(152,715)
Interest payable and similar charges	(4,554)	-	(4,554)
Taxation	(1,304)	-	(1,304)
Loss for the financial period	(8,422)	5,419	(3,003)

### Notes to reconciliations on adoption of FRS 102

#### 1 Bad debt provision

Under FRS 102 the use of general provisions is no longer permitted and the general bad debt provision has been added back.

**KENT SAVERS CREDIT UNION LIMITED**  
**MANAGEMENT INFORMATION**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

# KENT SAVERS CREDIT UNION LIMITED

## DETAILED REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

---

		2016		2015
	£	£	£	£
<b>Turnover</b>				
Interest on member's loans		133,808		86,351
Bank interest		5,432		6,523
Entrance fees		1,028		1,204
Bad debts recovered		1,014		939
Miscellaneous income		10,007		28,208
Grant income		50,629		32,345
		<hr/>		<hr/>
		201,918		155,570
<b>Administrative expenses</b>		(162,199)		(152,715)
		<hr/>		<hr/>
<b>Operating surplus</b>		39,719		2,855
<b>Interest payable and similar charges</b>				
Interest payable		(5,762)		(4,554)
		<hr/>		<hr/>
<b>Surplus/(deficit) before taxation</b>	16.82%	33,957	1.09%	(1,699)
		<hr/> <hr/>		<hr/> <hr/>

---

# KENT SAVERS CREDIT UNION LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 30 SEPTEMBER 2016

---

	2016	2015
	£	£
<b>Administrative expenses</b>		
Wages and salaries	51,049	59,727
Social security costs	1,948	2,849
Staff training	179	269
Loan and share insurance	2,638	1,823
Rent and rates	7,977	7,821
Insurances	2,511	2,246
Computer running costs	9,644	9,832
Travel and sustenance	304	931
Legal and professional fees	2,355	1,936
FCA/PRA fees	1,135	1,384
Trade association membership	2,814	2,126
Audit fees	5,111	5,076
Bank charges	8,543	7,457
Bad and doubtful debts	56,521	33,335
Printing, stationery and postage	2,730	2,993
Advertising	640	3,775
Telecommunications	1,818	1,839
Sundry expenses	1,328	2,806
Depreciation	2,954	4,490
	<hr/>	<hr/>
	162,199	152,715
	<hr/> <hr/>	<hr/> <hr/>

---