

Directors' Report and  
Financial Statements for the Year Ended 30 September 2018  
for  
NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

NHS Credit Union # 542654  
03/12/2019 08:54:26

NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

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for the Year Ended 30 September 2018

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NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

Company Information  
for the Year Ended 30 September 2018

**DIRECTORS:** Margaret Bean  
Elizabeth Degning  
James Hobson  
Robert Hosie  
Luan Johnson  
Gordon Robertson  
Noreen Shields  
Tom Waterhouse  
Elaine Rae  
Denise Brown  
Nicola Harvey

**SECRETARY:** Elizabeth Degning

**REGISTERED OFFICE:** Pavilion 3B  
9 Dava Street  
Govan  
Glasgow  
G51 2JA

**REGISTERED NUMBER:** 213898

**SENIOR STATUTORY AUDITOR:** Robert Pollock BA CA

**AUDITORS:** Sharles Audit Limited  
Statutory Auditor  
29 Brandon Street  
Hamilton  
ML3 6DA

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NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

Directors' Report  
for the Year Ended 30 September 2018

The directors present their report with the financial statements of the company for the year ended 30 September 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of providing loans and savings for members and their families who are in the employment of the NHS and associated organisations in Scotland or in the North West, North East or Yorkshire and Humberside regions in England.

**REVIEW OF BUSINESS**

The directors are satisfied with the results for the year which shows a surplus before tax of £461,181 (2017 - £615,115).

**DIVIDENDS**

At the AGM the Credit Union is expected to propose dividends on members shares of 1%.

If agreed, this would result in a total dividend being paid of approximately £163,917. In accordance with general accounting practice, this has not been adjusted in the accounts.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 October 2017 to the date of this report.

Margaret Bean  
Elizabeth Degning  
James Hobson  
Robert Hosie  
Luan Johnson  
Gordon Robertson  
Noreen Shields  
Tom Waterhouse  
Elaine Rae  
Denise Brown

Other changes in directors holding office are as follows:

Ally McLaws - resigned 27 June 2018

Nicola Harvey - appointed 26 April 2018

John McCarthy - appointed 14 December 2017 - resigned 27 September 2018

**CHARITABLE DONATIONS AND EXPENDITURE**

The credit union's donations total £3,060 for the year ended 30th September 2018.

**COMPLIANCE STATEMENT**

The Credit Union is required to maintain and test a single customer view (SCV) file for submission to the FSCS in the event that the Credit Union is wound up. The directors confirm that SCV records have been tested and comply with regulatory authority depositor protection rules

The directors also confirm the following as required by Section 10.1 of the PRA Credit Union Rulebook:

- the Credit Union carried out lending activity within the PRA Credit union rulebook and we can confirm that we meet the requirements for carrying out this activity.
- the Credit Union had sufficient fidelity bond insurance throughout the year.

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NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

Directors' Report  
for the Year Ended 30 September 2018

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

In preparing these financial statements they are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; state whether accounting standards have been followed, and give details of any departures; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

They are also responsible for:

- ensuring that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Credit Union Act 1979; keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the credit union; and
- comply with the rules set out within the Prudential Regulatory Authority Credit Union Rulebook; safeguarding the Credit Union's assets; and maintaining a satisfactory system of control over the accounting records and transactions;
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Charles Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

Elizabeth Degning (Dec 4, 2018)

.....  
Elizabeth Degning - Director

Dec 4, 2018

Date: .....

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Report of the Independent Auditors to the Members of  
NHS (Scotland & North England)  
Credit Union Ltd

**Opinion**

We have audited the financial statements of NHS (Scotland & North England) Credit Union Limited (the 'Credit Union') for the year ended 30 September 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Retained Earnings and Notes to the Financial Statements. 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 Credit Union's affairs as at 30 September 2018;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Credit Union Act 1979 and the Co-operative and Community Benefits Society 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Credit Union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Directors' Report, but does not include the financial statements and our Report of the Auditors thereon. Our opinion on the financial statements does not cover the other information and 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, 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.

**Opinion on other matters**

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

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

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Report of the Independent Auditors to the Members of  
NHS (Scotland & North England)  
Credit Union Ltd

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

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

We have nothing to report in respect of the following matters where the Co-operative and Community Benefits Society Act 2014 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- comply with the rules set out within the Prudential Regulatory Authority Credit Union Rulebook;
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages two and three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Credit Union'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 Credit Union or to cease operations, or have no realistic alternative but to do so.

**Auditors 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 a Report of the Auditors 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 Report of the Auditors.

**Use of our report**

This report is made solely to the Credit Union's members, as a body, in accordance with Co-operative and Community Benefits Society Act 2014. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members as a body, for our audit work, for this report, or for the opinions we have formed.

  
Sharles Audit Ltd (Dec 10, 2018)

Robert Pollock BA CA (Senior Statutory Auditor)  
for and on behalf of Sharles Audit Limited  
Statutory Auditor  
29 Brandon Street  
Hamilton  
ML3 6DA

Date: Dec 10, 2018  
.....

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NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

Revenue Account  
for the Year Ended 30 September 2018

	Notes	2018 £	2017 £
<b>LOAN INTEREST RECEIVABLE</b>		<b>1,536,805</b>	1,293,956
Administrative expenses		<u>1,135,111</u>	<u>747,985</u>
		<b>401,694</b>	545,971
Other operating income		<u>24,327</u>	<u>19,870</u>
<b>OPERATING SURPLUS</b>	5	<b>426,021</b>	565,841
Interest receivable and similar income		<u>35,160</u>	<u>49,274</u>
<b>SURPLUS BEFORE TAXATION</b>		<b>461,181</b>	615,115
Tax on surplus	6	<u>8,364</u>	<u>8,777</u>
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		<b>452,817</b>	606,338
<b>OTHER COMPREHENSIVE INCOME</b>			
Dividend paid		<b>(162,709)</b>	(116,718)
Income tax relating to other comprehensive income		<u>-</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u><b>(162,709)</b></u>	<u>(116,718)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>290,108</b></u>	<u>489,620</u>

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The notes form part of these financial statements



NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD (REGISTERED NUMBER: 213898)

Balance Sheet  
30 September 2018

	Notes	2018	2017
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	7	<b>388,051</b>	406,802
<b>CURRENT ASSETS</b>			
Members loans and other assets	8	<b>16,783,974</b>	14,667,678
Investments	9	<b>1,004,824</b>	-
Cash at bank	10	<b>4,879,066</b>	6,075,094
		<b>22,667,864</b>	20,742,772
<b>CREDITORS</b>			
Members shares and other liabilities	11	<b>20,250,327</b>	18,634,094
<b>NET CURRENT ASSETS</b>		<b>2,417,537</b>	2,108,678
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,805,588</b>	2,515,480
<b>RESERVES</b>			
Retained earnings	13	<b>2,805,588</b>	2,515,480
		<b>2,805,588</b>	2,515,480

Dec 6, 2018

The financial statements were approved by the Board of Directors on ..... and were signed on its behalf by:

Robert Hosie  
 Robert Hosie (Dec 6, 2018)  
 .....  
 Robert Hosie - Director

Elaine Rae  
 Elaine Rae (Dec 10, 2018)  
 .....  
 Elaine Rae - Director

James Hobson  
 James Hobson (Dec 10, 2018)  
 .....  
 James Hobson - Director

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NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

Statement of Changes in Retained Earnings  
for the Year Ended 30 September 2018

	<b>Retained earnings £</b>	<b>Total earnings £</b>
<b>Balance at 1 October 2016</b>	2,025,860	2,025,860
<b>Changes in earnings</b>		
Total comprehensive income	<u>489,620</u>	<u>489,620</u>
<b>Balance at 30 September 2017</b>	<u>2,515,480</u>	<u>2,515,480</u>
<b>Changes in earnings</b>		
Total comprehensive income	<u>290,108</u>	<u>290,108</u>
<b>Balance at 30 September 2018</b>	<u><u>2,805,588</u></u>	<u><u>2,805,588</u></u>

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The notes form part of these financial statements

NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

Cash Flow Statement  
for the Year Ended 30 September 2018

	Notes	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<b>(1,623,611)</b>	(2,118,085)
Tax paid		<b>(8,557)</b>	(13,679)
Net cash from operating activities		<b><u>(1,632,168)</u></b>	<u>(2,131,764)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<b>(6,481)</b>	(30,182)
Purchase of current asset investments		<b>(1,004,824)</b>	-
Interest received		<b>22,757</b>	43,886
Net cash from investing activities		<b><u>(988,548)</u></b>	<u>13,704</u>
<b>Cash flows from financing activities</b>			
Amount introduced by members		<b>28,150,707</b>	24,948,249
Amount withdrawn by members		<b>(26,563,310)</b>	(23,190,182)
Dividends paid		<b>(162,709)</b>	(116,718)
Net cash from financing activities		<b><u>1,424,688</u></b>	<u>1,641,349</u>
<b>Decrease in cash and cash equivalents</b>			
<b>Cash and cash equivalents at beginning of year</b>	2	<b>6,075,094</b>	6,551,805
<b>Cash and cash equivalents at end of year</b>	2	<b><u>4,879,066</u></b>	<u>6,075,094</u>

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The notes form part of these financial statements

NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

Notes to the Cash Flow Statement  
for the Year Ended 30 September 2018

1. **RECONCILIATION OF SURPLUS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2018	2017
	£	£
Surplus before taxation	461,181	615,115
Depreciation charges	25,232	17,313
Impairment losses provision	35,725	(134,006)
Other income	12,403	5,387
Finance income	<u>(35,160)</u>	<u>(49,274)</u>
	499,381	454,535
Increase in loans and other assets	<u>(2,152,021)</u>	<u>(2,580,398)</u>
Increase in shares and other liabilities	<u>29,029</u>	<u>7,778</u>
<b>Cash generated from operations</b>	<b><u>(1,623,611)</u></b>	<b><u>(2,118,085)</u></b>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30 September 2018**

	30.9.18	1.10.17
	£	£
Cash and cash equivalents	<u>4,879,066</u>	<u>6,075,094</u>

**Year ended 30 September 2017**

	30.9.17	1.10.16
	£	£
Cash and cash equivalents	<u>6,075,094</u>	<u>6,551,805</u>

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NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

Notes to the Financial Statements  
for the Year Ended 30 September 2018

1. **STATUTORY INFORMATION**

The Credit Union is registered under the Co-operative and Community Benefit Societies Act 2014 and operates as a Credit Union within the meaning of the Credit Union Act 1979. The Credit Union has registered with the Financial Conduct Authority and Prudential Regulatory Authority under the provisions of the Financial Services and Markets Act 2000.

The presentational currency of the financial statements is the Pound Sterling (£).

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

2. **STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Any departures from the standard are detailed in the accounting policies.

3. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared, in accordance with the Co-operative and Community Benefit Societies Act 2014, Credit Unions Act 1979 and prepared on the historical cost basis.

**Going concern**

The financial statements are prepared on the going concern basis. The directors of the credit union believe this is appropriate despite a mismatch in the maturity analysis of subscribed capital and loans to members.

In the opinion of the directors this is due to a significant amount of subscribed capital not being redeemable at short notice unless loans with the same member have been repaid.

**Income**

Loan interest receivable and similar income: Interest on both loans to members and loans to banks (i.e. cash and cash equivalents held on deposit with other financial institutions) is recognised at fair value using the effective interest rate method, and is calculated and accrued on a daily basis.

Where the loan interest rate for members loans has been reduced to zero, the credit union does not account for any loan interest on these loans, as the credit union will not seek to recover this loan interest. This policy does not meet with the requirements of FRS102. However, as a result of this policy, there is no net effect on the surplus or deficit for the year nor net assets of the credit union as an equal and opposite impairment provision would be required should this loan interest be included.

Other operating income: fees, charges and other operating income either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is completed.

NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

Notes to the Financial Statements - continued  
for the Year Ended 30 September 2018

3. **ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Long leasehold	-	2% on cost
Office Equipment	-	25% on cost

Land value within freehold property is not depreciated.

At each balance sheet date, the directors of the credit union review the carrying amounts of its tangible fixed assets to determine whether there is any indication that any item has suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of the asset, the credit union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Expenditure of £500 or more on individual tangible fixed assets is capitalised at cost. Expenditure on assets below this threshold is charged directly to the revenue account in the period it is incurred.

**Current asset investments**

Investments held as current assets are valued at fair value. Any gain or loss on revaluation is recognised in the Revenue account.

**Taxation**

The tax charge for the year reflects current tax payable. Current tax is the expected corporation tax payable for the year, using tax rates in force for the year. The Credit Union is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income.

As a result of the limited activities of the Credit Union, from which any surplus would be chargeable to corporation tax, it is unlikely that deferred tax will arise.

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3. **ACCOUNTING POLICIES - continued**

**Impairment losses and provision**

Impairment losses on loans to members are provided in accordance with the guidelines issued by the Prudential Regulatory Authority. Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

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

**Impaired loans written off and recovered**

In accordance with FRS102, the policy of the Credit Union and the requirements of the standard for impaired losses written off differ. The credit union writes off impaired loans when all methods of recovery have been exhausted. Therefore, the impaired losses written off in the financial statements do not meet the requirements of FRS102. As a result of the above there is no net effect on the surplus or net assets of the Credit Union.

**Financial Assets - Members loans**

Loans to members are financial assets with fixed or determinable payments and are not quoted in an active market. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flow from the asset have expired, usually when all the amounts outstanding have been repaid by the member. The credit union does not transfer loans to third parties.

**Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand along with bank and building society deposits. The credit union has access to these funds and they are readily convertible to cash.

**Financial liabilities - Subscribed capital**

Members shareholdings in the credit union are redeemable and therefore are classified as financial liabilities and described as subscribed capital. They are initially recognised as the amount of cash deposited and subsequently measured at amortised cost.

**Employee benefits**

Defined contribution plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by the credit union for the relevant period under review.

Other employee benefits: Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

**Reserves**

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

**Use of estimates and judgements**

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the credit union's existing accounting policies. The area requiring the highest degree of judgement or complexity and the area where significant assumptions required is impairment losses on loans to members. The directors regularly conduct impairment reviews by analysing arrears reports, credit control data and the reports from debt collecting companies.

NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

Notes to the Financial Statements - continued  
for the Year Ended 30 September 2018

3. **ACCOUNTING POLICIES – continued**

**Dividend**

The dividend is formally proposed by the directors after the year end and is confirmed at the following AGM. As a result, it does not represent a liability at the balance sheet date.

**Juvenile depositors**

The amount received by the Credit Union for juvenile depositors are held in trust for those depositors.

4. **SENIOR MANAGEMENT**

The average number of employees during the year was 16 (2017 - 14).

Total salaries of £116,759 were paid to the three senior management team members during the year (2017 - three team members - £105,927).

5. **OPERATING SURPLUS**

The operating surplus is stated after charging:

	2018	2017
	£	£
Depreciation - owned assets	25,232	17,312
Auditors' remuneration	<u>5,580</u>	<u>5,550</u>

6. **TAXATION**

**Analysis of the tax charge**

The tax charge on the surplus for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	<u>8,364</u>	<u>8,777</u>
Tax on surplus	<u>8,364</u>	<u>8,777</u>

**Tax effects relating to effects of other comprehensive income**

	2018		
	Gross	Tax	Net
	£	£	£
Dividend paid	<u>(162,709)</u>	<u>-</u>	<u>(162,709)</u>
	2017		
	Gross	Tax	Net
	£	£	£
Dividend paid	<u>(116,718)</u>	<u>-</u>	<u>(116,718)</u>



NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

Notes to the Financial Statements - continued  
for the Year Ended 30 September 2018

7. **TANGIBLE FIXED ASSETS**

	<b>Long leasehold £</b>	<b>Office Equipment £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 October 2017	466,041	112,445	578,486
Additions	<u>-</u>	<u>6,481</u>	<u>6,481</u>
At 30 September 2018	<u>466,041</u>	<u>118,926</u>	<u>584,967</u>
<b>DEPRECIATION</b>			
At 1 October 2017	101,921	69,763	171,684
Charge for year	<u>9,321</u>	<u>15,911</u>	<u>25,232</u>
At 30 September 2018	<u>111,242</u>	<u>85,674</u>	<u>196,916</u>
<b>NET BOOK VALUE</b>			
At 30 September 2018	<u>354,799</u>	<u>33,252</u>	<u>388,051</u>
At 30 September 2017	<u>364,120</u>	<u>42,682</u>	<u>406,802</u>

8. **MEMBERS LOANS AND OTHER ASSETS**

	<b>2018 £</b>	<b>2017 £</b>
Unsecured members loans	14,811,712	13,017,378
Specific impairment provision	(38,923)	(3,198)
Other debtors	1,837,245	1,498,008
Prepayments	<u>173,940</u>	<u>155,490</u>
	<u>16,783,974</u>	<u>14,667,678</u>

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Notes to the Financial Statements - continued  
for the Year Ended 30 September 2018

8. **MEMBERS LOANS AND OTHER ASSETS - continued**

Included in other debtors are amounts due of £1,837,245 in respect of payroll deductions from health boards.

**Loans to members**

	<b>2018</b>	2017
	£	£
As at 30 September 2017	<b>13,017,378</b>	10,750,035
Advanced during the year	<b>10,407,791</b>	10,138,862
Interest on members loans	<b>1,536,805</b>	1,293,956
Repaid during the year	<b>(9,878,951)</b>	(8,983,391)
Impaired loans	<b>(271,311)</b>	(182,084)
	<u><b>14,811,712</b></u>	<u>13,017,378</u>
As at 30 September 2018	<u><b>14,811,712</b></u>	<u>13,017,378</u>

**Impaired losses on member's loans - Changes in the year**

	<b>General</b>	<b>Specific</b>	<b>Total</b>
	£	£	£
As at 30 September 2017	-	<b>3,198</b>	<b>3,198</b>
(Decrease)/Increase in impairment losses	-	<b>35,725</b>	<b>35,725</b>
	<u>-</u>	<u><b>38,923</b></u>	<u><b>38,923</b></u>
As at 30 September 2018	<u>-</u>	<u><b>38,923</b></u>	<u><b>38,923</b></u>

**Credit risk disclosures**

The credit union does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. Subject to the credit union's own maximum loan policy, the credit union's maximum loan limit is approximately £25,000 plus shares. This complies with the credit union's internal policy and by the Prudential Regulatory Authority.

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Notes to the Financial Statements - continued  
for the Year Ended 30 September 2018

9.	<b>CURRENT ASSET INVESTMENTS</b>	<b>2018</b> £	2017 £
	Other investments	<u><b>1,004,824</b></u>	<u>-</u>
10.	<b>CASH AT BANK</b>	<b>2018</b> £	2017 £
	Cash at bank	<b>4,878,916</b>	6,074,883
	Cash and bank balances	<u><b>150</b></u>	<u>211</u>
		<u><b>4,879,066</b></u>	<u>6,075,094</u>
11.	<b>MEMBERS SHARES &amp; OTHER CREDITORS</b>	<b>2018</b> £	2017 £
	Corporation tax	<b>8,602</b>	8,795
	Juvenile deposits	<b>66,283</b>	52,708
	Members share balances	<b>20,147,535</b>	18,560,138
	Accrued expenses	<u><b>27,907</b></u>	<u>12,453</u>
		<u><b>20,250,327</b></u>	<u>18,634,094</u>

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Notes to the Financial Statements - continued  
for the Year Ended 30 September 2018

12. **ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES**

**Financial risk management**

The credit union manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from the credit union's activities are credit risk, liquidity risk and interest rate risk. The board reviews and agrees policies for managing each of these risks, which are summarised below.

**Credit risk**

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss to the credit union. In order to manage this risk the board approves the credit union lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit union also monitors its banking arrangements closely in light of the current banking situation.

**Liquidity risk**

The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the credit union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Note 2 provides further details about the impact of the maturity mismatch on the going concern status of the credit union. Excluding short term other payables, as noted in the balance sheet, the credit union's financial liabilities, the subscribed capital, are repayable on demand.

**Market risk**

Market risk is generally comprised of interest rate risk, currency risk and other price risk. The credit union conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore, the credit union is not exposed to any form of currency risk or other price risk.

**Interest rate risk**

The credit union's main interest rate risk arises from the differences between the interest rate exposures on the receivables and payables that form an integral part of the credit union's operations. The credit union considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. The credit union does not use interest rate options to hedge its own positions. The interest rate risk is regularly monitored by the board with interest rates on members loans and interest receivable on bank deposits being regularly reviewed to ensure risk exposure is minimised.

**Interest rate risk disclosures**

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

	2018		2017	
	Amount £	Average Int %	Amount £	Average Int %
<b>Financial Assets</b>				
Loans to members	<u>14,811,712</u>	<u>10.38</u>	<u>13,017,378</u>	<u>9.94</u>
<b>Financial liabilities</b>				
<b>Subscribed capital</b>				
Share 1 account	19,437,934	1.00	17,878,834	1.00
Share 2 account	412,519	1.00	389,067	1.00
Share 3 account	244	1.00	613	1.00
Christmas savings account	295,395	1.00	290,219	1.00
Budget account	1,443	1.00	1,405	1.00
	<u>20,147,535</u>		<u>18,560,138</u>	

NHS (SCOTLAND & NORTH ENGLAND)  
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Notes to the Financial Statements - continued  
for the Year Ended 30 September 2018

13. **RESERVES**

	<b>Retained earnings £</b>
At 1 October 2017	2,515,480
Surplus for the year	452,817
Dividend paid	<u>(162,709)</u>
At 30 September 2018	<u><u>2,805,588</u></u>

14. **CONTINGENT LIABILITIES**

The credit union participates in the Financial Services Compensation Scheme (FSCS) and therefore has a contingent liability, which cannot be quantified, in respect of contributions to the FSCS, as required by the Financial Services and Markets Act 2000. The Financial Conduct Authority (FCA) had provided details of how the calculation of next year's contribution towards the FSCS will be calculated and provision has been included for this liability. However, this is subject to future changes in interest rates and levels of deposits held by deposit takers. Therefore, there is inherent uncertainty regarding the totality of the levy that the credit union will have to pay.

15. **RELATED PARTY DISCLOSURES**

During the year, 5 members (2017 - 8) of the Board and their close family members had loans with the credit union. These loans were approved on the same basis as loans to other members of the credit union. None of the directors or their close family members have any preferential terms on their loans.

Furthermore, during the year the credit union's former CEO was also President of the Association of British Credit Unions (ABCUL). The credit union pays fees totalling £15,235 (2017 - £14,351) as a member of the association however, there are no preferential terms of membership.

16. **POST BALANCE SHEET EVENTS**

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

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NHS (SCOTLAND & NORTH ENGLAND)  
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Detailed Revenue Account  
for the Year Ended 30 September 2018

	2018		2017	
	£	£	£	£
<b>Loan interest receivable</b>		<b>1,536,805</b>		1,293,956
<b>Other income</b>				
Sundry receipts	6,391		3,309	
Insurance commission	1,194		1,243	
Impaired loans recovered	16,742		15,318	
Interest on bank account	22,757		43,886	
Entrance fees	5,733		5,388	
Investment income	22,519		-	
Movement on revaluation on current asset investments	<u>(15,849)</u>		<u>-</u>	
		<u>59,487</u>		<u>69,144</u>
		<b>1,596,292</b>		1,363,100
<b>Expenditure</b>				
Insurance	93,934		81,776	
Light and heat	3,038		2,574	
Management expenses	5,813		5,202	
Wages	351,393		311,936	
Employer NIC	28,742		22,720	
Pension & critical illness	16,119		12,840	
Printing, postage & stationery	41,761		41,835	
Marketing costs	22,220		17,178	
Staff travel & subsistence	23,472		20,664	
Dues & fees	21,353		17,187	
Communication costs	57,213		44,493	
Conference and training	22,532		16,985	
Repairs and renewals	5,970		4,033	
Sundry expenses	10,280		6,131	
Professional fees	27,472		20,693	
Auditors' remuneration	5,580		5,550	
Donations	3,060		4,802	
Impaired loans written off	271,311		191,088	
Impaired loans provision	35,725		(134,006)	
Impaired losses recovery expenses	<u>38,356</u>		<u>19,632</u>	
		<u>1,085,344</u>		<u>713,313</u>
		<b>510,948</b>		699,787
<b>Finance costs</b>				
Bank charges	22,689		17,359	
Investment management charges	<u>1,846</u>		<u>-</u>	
		<u>24,535</u>		<u>17,359</u>
Carried forward		<b>486,413</b>		632,428

This page does not form part of the statutory financial statements

NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD

Detailed Revenue Account  
for the Year Ended 30 September 2018

	2018		2017	
	£	£	£	£
Brought forward		<b>486,413</b>		632,428
<b>Depreciation</b>				
Long leasehold	<b>9,321</b>		9,321	
Office equipment	<u><b>15,911</b></u>		<u>7,992</u>	
		<u><b>25,232</b></u>		<u>17,313</u>
<b>NET SURPLUS</b>		<u><b>461,181</b></u>		<u><b>615,115</b></u>

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# NHSS100-Accounts








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10/12/2018













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