

Annual Return (AR30) form

Society Name: Association of British Credit Unions Limited

Society Num: 23136 R

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). 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.

For guidance on our registration function for societies, which includes guidance on the requirement to submit an Annual Return, please see [here](#)

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

30/09/2019

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 of Birth	Year of Birth
Karen Bennett	Mar	1964
Carol McHarg	May	1963
Don Kehoe	Jul	1957
Andy Wright	Nov	1955
Peter Evans	May	1949
Ian Atkins	Sep	1953
James Clancy	Apr	1951
Alan Hignett	Nov	1957

Elizabeth Degning	Jan	1958
Richard Munro	Apr	1959
Paul Norgrove	May	1987
Grenville Bingham	Dec	1943
John Macdonald	Feb	1956
Christina Stoneman	Nov	1975
Mario Arnone	Feb	1967
Karen Walker	Apr	1965
Rosemary Britten	Jul	1947

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 Director 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
Credit Union Director
CUF Trustee
CMS Director

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 of Birth

Year of Birth

Carol McHarg

May

1963

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

186

Turnover

1915960

Assets

1334082

Number of Employees

16

Share Capital

186

**Highest rate of interest paid
on shares**

0

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](#)

SIC Code

**Activities of other membership organizations n.e.c.
(94990)**

*

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/fg15-12.pdf>

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

- ☒ Full Professional Audit
- ☐ Auditor's report on the accounts
- ☐ Lay Audit
- ☐ No audit

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

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.

- ☐ Registered
- ☒ Not applicable

5.6 Is the society a housing association?

- ☒ No
- ☐ Yes

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
- ☐ No

6.3 If the society has subsidiaries, please provide the names of them below

(or attach an additional sheet)

Reg Number **Name**

07952752

Cornerstone Mutual Services Ltd

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)

Reg Number **Name** **Reason for Exclusion**

NA

NA

N/A

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').

You must answer the questions set out in in the next section of this form, depending on which condition for registration you meet.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance [here](#).

7.1 Condition for Registration

- ☒ Co-operative society
- ☐ Community Benefits society

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 England, Scotland and Wales. It provides member credit unions with a range of services including legislative and regulatory lobbying, government representation, training and business development, organisational capacity 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 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 production 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 relating to the management of credit unions. They were also able to access over 100 information guides and have access to a discussion forum on the members website. Members attended the Annual conference and AGM to access a wide range of training and networking opportunities.

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 to the AGM, speak to them and vote on them. They also had opportunities to nominate and vote for candidates for the ABCUL Board. The Association was governed by a Board of Directors selected from the membership by the membership.

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

ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED
CONSOLIDATED DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

Company registration number: IP23136R

ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2019

COMPANY INFORMATION

Company Registration number IP23136R

Directors

Karen Bennett (President)
Andrew Wright (Vice President)
Don Kehoe (Treasurer)
Carol McHarg (Secretary)
Peter Evans
Christina Stoneman
Ian Atkins
Paul Norgrove
Mario Arnone
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 2019

CONTENTS

	Page
Directors' Report	3 – 4
Independent Auditor's Report	5 – 6
Consolidated Income and Expenditure Account	7
Consolidated Balance Sheet	8
Balance Sheet	9
Consolidated Cash Flow Statement	10
Notes to the Financial Statements	11 - 19

ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2019

DIRECTORS' REPORT

The Directors of the Association present their annual report and the financial statements for the year ended 30 September 2019.

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 2018:

Association of British Credit Union Limited:

Karen Bennett
Andrew Wright
Carol McHarg
Don Kehoe
Christina Stoneman (appointed 8/12/18)
Paul Norgrove (appointed 9/3/19)
Mario Arnone (appointed 9/3/19)
Peter Evans
John MacDonald (resigned 9/3/19)
Grenville Bingham (resigned 19/11/19)
Ian Atkins
Karen Walker (resigned 9/3/19)
Rosemary Britten (resigned 9/9/19)
Alan Hignett
Liz Degning
James Clancy
Richard Munro

Cornerstone Mutual Services Limited

Robert Kelly
Carol McHarg
Carol Strand
Rosemary Britten (resigned 4/5/19)
Richard Aitken Davies
Lesley Beecher
Andrew Wright (appointed 15/5/19)

Auditor

The auditor, 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 2019

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

ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2019

INDEPENDENT AUDITOR'S REPORT 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 2019, 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 2019 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 matter

We draw attention to Note 12 in the financial statements, which explains that the subsidiary, Cornerstone Mutual Services Limited, is no longer a going concern, as the Directors have taken the decision to cease trading within the next twelve months. Our opinion is not modified in this respect.

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 2019

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.

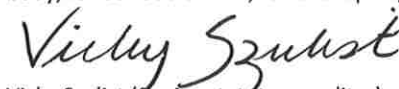
Auditor's responsibilities for the audit of the financial statements

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. 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 Szulist (Senior statutory auditor)

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

3rd Floor, The Lexicon

Mount Street

Manchester

M2 5NT

Date:

29th January 2020

**ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

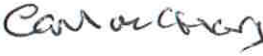
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

	Notes	2019	2018
Income			
Members' dues		696,075	717,559
Other trade body income	3	550,982	571,353
CUEP and other services income	4	<u>668,903</u>	<u>597,922</u>
Total income		1,915,960	1,886,834
Expenditure			
Direct costs of trade body	5	(403,549)	(311,015)
Direct costs of CUEP and other services	6	(525,320)	(341,365)
Staff costs	7	(772,173)	(983,031)
Office costs	8	(207,104)	(252,157)
Professional costs	9	<u>(40,927)</u>	<u>(12,596)</u>
Total expenditure		(1,949,073)	(1,900,164)
Profit/(Loss) on ordinary activities before taxation		(33,113)	(13,330)
Taxation	10	<u>(280)</u>	<u>(92)</u>
Profit/(Loss) for the year after taxation		(33,393)	(13,422)
Transfer (to)/from designated funds re Forums	19	<u>23,216</u>	<u>8,624</u>
Surplus for the year transferred to general funds		<u>(10,177)</u>	<u>(4,798)</u>
Accumulated general funds brought forward		<u>546,695</u>	<u>551,493</u>
Fund balances carried forward	19	<u>536,518</u>	<u>546,695</u>

These financial statements were approved by the members of the committee on 29/01/2020 and are signed on their behalf by:


Karen Bennett
President


Don Kehoe
Treasurer


Carol McHarg
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 2019

CONSOLIDATED BALANCE SHEET

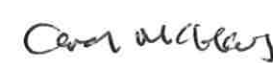
	Notes	2019		2018	
		£	£	£	£
Fixed Assets					
Tangible assets	11		3,875		9,203
Current Assets					
Stock		-		200	
Debtors	13	289,686		298,946	
Cash at bank	14	<u>1,040,521</u>		<u>1,222,665</u>	
		1,330,207		1,521,811	
Creditors: amounts falling due within one year	15	<u>(561,557)</u>		<u>(725,085)</u>	
Net Current Assets			768,650		796,726
Net Assets			<u>772,525</u>		<u>805,929</u>
Members' Funds					
Share capital	20	186		197	
Designated funds	19	235,821		259,037	
General funds	19	<u>536,518</u>		<u>546,695</u>	
			<u>772,525</u>		<u>805,929</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 29/01/2020 and are signed on their behalf by:


Karen Bennett
 President


Don Kehoe
 Treasurer


Carol McHarg
 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 2019

COMPANY BALANCE SHEET


	Notes	2019	2018
		£	£
Fixed Assets			
Tangible assets	11	3,875	9,203
Investments	12	<u>171,042</u>	<u>199,181</u>
		174,917	208,384
Current Assets			
Stock		-	200
Debtors	13	63,150	96,851
Cash at bank	14	<u>954,950</u>	<u>959,527</u>
		1,018,100	1,056,578
Creditors: amounts falling due within one year	15	<u>(420,492)</u>	<u>(459,033)</u>
Net Current Assets		597,608	597,45
Net Assets		<u>772,525</u>	<u>805,929</u>
Members' Funds			
Share capital	20	186	197
Designated funds		235,821	259,037
General funds		<u>536,518</u>	<u>546,695</u>
		<u>772,525</u>	<u>805,929</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 29/01/2020 and are signed on their behalf by:


Karen Bennett
 President


Don Kehoe
 Treasurer


Carol McHarg
 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 2019

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2019		2018	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	23		(185,621)		(401,909)
Income taxes paid			<u>-</u>		<u>-</u>
Net cash inflow from operating activities			(185,621)		(401,909)
Investing activities					
Interest received		3,488		485	
Purchase of tangible assets		<u>-</u>		<u>(8,717)</u>	
Net cash (used in)/generated from investing activities			-		(8,232)
Financing activities					
Repayment of share capital		<u>(11)</u>		<u>-</u>	
Net cash used in financing activities			-		-
(Decrease)/Increase in cash in the year			(182,144)		(410,141)
Cash and cash equivalents at beginning of year			<u>1,222,665</u>		<u>1,632,806</u>
Cash and cash equivalents at end of year			<u>1,040,521</u>		<u>1,222,665</u>

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 2019

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 £33,393 (2018: deficit of £108,490).

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 2019

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 2019, 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 2019, 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 2019

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

	2019	2018
Insurance endorsements	245,000	245,000
Forum income	20,046	24,627
Bank interest	1,475	485
Conference fees	154,174	126,261
Training fees	66,463	66,937
Publication sales	100	445
Sponsorship	35,000	35,000
VAT recoverable	22,211	4,547
Other	<u>6,513</u>	<u>68,051</u>
	<u>550,982</u>	<u>571,353</u>

4. CUEP and other services income

	2019	2018
CUEP	364,341	173,500
Other services	<u>304,562</u>	<u>424,422</u>
	<u>668,903</u>	<u>597,922</u>

ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

5. Direct costs of trade body

	2019	2018
Board meeting and committee costs	35,633	33,417
Attendance at others' meetings	6,108	1,908
Forum costs	115,017	99,683
PR and branding	39,753	14,800
Hospitality	4,574	385
Subscriptions and affiliations	12,129	15,813
Conference and project direct costs	155,625	106,195
Training costs, incl associates	34,510	38,796
Publications for resale	<u>200</u>	<u>18</u>
	<u>403,549</u>	<u>311,015</u>

6. Direct costs of CUEP and other services

	2019	2018
CUEP	396,458	147,333
Other services	<u>128,862</u>	<u>194,032</u>
	<u>525,320</u>	<u>341,365</u>

In addition to these direct costs, CUEP was allocated its share of group overheads of £23,864 and its share of staff costs of £29,301 (2018: £46,801 and £47,944). These amounts are eliminated on consolidation.

7. Staff costs

	2019	2018
Salaries and NI	660,607	837,449
Pension costs	35,162	51,416
Temporary staff	6,359	17,431
Staff training and recruitment	18,769	33,944
Staff expenses	<u>51,276</u>	<u>42,791</u>
	<u>772,173</u>	<u>983,031</u>

Particulars of employees:

	2019	2018
Average number of full-time equivalent employees	18	25
Number of employees at balance sheet date	16	18

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 2019

NOTES TO THE FINANCIAL STATEMENTS

8. Office costs

	2019	2018
Rent and service charges	78,720	93,258
Equipment rental and maintenance	65,250	66,596
Insurance	23,069	36,853
Repairs and maintenance	8,090	7,751
Telephone and postage	12,434	14,311
Stationery, printing and copying	7,271	12,332
Website costs	6,942	7,320
Depreciation	<u>5,328</u>	<u>13,736</u>
	<u>207,104</u>	<u>252,157</u>

9. Professional fees

	2019	2018
Audit fees	8,100	9,511
Bank charges	2,841	1,885
Other legal and professional services	<u>29,986</u>	<u>1,200</u>
	<u>40,927</u>	<u>12,596</u>

Included within other legal and professional fees is £2,660 relating to non-audit fees paid to the auditors (2018: £nil).

10. Taxation

Corporation tax is charged as follows:	2019	2018
Corporation tax at 19%	<u>280</u>	<u>92</u>

ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

11. Fixed assets

Group and Company	Computer equipment £	Furniture fittings and equipment £	Total £
Cost or valuation			
At 1 October 2018	88,747	6,563	95,310
Additions	-	-	-
Disposals	-	-	-
At 30 September 2019	<u>88,747</u>	<u>6,563</u>	<u>95,310</u>
Depreciation			
At 1 October 2018	79,544	6,563	86,107
Charge for the year	5,328	-	5,328
Disposals	-	-	-
At 30 September 2019	<u>84,872</u>	<u>6,563</u>	<u>91,435</u>
Net book value			
At 30 September 2019	<u>3,875</u>	-	<u>3,875</u>
At 30 September 2018	<u>9,203</u>	-	<u>9,203</u>

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

12. Investments

	2019 Company	2018 Company
Subordinated loan – Cornerstone Mutual Services Limited	<u>171,042</u>	<u>199,181</u>

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 2020, 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 £28,139 (2018: £100,819) to the expected recoverable amount.

ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

13. Debtors

	2019	2019	2018
	Group	Company	Group
Trade debtors	42,924	26,784	105,613
Sub-ordinated loan – Debtor > 1 yr	115,000	-	115,000
Other debtors	100	100	78,333
Prepayments and accrued income	131,662	32,647	78,333
Amounts owed by subsidiary undertaking	-	3,619	-
	<u>289,686</u>	<u>63,150</u>	<u>298,946</u>

14. Cash at bank

Cash at bank balances include £15,703 (2018: £15,700) 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

	2019	2019	2018
	Group	Company	Group
Trade creditors	53,389	11,152	239,838
Accruals	158,966	60,138	94,207
Income received in advance	205,698	205,698	244,114
PAYE/NIC	15,241	15,241	15,712
VAT payable	3,316	3,316	10,591
Corporation tax	280	280	92
Other creditors	<u>124,667</u>	<u>124,667</u>	<u>120,531</u>
	<u>561,557</u>	<u>420,492</u>	<u>725,085</u>

ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

16. Operating lease commitments

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

Group and Company	2019		2018	
	Land and Buildings	Other	Land and Buildings	Other
Within one year	46,170	2,502	22,176	3,336
Between two to five years	34,628	-	-	2,502
More than five years	-	-	-	-
	<u>80,798</u>	<u>2,502</u>	<u>22,176</u>	<u>5,838</u>

17. Related party transactions

At 30 September 2019, the Association owed The Credit Union Foundation (CUF), a company under common control an amount of £1,520 (2018: £1,402) which is included within trade creditors.

During the year the Association made sales to and purchases from CUF amounting to £5,581 (2018: £6,041) and £6,556 (2018: £7,640) 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, £26,603 of CUF staff time was absorbed by ABCUL (2018: £21,969). 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.

	2019	2018
Deficit for the financial year	<u>(28,139)</u>	<u>(7,982)</u>
Aggregate capital and reserves	<u>(128,958)</u>	<u>(100,819)</u>

ASSOCIATION OF BRITISH CREDIT UNIONS LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

19. Statement of accumulated funds

	Forums	Office relocation and refurbishments	Research and development	General funds	Total
At 1 October 2018	89,037	50,000	120,000	546,695	805,732
Net income or expenditure	-	-	-	(33,393)	(33,393)
Transfers	<u>(23,216)</u>	<u>-</u>	<u>-</u>	<u>23,216</u>	<u>-</u>
At 30 September 2019	<u>65,821</u>	<u>50,000</u>	<u>120,000</u>	<u>536,518</u>	<u>772,339</u>

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

	2019	2018
Operating profit/(loss)	(33,393)	(13,422)
Depreciation	5,328	13,736
Interest received	(3,488)	(485)
(Increase)/decrease in stock	200	-
(Increase)/decrease in debtors	9,260	109,183
Increase/(decrease) in creditors	<u>(163,528)</u>	<u>(510,921)</u>
	<u>(185,621)</u>	<u>(401,909)</u>