

# Annual Return (AR30) form

## Section 1 – About this form

An Annual Return must be completed by all societies registered under the Co-operative and Community Benefit Societies Act 2014 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1965) or the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1969). The Annual Return must include:

- this form;
- a set of the society's accounts; and
- where required, an audit report or report on the accounts.

A society must submit the Annual Return within 7 months of the end of the society's financial year. Failure to submit on time is a prosecutable offence.

Please note that this form, including any details provided on the form, will be made available to the public through the Mutuels Public Register <https://mutuals.fca.org.uk>.

For guidance on our registration function for societies under the Co-operative and Community Benefit Societies Act 2014, which includes guidance on the requirement to submit an Annual Return, please see here: <https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

## Section 2 – About this application

<b>Society name</b>	Association of British Credit Unions Limited
<b>Register number</b>	23136R
<b>Registered address</b>	Holyoake House, Hanover Street, Manchester
<b>Postcode</b>	M60 0AS

**2.1 What date did the financial year covered by these accounts end?**

3	0	0	9	2	0	1	8
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**Section 3 – People**

**3.1 Please provide the names of the people who were directors of the society during the financial year this return covers.** Some societies use the term 'committee member' or 'trustee' instead of 'director'. For ease of reference, we use 'director' throughout this form.

Name of director	Month and year of birth	
KAREN BENNETT	March	1964
GRENVILLE RUPERT STANLEY BINGHAM	December	1943
CAROL MCHARG	May	1963
JOHN MACDONALD	February	1956
DON KEHOE	July	1957
PETER REGINALD EVANS	May	1949
ANDREW WRIGHT	November	1955
KAREN WALKER	April	1965
IAN ATKINS	September	1953
ROSEMARY BRITTEN	July	1947
JAMES CLANCY	April	1951
ALAN HIGNETT	November	1957

Continue on to a separate sheet if necessary.

**3.2 All directors must be 16 or older. Please confirm this is this case:**

All directors are aged 16 or over

**3.3 Societies are within the scope of the Company Directors Disqualification Act 1986 (CDDA). Please confirm that no director is disqualified under that Act:**

No director is disqualified

**3.4 Please state any close links which any of the directors has with any society, company or authority.** 'Close links' includes any directorships or senior positions held by directors of the society in other organisations.

Credit Union Manager/Director CUF Trustee CMS Director
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**3.5 Please provide the name of the person who was secretary at the end of the financial year this return covers.** Societies must have a secretary.

Name of secretary	Month and year of birth	
Carol McHarg	May	1963

## Section 4 – Financial information

### 4.1 Please confirm that:

accounts are being submitted with this form

the accounts comply with relevant statutory and accounting requirements

the accounts are signed by two members and the secretary (3 signatures in total)

**4.2 Based on the accounts, please provide the information requested below for the financial year covered by this return.**

Number of members	<b>197</b>
Turnover	<b>£1,886,834</b>
Assets	<b>£805,929</b>
Number of employees (if any)	<b>18</b>
Share capital	<b>197</b>
Highest rate of interest paid on shares (if any)	<b>N/A</b>

**4.3 What Standard Industrial Classification code best describes the society's main business?** Where more than one code applies, please select the code that you feel best describes the society's main business activity. You will find a full list of codes here: <http://resources.companieshouse.gov.uk/sic/>

94990 – Activities of other membership organisations n.e.c
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## Section 5 – Audit

Societies are required to appoint an auditor to audited unless they are small or have disapplied this requirement. For further guidance see chapter 7 of our guidance: <https://www.fca.org.uk/publication/finalised-guidance/fq15-12.pdf>

### 5.1 Please select the audit option the society has complied with:

- |                                  |                                     |
|----------------------------------|-------------------------------------|
| Full professional audit          | <input checked="" type="checkbox"/> |
| Auditor's report on the accounts | <input type="checkbox"/>            |
| Lay audit                        | <input type="checkbox"/>            |
| No audit                         | <input type="checkbox"/>            |

### 5.2 Please confirm the audit option used by the society is compliant with the society's own rules and the Act

We have complied with the audit requirements

### 5.3 Please confirm any audit report (where required) is being submitted with this Annual Return

Yes

Not applicable

The information below impacts the level of audit required of the society's accounts. Please provide answers to the following questions.

**5.4 Is this society accepted by HM Revenue and Customs (HMRC) as a charity for tax purposes?**

Yes

No

**5.5 If the society is registered with the Office of the Scottish Charity Regulator (OSCR) please provide your OSCR registration number.**

Not applicable

OSCR number:	
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**5.6 Is the society a housing association?**

No  Go to **section 6**

Yes  Go to question **5.7**

**5.7 Please confirm which housing regulator you are registered with, and provide the registration number they have given you:**

		Registration number
Homes and Communities Agency	<input type="checkbox"/>	
Scottish Housing Regulator	<input type="checkbox"/>	
The Welsh Ministers	<input type="checkbox"/>	
Department for Communities (Northern Ireland)	<input type="checkbox"/>	

## Section 6 – Subsidiaries

### 6.1 Is the society a subsidiary of another society?

Yes

No

### 6.2 Does the society have one or more subsidiaries? (As defined in sections 100 and 101 of the Act)

Yes  Continue to question 6.3

No  Continue to Section 7

### 6.3 If the society has subsidiaries, please provide the names of them below (or attach an additional sheet)

Registration Number	Name
07952752	Cornerstone Mutual Services Limited

### 6.4 Please provide below (or on a separate sheet) the names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions: (the society must have written authority from us to exclude a subsidiary from group accounts)

Registration Number	Name	Reason for exclusion

## Section 7– Condition for registration

All societies are registered meeting one of two conditions for registration. These are that the society is either:

- a bona fide co-operative society ('co-operative society'); **or**
- are conducting business for the benefit of the community ('community benefit society').

A society must answer the questions set out in either Section 7A or Section 7B of this form, depending on which condition of registration it meets.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance:

<https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

## **Section 7A - Co-operative societies**

Co-operative societies must answer the following questions in relation to the financial year covered by this return.

**7A.1 What is the business of the society?** For example, did you provide housing, manufacture goods, develop IT systems etc.

**ABCUL is the leading trade association for credit unions in Scotland, England and Wales. It provides members (credit unions who decide to join) with a range of services including legislative and regulatory lobbying, government representation, training and business development, organisational capacity building and media links.**

**7A.2 Please describe the members' common economic, social and cultural needs and aspirations.** In answering this question, please make sure it is clear what needs and aspirations members had in common.

**The members of ABCUL (credit unions across the country) exist to serve the member base within their respective field of membership/common bond areas. Each credit union will have primary objectives as follows:**

**(a) the promotion of thrift among the members of the society by the accumulation of their savings;**

**(b) the creation of sources of credit for the benefit of the members of the society at a fair and reasonable rate of interest;**

**(c) the use and control of the members' savings for their mutual benefit; and**

**(d) the training and education of the members in the wise use of money and in the management of their financial affairs.**

**In essence credit unions are registered as deposit takers and will provide additional ethical financial services to build**



**the financial resilience of their member base.**

**7A.3 How did the society's business meet those needs and aspirations?**

You have described the society's business answer to question 7A.1, and in question 7A.2 you have described the common needs and aspirations of members. Please now describe how during the year that business met those common needs and aspirations.

Members used the enquiry service to answer queries on a variety of legal, regulatory and operational queries related to the management of credit unions. They were also able to access over 100 information guides and a discussion forum on the members' section of the website. Members attended the Annual Conference to access a range of training and networking opportunities as well as the Association's AGM and a similar number attended regional ABCUL Forum meetings.

**7A.4 How did members democratically control the society?** For example, did the members elect a board at an annual general meeting; did all members collectively run the society.

Members were able to put forward Motions for discussion at the Association's AGM, speak to those Motions and vote on them. They also had opportunities to nominate and vote on candidates for director positions. The Association was governed by a board of directors selected from the membership, by the membership. Directors also fed back to regional ABCUL Forums on a regular basis, including by providing information on topics discussed at board meetings.

**7A.5 What did the society do with any surplus or profit?** For instance, did you pay a dividend to members (and if so, on what basis); did money get reinvested in the business; put into reserves; used for some other purpose?

Surplus was transferred to general funds, not distributed to members. One of the objectives of the Association is to build reserves equal to 6 months' running costs.



## Section 7B - Community benefit societies

Community benefit societies must answer the following questions in relation to the financial year covered by this return.

**7B.1 What is the business of the society?** For example, did you provide social housing, run an amateur sports club etc.

**7B.2 Please describe the benefits to the community the society delivered?** Here we are looking to see *what* the benefits to the community were. Community can be said to be the community at large. For example, did you relieve poverty or homelessness through the provision of social housing.

**7B.3 Please describe how the society's business delivered these benefits?** The business of the society must be conducted for the benefit of the community. Please describe *how* the society's business (as described in answer to question 7B.1) provided benefit to the community.


**7B.4 Did the society work with a specific community, and if so, please describe it here?** For instance, were the society's activities confined to a specific location; or to a specific group of people? Please note that in serving the needs of any defined community, the society should not inhibit the benefit to the community at large.

**7B.5 What did the society do with any surplus or profit?** For instance, did you donate the money; did money get reinvested in the business; put into reserves; used for some other purpose?

**7B.6 Please state any significant commercial arrangements that the society has, or had, with any other organisation that could create, or be perceived as creating, a conflict of interest.** Please tell us how you ensured that any such conflict of interest did not prevent the society from acting for the benefit of the community.

## Section 8– Declaration

The secretary of the society must complete this section.

<b>Name</b>	Carol McHarg
My signature below confirms that the information in this form is accurate to the best of my knowledge	
<b>Signature</b>	
<b>Position</b>	Secretary of the Association
<b>Date</b>	<b>26.03.19</b>

## Section 9 – Submitting this form

Please submit a signed, scanned version of this form along with your accounts and any auditor's report by email to: [mutualsanrtns@fca.org.uk](mailto:mutualsanrtns@fca.org.uk).

Or you can post the form to:

Mutual Societies  
Financial Conduct Authority  
12 Endeavour Square  
London  
E20 1JN

This form is available on the Mutuals Society Portal:

<https://societyportal.fca.org.uk>

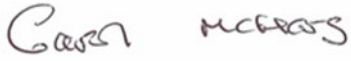
Registered as a Limited Company in England and Wales No. 1920623. Registered office as above.

3.1 continued

Name of director	Month and year of birth	
ELIZABETH DEGNING	January	1958
RICHARD MUNRO	April	1959
CHRISTINA STONEMAN	November	1975
DENIS GREENALL	January	1952
DAVID MARTIN	March	1944
PATRICIA BUTLER	AUGUST	1960
CLIVE RIX	February	1950
ROBERT KELLY	June	1978

**Signature of Secretary**

I certify that the information on this supplementary page is correct to the best of my knowledge and belief.

Name	Carol McHarg
Signature	
Phone number	07415 132 679
Email	Carol.McHarg@abcul.org
Date	26.03.2019

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED**  
**CONSOLIDATED DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**Company registration number: IP23136R**

SECRET  
CONFIDENTIAL

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**COMPANY INFORMATION**

Company Registration number IP23136R

**Directors** Karen Bennett (President)  
Andrew Wright (Vice President)  
Don Kehoe (Treasurer)  
Carol McHarg (Secretary)  
Peter Evans  
John Macdonald  
Grenville Bingham  
Ian Atkins  
Karen Walker  
Rosemary Britten  
Alan Hignett  
Liz Degning  
James Clancy  
Richard Munro

**Registered Office** Holyoake House  
Hanover Street  
Manchester  
M60 0AS

**Bankers** The Co-operative Bank plc  
Balloon Street  
Manchester  
M60 4EP

**Auditors** Crowe U.K. LLP  
3rd floor, The Lexicon  
Mount Street  
Manchester  
M2 5NT



**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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# ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2018

## DIRECTORS' REPORT

The Directors of the Association present their annual report and the financial statements for the year ended 30 September 2018.

### Principal activities

The principal activity of the Association during the period was that of a trade body for credit unions in England, Scotland and Wales.

### Status and Administration

The Association is a registered society. It is governed by the Board of Directors which is elected by the members in general meeting, in accordance with the Association's rule book.

### Committee members

The following members have held office since 1 October 2017:

#### Association of British Credit Union Limited:

Karen Bennett (President from 17/3/18; Vice President until 17/3/18)  
Robert Kelly (President until 17/3/18)  
Andrew Wright (Vice President from 17/3/18)  
David Martin (Treasurer until 17/3/18)  
Don Kehoe (Treasurer from 17/3/18)  
Denis Greenall (Director until 4/9/18 and Secretary until 17/3/18)  
Carol McHarg (Secretary from 17/3/18)  
Peter Evans  
John Macdonald  
Grenville Bingham  
Ian Atkins  
Karen Walker  
Rosemary Britten  
Alan Hignett (appointed 17/3/18)  
Liz Degning (appointed 17/3/18)  
James Clancy (appointed 17/3/18)  
Richard Munro (appointed 17/3/18)  
Clive Rix (resigned 18/3/18)  
Patricia Butler (resigned 17/3/18)

#### Cornerstone Mutual Services Limited

Robert Kelly (Appointed 10/9/18)  
Carol McHarg  
Carol Strand  
Lord David Hunt (Resigned 25/1/18)  
Mark Lyonette (Resigned 18/5/18)  
Clive Rix (Resigned 18/3/18)  
Rosemary Britten (Appointed 16/5/18)  
Richard Aitken Davies (Appointed 22/11/17)  
Lesley Beecher (Appointed 31/1/18)

### Auditor

Following a competitive tender process, the auditor, Crowe U.K. LLP was appointed on 26 March 2018. Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006 and the Association's governance policy.

### Committee of management responsibilities statement

Co-operative and Community Benefit Societies legislation requires the Association to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Association at the year end and of its profit or loss for the year then ended.

In relation to the Association these requirements are the responsibility of the Board. They are responsible for preparing the accounts of the Association and in so doing are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed.
- Prepare the accounts on the going concern basis unless it is inappropriate to do so.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Association. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**DIRECTORS' REPORT**

**Statement of disclosure to auditor**

Each of the persons who were directors at the time when this Directors' report was approved has confirmed that:

- so far as the director is aware, there is no relevant information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant information and to establish that the Company's auditor is aware of that information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by



**Karen Bennett**  
President

**INDEPENDENT AUDITOR'S REPORT**

# ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2018

## TO THE MEMBERS OF THE ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED

### Opinion

We have audited the consolidated financial statements of the Association of British Credit Unions Limited (the "Association") for the year ended 30 September 2018, which comprise the Consolidated Statement of Income and Expenditure, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 group and Association's affairs as at 30 September 2018 and of the group's 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.

### 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 21 to the financial statements, 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 group's or Association'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.

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of controls over transactions has not been maintained; or
- the Society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Directors**

As explained more fully in the Committee of management responsibilities statement on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board Members 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 group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

  
Vicky Szullist (Senior statutory auditor)

For and on behalf of  
Crowe U.K. LLP

Statutory Auditor

3rd Floor, The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date:

30/11/2019.

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**

	Notes	2018	As restated 2017
<b>Income</b>			
Members' dues		717,559	661,546
Other trade body income	3	571,353	521,081
CUEP and other services income	4	<u>597,922</u>	<u>3,926,306</u>
<b>Total income</b>		<b>1,886,834</b>	<b>5,108,933</b>
<b>Expenditure</b>			
Direct costs of trade body	5	(311,015)	(323,835)
Direct costs of CUEP and other services	6	(341,365)	(2,707,653)
Staff costs	7	(983,031)	(1,810,752)
Office costs	8	(252,157)	(356,296)
Professional costs	9	<u>(12,596)</u>	<u>(21,751)</u>
<b>Total expenditure</b>		<b>(1,900,164)</b>	<b>(5,220,287)</b>
<b>Profit/(Loss) on ordinary activities before taxation</b>		<b>(13,330)</b>	<b>(111,354)</b>
Taxation	10	(92)	332
<b>Profit/(Loss) for the year after taxation</b>		<b><u>(13,422)</u></b>	<b><u>(111,022)</u></b>
Transfer (to)/from designated funds re Forums	19	8,624	(6,746)
<b>Surplus for the year transferred to general funds</b>		<b><u>(4,798)</u></b>	<b><u>(117,768)</u></b>
<b>Accumulated general funds brought forward</b>		<b><u>551,493</u></b>	<b><u>669,261</u></b>
<b>Fund balances carried forward</b>	19	<b><u>546,695</u></b>	<b><u>551,493</u></b>

These financial statements were approved by the members of the committee on <sup>30/9/19</sup> [DATE] and are signed on their behalf by:



  
 Karen Bennett      Don Kehoe      Carol McHarg  
 President            Treasurer      Secretary

The income and expenditure account includes all gains and losses recognised in the year.

The notes on pages 11 to 19 form part of these financial statements

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**CONSOLIDATED BALANCE SHEET**

	Notes	2018		2017	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	11		9,203		14,222
<b>Current Assets</b>					
Stock		200		200	
Debtors	13	298,946		408,129	
Cash at bank	14	<u>1,222,665</u>		<u>1,632,806</u>	
		1,521,811		2,041,135	
<b>Creditors: amounts falling due within one year</b>	15	<u>(725,085)</u>		<u>(1,236,006)</u>	
<b>Net Current Assets</b>			796,726		805,129
<b>Net Assets</b>			<u>805,929</u>		<u>819,351</u>
<b>Members' Funds</b>					
Share capital	20	197		197	
Designated funds	19	259,037		267,661	
General funds	19	<u>546,695</u>		<u>551,493</u>	
			<u>805,929</u>		<u>819,351</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the members of the committee on 30/01/2018 and are signed on their behalf by:



  
 Karen Bennett    Don Kehoe    Carol McHarg  
 President        Treasurer    Secretary

Company registration number: IP23136R

The notes on pages 11 to 19 form part of these financial statements

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**COMPANY BALANCE SHEET**

	Notes	2018		2017	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	11	9,203		14,222	
Investments	12	<u>199,181</u>		<u>300,000</u>	
			208,384		314,222
<b>Current Assets</b>					
Stock		200		200	
Debtors	13	96,851		197,413	
Cash at bank	14	<u>959,527</u>		<u>1,411,469</u>	
		1,056,578		1,609,082	
<b>Creditors: amounts falling due within one year</b>	15	<u>(459,033)</u>		<u>(1,011,116)</u>	
<b>Net Current Assets</b>			597,545		597,966
<b>Net Assets</b>			<u>805,929</u>		<u>912,188</u>
<b>Members' Funds</b>					
Share capital	20	197		197	
Designated funds		259,037		267,661	
General funds		<u>546,695</u>		<u>644,330</u>	
			<u>805,929</u>		<u>912,188</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the members of the committee on <sup>30/1/19</sup> [DATE] and are signed on their behalf by:



  
**Karen Bennett**    **Don Kehoe**    **Carol McHarg**  
 President        Treasurer        Secretary

Company registration number: IP23136R

The notes on pages 11 to 19 form part of these financial statements



**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**CONSOLIDATED CASH FLOW STATEMENT**

	Notes	2018		2017	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	23		(401,909)		(2,639,732)
Income taxes paid			-		(2,980)
<b>Net cash inflow from operating activities</b>			<b>(401,909)</b>		<b>(2,642,712)</b>
<b>Investing activities</b>					
Interest received		485		3,042	
Purchase of tangible assets		(8,717)		-	
<b>Net cash (used in)/generated from investing activities</b>			<b>(8,232)</b>		<b>3,042</b>
<b>Financing activities</b>					
Repayment of share capital		-		(11)	
<b>Net cash used in financing activities</b>			<b>-</b>		<b>(11)</b>
<b>(Decrease)/Increase in cash in the year</b>			<b>(410,141)</b>		<b>(2,639,681)</b>
Cash and cash equivalents at beginning of year			<u>1,632,806</u>		<u>4,272,487</u>
<b>Cash and cash equivalents at end of year</b>			<b><u>1,222,665</u></b>		<b><u>1,632,806</u></b>

The notes on pages 11 to 19 form part of these financial statements

# ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2018

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting Policies

#### General Information

Association of British Credit Unions Limited is a private company limited by shares and incorporated in England and Wales. The Association's registered number is IP23136R. The registered office is Holyoake House, Hanover Street, Manchester, M60 0AS.

The principal activity of the Association is to act as the trade body for credit unions within England, Scotland and Wales.

#### Accounting convention

These financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies, and in accordance with Section 1A of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime, except where exemptions are available from the Co-operative and Community Benefit Societies Act 2014.

The following principal accounting policies have been applied:

#### Group financial statements

These financial statements consolidate the results of the Association and its wholly owned subsidiary Cornerstone Mutual Services Limited.

The subsidiary's financial statements have been prepared under the historical cost convention and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Income and Expenditure Account in these financial statements. The parent company's deficit for the year was £108,490 (2017: surplus of £60,124).

#### Going concern

After reviewing the group's forecasts and projections, the Directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

#### Fixed Assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Banking services	over the life of the contract – 20% per year
Furniture, fittings and equipment	20% per year
Computer equipment	33.3% per year

#### Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### 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.

# ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2018

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting Policies (continued)

#### Financial Instruments

The company 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 company's statement of financial position when the company 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.

#### (a) Basic financial assets

Basic financial assets represents stock, debtors and cash and bank balances, and these are initially measured at transaction price including transaction costs. At 30 September 2018, the Association had only financial assets classified as basic financial instruments.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### (b) Basic financial liabilities

Basic financial liabilities represents creditors, bank loans, and loans from fellow group companies, and are initially recognised at transaction price. At 30 September 2018, the Association had only financial liabilities classified as basic financial instruments.

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

#### Equity instruments

Equity instruments issued by the company 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 company.

#### Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Fund Accounting

General funds are available at the discretion of the Directors in furtherance of the general objectives of the Association. Designated funds are funds set aside by the Directors out of general funds for specific future purposes or projects.

#### Forums

Credit Union Members of ABCUL are organised into various Forums, for the purposes of training, support and development. Forums are branches of ABCUL, having no distinct legal existence. All financial transactions are processed centrally, from ring-fenced allocations of dues for each forum. Any unspent allocation is carried forward for use in future periods.

#### Income recognition

Income represents amounts due, net of Value Added Tax. Income is recognised as follows:

Members' Dues and Insurance Endorsements are recognised as income from the date that they fall due for payment to the Association.

Income from Grant funded projects is recognised when associated eligible expenditure is incurred by the Association, under the terms of the particular grant, and after allowing for any amounts refundable in respect of the current or prior years.

Other income is recognised when services are delivered or products are despatched.

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Accounting Policies (continued)**

**Expenditure**

Expenditure is included in the income and expenditure account on an accruals basis, inclusive of any VAT that cannot be recovered.

**Pension costs**

ABCUL contributes to employees' personal pension plans or a stakeholder plan. Contributions are accounted for on an accruals basis.

**Taxation**

Corporation tax is payable on interest receivable in the Association of British Credit Unions Limited and on any surplus in the subsidiary Cornerstone Mutual Services Limited. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**2. Judgements and key sources of estimation uncertainty**

In the application of the company'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.

**3. Other trade body income**

	<b>2018</b>	<b>2017</b>
Insurance endorsements	245,000	245,000
Forum income	24,627	10,491
Bank interest	485	3,042
Conference fees	126,261	104,759
Training fees	66,937	50,586
Publication sales	445	2,175
Sponsorship	35,000	33,801
VAT recoverable	4,547	50,066
Other	<u>68,051</u>	<u>21,161</u>
	<b><u>571,353</u></b>	<b><u>521,081</u></b>

**4. CUEP and other services income**

	<b>2018</b>	<b>As restated 2017</b>
CUEP	424,422	3,177,604
Other services	<u>173,500</u>	<u>748,702</u>
	<b><u>597,922</u></b>	<b><u>3,926,306</u></b>

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

**5. Direct costs of trade body**

	2018	2017
Board meeting and committee costs	33,417	47,051
Attendance at others' meetings	1,908	4,470
Forum costs	99,683	76,077
PR and branding	14,800	16,708
Hospitality	385	5,585
Subscriptions and affiliations	15,813	29,242
Conference direct costs	106,195	104,639
Training costs, incl associates	38,796	31,193
Publications for resale	18	3,230
Strategic business development costs	<u>-</u>	<u>5,640</u>
	<u>311,015</u>	<u>323,835</u>

**6. Direct costs of CUEP and other services**

	2018	As restated 2017
CUEP	147,333	1,470,794
Other services	<u>194,032</u>	<u>1,236,859</u>
	<u>341,365</u>	<u>2,707,653</u>

In addition to these direct costs, CUEP was allocated its share of group overheads of £46,801 and its share of staff costs of £47,944 (2017: £300,220 and £997,306). These amounts are eliminated on consolidation.

**7. Staff costs**

	2018	2017
Salaries and NI	837,449	1,494,490
Pension costs	51,416	98,134
PR, HR, IT, Finance associates and temporary staff	17,431	62,817
Staff training and recruitment	33,944	20,147
Staff expenses	<u>42,791</u>	<u>135,164</u>
	<u>983,031</u>	<u>1,810,752</u>

**Particulars of employees:**

	2018	2017
Average number of full-time equivalent employees	25	41
Number of employees at balance sheet date	18	45

Directors of the Association do not receive salaries or other remuneration. Out of pocket expenses, travel and accommodation are reimbursed and included within Board costs at note 5.

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. Office costs**

	<b>2018</b>	<b>2017</b>
Rent and service charges	93,258	139,149
Equipment rental and maintenance	66,596	63,379
Insurance	36,853	52,422
Repairs and maintenance	7,751	21,836
Telephone and postage	14,311	27,798
Stationery, printing and copying	12,332	23,097
Website costs	7,320	8,690
Bad debt expense	-	166
Cornerstone Mutual conference	-	6,212
Depreciation	<u>13,736</u>	<u>13,547</u>
	<u>252,157</u>	<u>356,296</u>

**9. Professional fees**

	<b>2018</b>	<b>2017</b>
Audit fees	9,511	13,200
Bank charges	1,885	1,410
Other legal and professional services	<u>1,200</u>	<u>7,141</u>
	<u>12,596</u>	<u>21,751</u>

Included within other legal and professional fees is £nil relating to non-audit fees paid to the auditors (2017: £5,461).

**10. Taxation**

	<b>2018</b>	<b>2017</b>
Corporation tax is charged as follows:		
Corporation tax at 19%	<u>92</u>	<u>(332)</u>

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

**11. Fixed assets**

Group and Company	Banking Services £	Computer equipment £	Furniture fittings and equipment £	Total £
<b>Cost or valuation</b>				
At 1 October 2017	1,859,369	142,592	6,563	2,008,524
Additions	-	8,717	-	8,717
Disposals	-	<u>(62,562)</u>	-	<u>(62,562)</u>
At 30 September 2018	<u>1,859,369</u>	<u>88,747</u>	<u>6,563</u>	<u>1,954,679</u>
<b>Depreciation</b>				
At 1 October 2017	1,859,369	128,370	6,563	1,994,302
Charge for the year	-	13,736	-	13,736
Disposals	-	<u>(62,562)</u>	-	<u>(62,562)</u>
At 30 September 2018	<u>1,859,369</u>	<u>79,544</u>	<u>6,563</u>	<u>1,945,476</u>
<b>Net book value</b>				
At 30 September 2018	-	<u>9,203</u>	-	<u>9,203</u>
At 30 September 2017	-	<u>14,222</u>	-	<u>14,222</u>

No assets are held under finance leases or hire purchase contracts.

**12. Investments**

	2018 Company	2017 Company
Subordinated loan – Cornerstone Mutual Services Limited	199,181	300,000

The Subordinated loan investment of £300,000 was made from The Association of British Credit Unions Limited to its subsidiary undertaking Cornerstone Mutual Services Limited.

Following the cessation of all major projects in Cornerstone Mutual Services Limited and the decision to work towards dissolution of the company during the year ended 30 September 2019, the directors of the Association have reviewed the value of the loan for impairment. The result of the review was to impair the value of the loan down by £100,819 to the expected recoverable amount.

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

**13. Debtors**

	2018	2018	2017
	Group	Company	Group
Trade debtors	105,613	27,945	147,526
Sub-ordinated loan – Debtor > 1 yr	115,000	-	115,000
Prepayments and accrued income	78,333	52,892	125,987
Amounts owed by subsidiary undertaking	-	16,014	
Corporation tax	-	-	940
VAT repayable	<u>-</u>	<u>-</u>	<u>18,676</u>
	<u>298,946</u>	<u>96,851</u>	<u>408,129</u>

**14. Cash at bank**

Cash at bank balances include £15,700 (2017: £235,142) held in trust for The Co-operative Bank in respect of banking services minimum volumes and other deferred fees. Corresponding amounts are included within creditors.

The Association's current account held with The Co-operative bank has a charge over the balance held in a Corporate Blocked Guarantee account dated 25 August 2016. The current account at the year end was not overdrawn.

**15. Creditors**

	2018	2018	2017
	Group	Company	Group
Trade creditors	239,838	20,822	457,568
Accruals	94,207	47,171	369,225
Income received in advance	244,114	244,114	247,428
PAYE/NIC	15,712	15,712	38,177
VAT payable	10,591	10,591	
Corporation tax	92	92	608
Other creditors	<u>120,531</u>	<u>120,531</u>	<u>123,000</u>
	<u>725,085</u>	<u>459,033</u>	<u>1,236,006</u>



**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

**16. Operating lease commitments**

Total future minimum lease payments under non-cancellable operating leases as follows;

	2018		2017	
	Land and Buildings	Other	Land and Buildings	Other
Within one year	22,176	3,336	82,180	5,838
Between two to five years	-	2,502	-	5,838
More than five years	-	-	-	-
	<u>22,176</u>	<u>5,838</u>	<u>82,180</u>	<u>11,676</u>

**17. Related party transactions**

At 30 September 2018, the Association owed The Credit Union Foundation (CUF), a company under common control an amount of £1,402 (2017: £2,949) which is included within trade creditors.

During the year the Association made sales to and purchases from CUF amounting to £6,041 (2017: £28,804) and £7,640 (2017: £12,653) respectively.

Each year the ABCUL Board and The Credit Union Foundation Board agree a maximum budgeted amount of staffing resource that the ABCUL Board agrees it will donate to The Credit Union Foundation. The amount of this resource is monitored at least quarterly through the Foundation accounts.

During the year, £21,969 of CUF staff time was absorbed by ABCUL. ABCUL is happy to absorb this staff time due to the benefits it receives as a result of the products, services and programmes the Foundation has and continues to develop for not only ABCUL members but the broader credit union movement. Examples of this include but are not limited to – ABCUL Academy, ABCUL Insight, CU Futures and higher attendance at ABCUL AGM.

Due to the nature of the Association, being a central service for other credit unions, there are numerous transactions with credit unions in which some of the Directors are associated. These have been undertaken in accordance with the Association's normal business terms and at arm's length. On this basis we have not considered it necessary to detail any of these transactions.

**18. Results of subsidiary undertaking**

On 16 February 2012 Cornerstone Mutual Services Limited, a company limited by guarantee, was incorporated in England and Wales. This company is under common control and commenced to trade in the year ended 30 September 2014. The company provides efficient and cost-effective services to the credit unions, banks, building societies and institutions which are members of the company. These transactions have been included in the consolidated accounts. The company's registered office is Holyoake House, Hanover Street, Manchester, M60 0AS.

	2018	2017
Deficit for the financial year	<u>(7,982)</u>	<u>(127,892)</u>
Aggregate capital and reserves	<u>(100,819)</u>	<u>(92,837)</u>

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

**19. Statement of accumulated funds**

	Forums	Office relocation and refurbishments	Research and development	General funds	Total
At 1 October 2017	97,661	50,000	120,000	551,493	819,154
Net income or expenditure	-	-	-	(13,422)	(13,422)
Transfers	<u>(8,624)</u>	<u>-</u>	<u>-</u>	<u>8,624</u>	<u>-</u>
<b>At 30 September 2018</b>	<b><u>89,037</u></b>	<b><u>50,000</u></b>	<b><u>120,000</u></b>	<b><u>546,695</u></b>	<b><u>819,154</u></b>

Designated funds in respect of Forums represent the accumulated net assets of Forums. These are available for Forums to utilise to further the aims of the Association at a local level. Applications are made to the Board to utilise these funds as part of the annual approval of operational plans.

Designated funds for office relocation & refurbishment represent amounts available for the Manchester office. These funds, which are available at the discretion of the Board, will be retained pending decisions by the Landlord on the long-term future for the building.

Designated funds for research and development represent amounts available for specific projects to further the aims and objectives of the Association. These funds are available at the discretion of the Board.

General funds represent funds accumulated by the Association that have not been designated for a specific purpose. The Association aims to retain sufficient general funds to cover 6 months' costs. Also included is the profit and loss account balance retained by the subsidiary company.

**20. Share capital**

The share capital consists of £1 shares which have arisen on admission to the Association. The shares are neither transferable nor withdrawable and do not carry any right to interest. Upon a Credit Union ceasing to be a member of the Association, as set out in the rule book, its share shall be forfeited and extinguished.

**21. APB Ethical Standards**

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

**22. Prior year reclassification**

The income and expenditure relating to CUEP in the prior year has been restated to remove recharges between the Association and the subsidiary company in the Consolidated Income and Expenditure Account. The effect has been to reduce the previously disclosed income by £168,886 and reduce the expenditure by the same. The profit for the year ended 30 September 2017 and the net assets at that date are as previously reported.

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

**23. Reconciliation of operating profit to net cash (outflow)/inflow from operating activities**

	<b>2018</b>	<b>2017</b>
Operating profit	(13,422)	(111,354)
Depreciation	13,736	13,547
Interest received	(485)	(3,042)
(Increase)/decrease in stock	-	500
(Increase)/decrease in debtors	109,183	1,151,783
Increase/(decrease) in creditors	<u>(510,921)</u>	<u>(3,691,166)</u>
	<u>(401,909)</u>	<u>(2,639,732)</u>