Registered Number: 264C

COMMSAVE CREDIT UNION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Burgis & Bullock
Chartered Accountants
the natural choice

COMPANY INFORMATION

Directors	Mr M Braimah Mr D G Keith Mr H Mansuri Mr R Munro Mr D W Jackson Mr K Kafamba Mrs R Owusu Mr S Jacob Ms L Walkden
Registered number	264C
Business & Registered office address	6 Duncan Close Moulton Park Northampton Northamptonshire NN3 6WL
Auditors	Burgis & Bullock 23-25 Waterloo Place Warwick Street Leamington Spa Warwickshire CV32 5LA

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors present their report and financial statements for the year ended 30 September 2019.

The principal activity of the credit union continues to be that of the provision of savings and lending facilities for the benefit of its members as defined in the Credit Union Act 1979.

The directors are required under Credit Union legislation to prepare financial statements, for each financial year, which give a true and fair view of the state of affairs of the Credit Union at the end of the financial year, and of the income and expenditure of the Credit Union for the year.

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

Mr M Braimah
Mr D G Keith
Mr H Mansuri
Mr R Munro
Mr D W Jackson
Mr S Doyle - left Board 2nd March 2019
Mr K Kafamba
Mr M Duodu - removed from Board 14th October 2018
Mrs R Owusu
Mr S Jacob - co-opted 12th October 2019
Ms L Walkden - co-opted 7th December 2019

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;
- 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 also responsible for:

- keeping proper accounting records;
- maintaining a satisfactory system of control over the accounting records and transactions;
- safeguarding the credit union's assets; and
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors
So far as the directors are aware, there is no relevant audit information of which the credit union's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the Board of directors

Mr K Kafamba
Chairman
7th December 2019

PP

DEAN KEITH
VICE CHAIR

TREASURERS' REPORT

I'm pleased to report another year of continued growth for your credit union. Your Board is delighted to propose a very competitive return on your savings and again we are recommending a loan interest rebate to members who have made their loan repayments, in line with their agreement. We have continued to invest in service improvements and set aside some of our surplus to continue to build our capital.

Income & Expenditure

This year, our income increased by £791k whilst our expenditure rose by £880k. The increase in expenditure is due to:

- A higher level of loan write offs and provisioning.
- Our investment in developing our IT systems. We have speeded up our loans processing and introduced e-signature which gets funds to members quicker. We also improved our joining process for new members.
- Developing a bespoke well-being hub for Commsave members.

Members' Savings

At the end of the financial year, members' savings rose from £47.2m to £56m representing a growth of 19%.

This year, we are proposing to pay our planned dividend of 2.25% on member savings. For the third year running, we are proposing to pay a loan interest rebate of 2.25% to members who have made loan repayments in line with their agreement.

Our proposed dividend and loan interest rebate are to ensure members who played a role in the success of Commsave receive their share of the surplus - this is the credit union difference!

Loans to Members

Loans to members at the end of the year stood at £46.3m, an increase of £6.9m, representing a growth of 17%. The loan products and their corresponding interest rates we offer, shows how the needs of members always form the focal point of our decision making.

Membership

2018/19 saw an increase in membership from 22,201 to 24,210 representing 9% growth in membership.

Bad Debt & Loans Written Off

Although bad debt written off has increased, this was not unexpected and we had planned for it. Our robust systems ensure a significant amount of these write offs are recovered. Members' wellbeing is paramount to the decisions we make, and we urge members facing changed circumstances, which impact their ability to meet their loan repayments, to fully engage with us.

Capital & reserves

At the year end, our General Reserve stood at £13.4m, an increase of £2.3m, a growth of 21%. The growth of our reserve is to ensure the board can continue to meet members' expectations and provides a buffer against any unexpected events in the future.

External Independent Audit

Our accounts have been audited by Burgis & Bullock of Leamington Spa and the Board has received their unqualified report.

Mr M Braimah
Treasurer
7th December 2019

CHAIRMANS' REPORT

Dear Member - Owner

On behalf of your Board of Directors, I am delighted to report another year of continued growth for your credit union. During the year, your Board and staff have worked hard to deliver our plans and build on the success of previous years.

A few of this year's highlights are:

Member satisfaction – as a member owned co-operative your feedback is essential. Our annual member survey in the summer showed that 97% of members were either satisfied, or very satisfied with Commsave. Please continue to provide your feedback and ideas on how we can improve, and continue to best serve your needs.

Loans – during the year we trialled a new consolidation loan product. As this was a new type of lending for Commsave, the Board allocated £5m of funds and we will monitor the performance of this part of our loan book. This new type of loan proved very popular and the £5m allocated for this product was disbursed within a few months.

Audit & Risk sub-committee – during the year, we strengthened the independent membership of this sub-committee by recruiting two additional independent members, Chris Okafor and Kamran Haider.

Diversity – under our code of governance we are required to monitor diversity within the credit union. The Board engaged an independent diversity consultant to conduct the survey and collate the responses. No major issues were highlighted in the consultant's report.

Twinning partnership – Katie and Callum from our management team joined me in visiting our 'twins' in Atlanta during the summer and we hosted a visit from Members First Credit Union in the autumn. As part of the twinning partnership Amanda, our CEO has started a three-year study programme at the University of Georgia. The South Eastern Regional Credit Union School is a management development programme for credit union professionals. We have nothing like this in the UK and we are grateful for the financial support from Members First Credit Union.

Common Bond – as part of our growth and diversification strategy we continue to widen our membership base and we are asking members to support a motion at our Annual General Meeting (AGM) to make some changes to our common bond. These changes should help us to diversify our membership base, continue our growth and open up new opportunities.

Finally, on behalf of the Board, I thank our staff and volunteers for their continued dedication and hard work, which has seen Commsave achieve another successful year.

Mr K Kafamba
Chairman
7th December 2019

PP

DEAN ILETH
VICE CHAIR

Opinion

We have audited the financial statements of Commsave Credit Union for the year ended 30 September 2019 set out on pages 7 to 21. 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 applicable 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 30 September 2019 and of its income & 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 Co-operative and Community Benefit Societies Act 2014, and the Credit Unions Act 1979.

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 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.

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.

Opinions on other matters

In our opinion, based on the work undertaken in the course of our audit:

• the information given in the Treasurers' Report, Chairman's Report and the Directors' Responsibilities Statement for the financial year for which the financial statements are prepared is consistent with the financial statements; and

• the Treasurers' Report, Chairman's Report and the Directors' Responsibilities Statement have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Credit Union and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's' Report, Treasurers' Report and the Directors' Responsibilities Statement.

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:

• 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; or

• 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 directors are responsible for assessing the Credit Unions' 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 directors either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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.

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

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 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.

W A Hubbard

Wende Hubbard FCCA (Senior Statutory Auditor)
for and on behalf of Burgis & Bullock

Chartered Accountants
Statutory Auditor

7th December 2019

23-25 Waterloo Place
Warwick Street
Leamington Spa
Warwickshire
CV32 5LA

REVENUE ACCOUNT

	Notes	2019 £	2018 as restated £
Loan interest receivable and similar income	3	7,005,384	6,218,824
Administrative expenses		(3,330,456)	(2,449,944)
Other operating income		4,712	-
Surplus on ordinary activities before tax		3,679,641	3,768,880
Tax on surplus on ordinary activities	**8**	(37,747)	(18,903)
Surplus for year		3,641,894	3,749,977
Dividends & loan interest rebates	**4**	(1,335,887)	(1,061,786)
Retained surplus for the year		2,306,007	2,688,191

The revenue account has been prepared on the basis that all operations are continuing operations.

Approved by the Board and authorised for issue on 7th December 2019

Mr M Braimah
Director

Mr R Munro
Director

BALANCE SHEET

	Notes	2019 £	2019 £	2018 as restated £	2018 as restated £
Fixed assets					
Tangible assets	10		496,813		508,049
Current assets					
Debtors: amounts falling due within one year	11	4,441,936		5,369,957	
Debtors: amounts falling due after more than one year	11	42,282,716		34,569,130	
Cash at bank and in hand		23,942,267		19,222,009	
		70,666,919		59,161,096	
Creditors: amounts falling due within one year	12	(1,374,325)		(1,164,423)	
Net current assets			69,292,594		57,996,673
Total assets less current liabilities			69,789,407		58,504,722
Liabilities to members					
Member savings		55,730,567		46,928,846	
Junior stamper savings		310,856		266,151	
Other provisions	14	396,565		264,313	
			56,437,988		47,459,310
Reserves					
General reserve			13,351,419		11,045,412
Members' funds			69,789,407		58,504,722

Approved by the Board and authorised for issue on 7th December 2019

Mr M Braimah
Director

Mr R Munro
Director

STATEMENT OF CHANGES IN EQUITY

	Notes	General reserve £	Total £
Balance at 1 October 2017		8,205,890	8,205,890
Prior year adjustment		151,331	151,331
Balance at 1 October 2017 as restated		8,357,221	8,357,221
Year ended 30 September 2018:			
Profit and total comprehensive income for the year **(as restated)**		3,749,977	3,749,977
Dividends		(1,061,786)	(1,061,786)
Balance at 30 September 2018 as restated		11,045,412	11,045,412
Year ended 30 September 2019:			
Profit and total comprehensive income for the year		3,641,894	3,641,894
Dividends	4	(1,335,887)	(1,335,887)
Balance at 30 September 2019		13,351,419	13,351,419

CASH FLOW STATEMENT

	2019		2018	
	£	£	£	£
Cash flows from operating activities				
Cash generated from/(used in) operations **(note 18)**		5,643,219		6,292,631
Interest paid		-		-
Income taxes refunded/(paid)		(17,958)		(16,524)
Net cash inflow from/(used in) operating activities		5,625,261		6,276,107
Investing activities				
Purchase of tangible fixed assets	(9,058)		(228,078)	
Dividends paid	(1,083,515)		(944,728)	
Interest received	187,571		94,516	
Net cash used in investing activities		(905,002)		(1,078,290)
Financing activities		-		-
Net cash generated from/(used in) financing activities		4,720,259		5,197,817
Net increase/(decrease) in cash and cash equivalents		4,720,259		5,197,817
Cash and cash equivalents at the beginning of the year		19,222,009		14,024,192
Cash and cash equivalents at the end of the year		23,942,268		19,222,009

1 Accounting policies

1.1 General information

Commsave Credit Union Limited is registered under the Co-operative and Community Benefit Societies Act 2014, with the principal activity of operating as a credit union, within the meaning of the Credit Unions Act 1979. Commsave Credit Union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The registered office is 6 Duncan Close, Moulton Park, Northampton, Northamptonshire, NN3 6WL.

1.2 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") and the Co-operative and Community Benefit Communities Act 2014. The disclosure requirements of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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, modified to include the revaluation of freehold properties as deemed cost and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The financial statements have been prepared with the early adoption of the FRS 102 Triennial review 2017 amendments in full.

1.3 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.

1.4 Income

Income represents the fair value of interest receivable on loans to members and fees charged to members and bad debts recovered. Bank interest was earned on funds invested by the Credit Union.

The credit union recognises income when the amount of income can be measured reliably, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the credit union's activities described above.

1.5 Tangible assets

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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 basis:

Freehold property	2% straight line
Fixtures, fittings & equipment	25% reducing balance

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 profit and loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies **(Continued)**

1.6 Impairment of fixed assets

At each reporting period end date, the credit union reviews the carrying amounts of its tangible 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.

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

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.

Impairment of financial assets

The credit union assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if, during the course of the year there is objective evidence that 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 cash flows.

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, 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.

Other financial liabilities

Members savings are redeemable and therefore are classified as financial liabilities. They are initially recognised as the amount of cash deposited and subsequently recognised at amortised cost.

1 Accounting policies **(Continued)**

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

1.9 Taxation
The tax expense represents the sum of the tax currently payable on bank interest and rental income receivable by the Credit Union.

1.10 Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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 Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating 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 General reserve
The Credit Union must establish and maintain a General Reserve in accordance with FCA and PRA Regulations. The Credit Union must maintain a capital to total assets ratio of at least 10%.

1.13 Bad and doubtful debt provisions
The Credit Union makes provisions in its accounts for bad and doubtful debts calculated as set out below. This provision is in line with the current minimum requirements as expressed within the PRA Credit Union Rulebook Part:

- 35% of the net liability of loans more than 3 months in arrears,
- 60% of the net liability of loans more than 6 months in arrears,
- 80% of the net liability of loans more than 9 months in arrears,
- 100% of the net liability of loans more than 12 months in arrears.

1.14 Dividends
The accounts include a proposed dividend relating to the current year which will be paid in the next financial year. Proposed dividends are only included if there is a present obligation at the balance sheet date.

1.15 Provisions
Provisions are recognised when the credit union has an obligation at the reporting date as a result of a past event, it is probable that the credit union will be required to settle that obligation and a reliable estimate can be made of that obligation.

1 Accounting policies **(Continued)**

1.16 Bereavement Fund

The credit union has set up a scheme which provides bereavement benefits on the death of its members. Initially the credit union provides 20p per £1,000 of total loans and total savings on the last day of each month and subsequently assesses the fund balance periodically to ensure that it is not under or over provided.

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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Income recognition and allowance for doubtful debts

The credit union recognises an annual allowance for bad debts in line with the PRA requirements as set on in the accounting policies in note 1.13. In addition to this provision, at each reporting date the credit union evaluates the recovery of loans issued and records allowances for bad debts based on history and experience.

Bereavement fund

The credit union has set up a scheme which provides bereavement benefits on the death of its members. The credit union uses estimations as set out in the accounting policies above to provide for this scheme.

3 Loan interest receivable and similar income

	2019	2018 as restated
	£	£
Loan interest receivable	6,770,027	6,077,316
Bank interest received	187,571	94,516
Other	47,786	46,992
	7,005,384	6,218,824

4 Interest expense

	2019	2018
	£	£
Dividend accrued	831,542	712,463
Savings Interest & loan interest rebates paid and accrued	504,345	349,323
	1,335,887	1,061,786

5 Auditors remuneration

	2019	2018
	£	£
Fees payable for the audit	12,000	14,995
	12,000	14,995

6 Employees

The average monthly number of persons (including directors) employed by the credit union during the year was:

	2019	2018
	Number	Number
	21	20

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	453,337	385,986
Social security costs	29,896	21,867
Other pension costs	14,500	7,490
Benefits & welfare	8,175	3,414
	505,908	418,757

7 Retirement benefit schemes

	2019	2018
	£	£
Charge to revenue account in respect of defined contribution schemes	14,500	7,490

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

8 Taxation

	2019 £	2018 £
Domestic current year tax		
U.K. corporation tax	37,747	18,903
Adjustment for prior years	-	-
Total current tax	37,747	18,903

The actual charge can be reconciled to the expected charge for the year based on the revenue account surplus and the standard rate of tax as follows:

Profit before taxation	2,306,007	2,688,191
Expected tax charge based on corporation tax rate of 19% (2018:19%)	438,141	510,756
Non-taxable surplus/(deficit) on transactions with members	(400,394)	(491,853)
Total tax charge for year	37,747	18,903

9 Impairments

Impairment tests have been carried out where appropriate and the following losses have been recognised in the Revenue Account:

	Total £
At 1 October 2018	3,217,147
Allowance for losses made during the year	1,048,384
Allowances reversed in the year	(386,046)
At 30 September 2019	3,879,485

10 Tangible assets	Freehold property	Fixtures, fittings & equipment	Total
	£	£	£
Valuation			
At 1 October 2018	493,003	75,566	568,569
Additions	-	9,058	9,058
Disposals		(530)	(530)
At 30 September 2019	493,003	84,094	577,097
Depreciation			
At 1 October 2018	20,932	39,586	60,518
Charge for the year	9,803	10,491	20,294
Eliminated on disposals		(530)	(530)
At 30 September 2019	30,735	49,547	80,282
Net book value			
At 30 September 2019	462,268	34,547	496,815
At 30 September 2018	472,071	35,980	508,051

The credit union has taken advantage of the exemptions available in FRS102 to measure its freehold property at its previous GAAP valuation at the transition date and use that revaluation value as deemed cost.

11 Debtors

	2019	2018 as restated
	£	£
Gross loans	50,097,714	42,608,057
Bad debt provisions	(3,879,485)	(3,217,147)
Prepayments & accrued interest	431,424	348,177
Other debtors	75,000	200,000
	46,724,653	39,939,087

Amounts falling due after more than one year and included in the debtors above are:

	2019	2018
	£	£
Net loans	42,282,716	34,569,130

12 Creditors: amounts falling due within one year

	2019	2018
	£	£
Corporation tax	39,117	19,328
Other creditors	137,500	196,763
Accruals and deferred income	12,000	14,995
Proposed dividend	1,185,708	933,337
	1,374,325	1,164,423

13 Operating lease commitments

Operating lease payments represent rentals payable by the credit union for office equipment.

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:

	Other	
	2019	2018
	£	£
Operating leases which expire:		
Within one year	5,166	1,649
Between two and five years	23,247	-
	28,413	1,649

14 Provisions

The credit union provides a death benefit scheme for its members. The scheme has been established to offer financial assistance upon the death of any active member.

Balances:	Liabilities 2019 £	Liabilities 2018 £
Other provisions	396,565	264,313

Movements in the year:	Other provisions £	Total £
At 1 October 2018	264,313	264,313
Charge for the year	225,621	225,621
Provisions released	(93,369)	(93,369)
At 30 September 2019	396,565	396,565

15 Contingent liabilities

The credit union participates in the Financial Services Compensation Scheme (FSCS) which provides protection for its members up to the level of protection offered by the FSCS and therefore has a contingent liability, which cannot be quantified, in respect of future contributions to the FSCS, as required by the Financial Services and Markets Act 2000.

16 Financial risk disclosures

16a Financial risk management

Commsave Credit Union manages its shares and loans so that it earns income from the margin between interest receivable and interest payable.

The main financial risks arising from the activities of Commsave Credit Union are credit risk, liquidity risk and market 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 Commsave Credit Union, resulting in financial loss to the credit union. In order to manage the risk the Board approves Commsave Credit Union's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at that time. Subsequently loans are regularly reviewed for any fact that indicate that the likelihood of repayment has changed.

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

16b Financial risk management **(Continued)**

Market risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. Commsave Credit Union conducts all its transactions in Sterling and does not deal in derivatives or commodity markets therefore is not exposed to any form of currency risk or other price risk however it is exposed to interest rate risk as set out below:

Interest rate risk: The main interest rate risk for the credit union arises between the interest rate exposure on loans, bank deposits and shares that form an integral part of a credit unions operations. Commsave Credit Union considers rates of interest receivable when deciding on proposed dividend rates. Dividend rates are based on the historical results of the credit union and the credit unions strategic plans. The credit union does not use interest rate options to hedge its own positions.

16c Credit risk exposure

The credit union holds the following security against its loans to members:

Security for loans	2019 £	2018 £
Attached loans	9,241,385	7,510,229

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.

	2019 £	2018 £
Not impaired:		
Neither past due nor impaired	42,731,607	36,949,496
Up to 3 months past due	2,540,937	1,722,717
Subtotal loans not impaired	45,272,544	38,672,213
Individually impaired:		
Not yet past due but impaired	-	-
Up to 3 months past due	-	-
Between 3 - 6 months past due	971,956	740,121
Between 6 months and 1 year past due	1,182,575	897,019
Over 1 year past due	2,670,639	2,298,683
Total loans	50,097,714	42,608,036
Impairment allowance	(3,879,485)	(3,217,147)
Total carrying value	46,218,229	39,390,889

16d Liquidity risk disclosures

Excluding short term other payables, as noted on the balance sheet, Commsave Credit Union's financial liabilities, the members savings, are repayable on demand.

16e Interest rate risk disclosures

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

	2019		2018	
	Amount £	Average interest rate	Amount £	Average interest rate
Financial assets				
Loans to members	46,218,229	14.62%	39,390,889	15.25%
Financial liabilities				
Member savings	55,730,567	2.25%	46,928,846	2.25%
Junior stamper savings	310,856	2.25%	266,151	2.25%
	56,041,423	2.25%	47,194,997	2.25%

17 Related party relationships and transactions

All shares are held by members of the Credit Union. There is no controlling shareholder. Some of the directors of the Credit Union and their related parties hold shares and loans in accordance with provisions that apply to other members.

Remuneration of key management personnel
The remuneration of key management personnel (including directors) is as follows.

	2019 £	2018 £
Aggregate compensation	125,234	114,389

18 Cash generated from operations

	2019	2018
	£	£
Surplus for the year after tax	3,641,894	3,749,977
Adjustments for:		
Depreciation of tangible assets	20,294	15,080
Investment income	(187,571)	(94,516)
Tax paid	37,747	18,903
Movements in working capital:		
Increase in members' loans	(6,827,319)	(6,773,842)
Increase in members' savings	8,846,426	9,373,282
Decrease/(Increase) in other debtors	41,754	(240,708)
(Decrease)/Increase in creditors within one year	(62,257)	113,921
Increase in provisions	132,252	130,536
Net cash inflow from operating activities	5,643,219	6,292,631

19 Analysis of changes in net debt

	2018
	£
Opening net funds/(debt)	
Cash and cash equivalents	19,222,009
Changes in det debt arising from:	
Cash flows of the entity	4,720,259
Closing net debt as analysed below	23,942,268
Closing net debt	
Cash and cash equivalents	23,942,268

20 Prior period adjustment

The prior year adjustment relates to accrued interest on loan accounts and reanalysis of bad debts written back.

Changes to the balance sheet

	At 30 September 2019			
	As previously reported	Adjustment at 1 Oct 2017	Adjustment at 30 Sep 2018	As restated
	£	£	£	£
Current assets				
Debtors: amounts falling	5,149,480	151,331	69,146	5,369,957
Net current assets	57,776,196	151,331	69,146	57,996,673
Total assets less current liabilities	58,284,245	151,331	69,146	58,504,722
Reserves				
General reserve	10,824,935	151,331	69,146	11,045,412

	Period ended 30 September 2019		
	As previously reported	Adjustment	As restated
Changes to the profit and loss account	£	£	£
Income	6,367,964	(149,139)	6,218,825
Administrative expenses	(2,668,230)	218,285	(2,449,945)
Retained surplus for the year	2,619,045	69,146	2,688,191

MANAGEMENT INFORMATION

DETAILED INCOME AND EXPENDITURE ACCOUNT

&

SCHEDULE OF ADMINISTRATIVE EXPENSES

The following 2 pages do not form part of the Audited financial statements

DETAILED INCOME AND EXPENDITURE ACCOUNT

	2019 £	2018 £
Income		
Interest on loans to members	6,757,994	6,077,316
Interest on Other CU Loans	12,033	-
Bank interest received	187,571	94,516
Dormant account charges	5,295	4,369
Funding from FOCCU	42,419	42,358
Engage card commission	72	265
	7,005,384	6,218,824
Administrative expenses	(3,330,456)	(2,449,945)
	3,674,928	3,768,879
Other operating income		
Rent receivable	4,712	-
Operating surplus	3,679,641	3,768,879

SCHEDULE OF ADMINISTRATIVE EXPENSES

	2019 £	2018 £
Administrative expenses		
Wages and salaries and staff welfare	505,909	418,757
Training costs	22,445	26,965
Rates	3,006	3,305
Bereavement fund reserve	225,621	183,952
Fidelity bond insurance	31,185	13,387
Property insurance	2,686	2,159
Light and heat	3,721	4,299
Cleaning	8,766	7,970
Repairs and maintenance	24,357	5,633
Bad debts expense	1,712,304	1,232,180
Printing, postage and stationery	42,393	58,212
Advertising and marketing	109,632	72,554
Telephone	38,134	32,452
Computer maintenance	26,696	25,680
Equipment leasing	4,340	2,842
Meetings, seminars & conferences	110,522	75,568
Association fees	24,961	19,469
Legal and professional fees	61,661	(10,563)
Regulation fees	2,690	4,562
Business development	67,163	33,658
Audit & accountancy fees	19,265	16,123
Bank charges and credit agency fees	146,576	118,697
Sundry expenses	4,866	5,485
Depreciation on tangible fixed assets	20,294	15,080
Ring fenced projects - furniture	-	6,806
Ring fenced projects - IT improvements	79,828	52,085
Ring fenced projects - Rowland Hill Fund donation	20,000	20,000
Ring fenced projects - Wellbeing hub	8,434	-
Ring fenced projects - Diversity Survey	3,000	-
CU loans commission		2,627
	3,330,456	2,449,945