

# Darlington Credit Union

## Annual General Meeting 2019

### Contents

Agenda

Minutes of Annual General Meeting 2018

Chairman's Report

Board Nominee Summary

Report of the Directors and Financial Statements Y/E 31<sup>st</sup> December 2018



Darlington Credit Union  
9<sup>th</sup> Annual General Meeting

Agenda

Friday 28<sup>th</sup> June 2019

6pm – 7:30pm

Pease Suite, Dolphin Centre

---

|   |        |
|---|--------|
| Doors open  | 5:30pm |
| Meeting start   | 6.00pm |
| 1. Housekeeping   | BC     |
| 2. Register of attendance and ascertain quorum                                | BC     |
| 3. Minutes from the last AGM  | AC     |
| 4. Chairman's Report  | AC     |
| 5. Treasurer's Report   | SJ     |
| a. 2017 Accounts  |        |
| b. Auditor's Report   |        |
| c. Treasurer's Report on 2017 Accounts  |        |
| d. Appointment of Auditors  |        |
| e. Declaration of Dividend and Vote   |        |
| 6. Supervisory Committee's Report   | TB     |
| 7. Motions (non-declared)   | AC     |
| 8. Elections to the Board   | BC     |
| 9. Any Other Business (to be notified to the secretary before meeting begins) | BC     |
| 10. Chief Executive Officer's Report  | TB     |
| Close   | 7:30pm |





## Minutes from the Annual General Meeting 2018

11<sup>th</sup> April 2018 at St. Augustine's Parish Centre, Darlington

6pm – 7.25pm

**Welcome & Housekeeping** – The 8<sup>th</sup> AGM was opened at 6pm by Bob Carson (Secretary) with a warm welcome to all attendees.

- a) Request for registration and reminder regarding update preference for communication purposes.
- b) Questions to be asked after presentations, otherwise question cards are provided to be used and forwarded.
- c) Nomination cards (yes/no) were to be used to record motion responses.
- d) The Chairman, Treasurer of Board and CEO introduced themselves to the members present.

### Register of Attendance

Board of Directors: Nick Millar **NM** (Chairman); Bob Carson **BC** (Secretary); Sam Johnson **SJ** (Treasurer); Karen Johnston **KJ**; Joe Hannon **JH** and Alan Coultas **AC**.  
CEO: Tony Brockley **TB**.  
Members attended: Jo Price, Nick Haithwaite, Marion Watson, Gisela Wheeler, John Wheeler, Ryan Jones, Eric King, Marjory Knowles, Patricia Martin, Nicholas White, Elizabeth Lyle, William John Kilgour, David Hall, Phil Anwyll, Tom Brockley, Shannon Moore, Emma Wilson, Selina Tsang, Bernadette Hunt, Geoff Walker, Leonard Alan Watson, Joyce Barber, Lauren Jeffery, Leslie Banks, Brenda Banks, Stuart Crowther, John Thorley, Carol Miller, Robert Dean  
Other attendees: Chris Beaumont (Clive Owen Associates)  
Apologies: Graham Pilkington **GP** (Director); Fr. David Russell; Andrew Maxwell, Martin Wood; Margaret McNeill; Mike Hill; Marilyn Longstaff and Linda Dickinson.

BC confirmed there were sufficient members at the AGM to be a quorate (15 members required).

**Minutes from last AGM** (5<sup>th</sup> April 2017) – A copy of the AGM Minutes can be found in meeting pack.

BC requested that members read the 2017 AGM Minutes in order to be recorded as true and accurate.

**Q.** Stuart Crowther asked whether it was possible for the AGM Minutes to be circulated by email/post a week prior to AGM in order to allow members to read and give due consideration in advance of meeting?

**A.** TB – agreed it was a good point to be made and that it would be done in the future.

**Action:** AGM minutes to be circulated in advance of AGM

An accurate record was confirmed with no matters arising. Proposed by Leslie Banks and seconded by Alan Coultas.

**Chairman's Report (NM)** - A copy of the Chairman's Report can be found in the AGM meeting pack.

- a) Nick Millar introduced himself to the members and presented his report – overall another significant year of growth for DCU. As a nation the growth of personal debt has increased significantly and DCU aim to remain prudent, keeping a tight rein on credit and debt recovery.
- b) Applause was received from the members, the CEO, staff and the board members in thanks for the support and work carried out by Alan Coultas during his 8 years as Chairman. Alan took the decision to stand down yet is happy to remain on the Board alongside Nick Millar, Bob Carson, Sam Johnston, Karen Johnston, Joe Hannan and Graham Pilkington.
- c) Vision, Mission and Values *are* a driving force for the DCU together with a key objective to protect the assets of the members. Face to face contact via Tubwell Row is very important, as is embracing technology which will continue to be developed as budgets and circumstances allow.
- d) Changes to the board - Sam Johnson was introduced as treasurer of the board with NM offering thanks for his dedication and work so far. Further thanks and appreciation were offered to Liz Lyle. Despite Liz resigning from the board she is still very helpful and her ongoing work is much appreciated within the Finance and Business Development Committee which is chaired monthly by Karen Johnston. Joe Hannon was introduced to members having joined the board in 2017.
- e) There is a desire to expand the Board, therefore, should anyone wish to join or know of someone who may they were urged to let the board/CEO know.
- f) Nick thanked Tony Brockley as CEO and all his staff together with Chris from Clive Owen LLP on behalf of the board.

**Q.** David Hall asked for clarification regarding the Credit Union Expansion Project and whether it had fallen by the wayside?

**A.** TB – Yes, DWP have withdrawn money, calling a halt to current plans regarding IT platform. However, questions have been raised regarding DWP's position and other CU's have raised issue with local MPs, intending for it to be raised within Parliament.

**Q.** David Hall - considering the amount of time and effort (4-5 years approx.) DCU & DWP have put into the project - £38mill of taxpayer's money – is there any compensation for credit unions including Darlington which could have been spent at the time more effectively?

**A.** NM – Some of that money was fed into us at DCU given as growth payments (TB could not exactly quantify but believed it to be tens of thousands of pounds). TB added that because of the delays and the fact the current platform was unable to cope, DCU had issued Cornerstone an ultimatum to update the current system, which was agreed and paid for. Therefore, some money has been forthcoming. Ultimately DCU have been advised to approach local MP which TB is happy to do. TB believes that a lot of the money has been spent on the wages of Cornerstone staff/people and is unsure as to how much money has been transferred. They still have not delivered.

**Treasurer's Report (SJ)**

Sam Johnson introduced himself to the members and thanked predecessor Liz Lyle for her unwavering support during his first year as treasurer and also to Clive Owen LLP as auditors.

- a) **2017 Accounts** - SJ reported on the financial results for the year end 31<sup>st</sup> December 2017 and referred the AGM attendees to the set of accounts in their meeting pack.
- b) **Auditors' Report** – audited by Clive Owen LLP for the fourth year in succession. It is the Auditors' opinion that the accounts give a true and fair view of the state of the credit union's affairs as at 31<sup>st</sup> December 2017 and of its income and expenditure for the year then ended. And that they have been properly prepared in accordance with UK accepted accounting standards and credit union legislation.
- c) **Treasurer's Report** on 2017 Accounts followed with points of note:
  - The loan book has increased substantially – 32% growth exceeding £2mill
  - Bad debts continue to be a challenge – significant board/team focus
  - Credit control resources have been increased – full time role introduced
  - Planning ahead - remains prime strategy and focus
  - Balance sheet remains strong – have attracted investors

**Q.** Dave Hall had a query regarding the contents page referral to page 12 which was not included in the Financial Statement document.

**A.** TB confirmed that it did not form part of the statutory financial statements. SJ suggested that the page could be emailed considering it is not confidential. TB also confirmed that the contents of page 12, Detailed Income & Expenditure Account, had never previously been included but we could do so going forward. TB agreed and arrangements would be made to have it e-mailed/posted to attending members.

**Action:** Page 12 of the Financial Statements for the year ended 31<sup>st</sup> December 2017 to be e-mailed/posted to attending members.

**Q.** Dave Hall - with reference to post balance sheet events, was there anything to update regarding bad debt?

**A.** SJ - No, the snapshot at 31<sup>st</sup> December 2017 still stands, nothing has moved. Any bad debts older than three months are still recorded but provision category may change as a result, however, in a broad overview the bad debt provision is not significantly different. Therefore opinion at 31<sup>st</sup> December as is – no change. Should there be anything significantly different SJ is happy to email information.

**Appointment of Auditors** – SJ suggested that Clive Owen LLP be re-appointed as auditors for 2018.

Alan Coultas proposed and Stuart Crowther seconded the proposal – after a carded response the motion was unanimous.

**Declaration of dividend** - The dividend suggested by SJ is 0.125% (reflecting both adult and junior savers).

This was proposed by Brenda Banks and seconded by Liz Lyle.



There was a card response for those in favour of dividend being 0.125% - Motion received a *strong yes* but not unanimous.

### **Supervisory Committee's Report (TB)**

Tony Brockley presented the report on behalf of Janet Walker (Chair of supervisory committee) who was unable to attend, which was read verbatim.

- a) TB gave an outline and overview of the work and procedures of the Supervisory Committee.
- b) There was a plea from Janet to increase volunteers/members of the Supervisory Committee and if anyone was interested to come forward.

It was suggested by BC that in Janet's absence, any questions should be written down and sent to Janet.

### **Motions – Non-declared.**

**Elections to the Board** – BC invoked rule 103 of the Darlington Credit Union rule book whereby "if any election of the numbers of nominees does not exceed the number of vacancies to be filled, a proposal to dispense with the election procedure and to declare that all nominees are duly elected may be proposed to the annual general meeting. If such a proposal is carried by a majority vote of the members present at the meeting, the Chairperson shall declare the nominees for that election are duly elected."

Information on the two candidates for the vacancies are to be found in the meeting pack.

The two Board member candidates are:

Nick Millar - Chair  
Bob Carson - Secretary

As a point of order just prior to election, BC was asked to stand down by Stuart Crowther whilst election took place, whereby Tony Brockley supervised the elections of the board members.

Karen Johnston made the proposal and it was seconded by David Hall – a carded vote took place. Motion was unanimous.

Nick Millar confirmed:

Nick Millar - duly appointed  
Bob Carson – duly appointed.

### **Any Other Business - None**

### **Chief Executives Officer's Report**

The CEO, Tony Brockley offered a 'snapshot' of the first three months of the current year including:

- a) An announcement that deposit growth by the end of March had passed the £3m barrier for the first time. TB thanked all members as this was a great result.
- b) An update regarding the banking platform. Additionally the automated loan processing system should hopefully be in place by the end of May 2018. Although automated, no final decisioning will be made without staff intervention – decisions will be checked as prudent lending is key to protecting assets.
- c) New products have been introduced including a short-term loan – April 2018.
- d) DCU have been approached by two local authorities regarding services and talks are ongoing. DCU hope to have an opportunity to take part in the tendering process.
- e) GDPR – replacing Data Protection Act on 25<sup>th</sup> May 2017. This gives more rights to members in respect of what and how personal information is held by DCU. There is a lot of work to be done with the introduction of this system and work is in process.
- f) The AGM member satisfaction survey 2018 responses have been very favourable in the following areas:
  - ✓ Payroll deduction
  - ✓ Loan application process
  - ✓ Savings accounts.
  - ✓ Overall service
  - ✓ Attitudes of staff

The CEO welcomed these comments and thanked all staff, particularly for their outstanding loyalty and generosity. So yes it is.

Applause given to the staff by all attendees.

BC asked for any final questions, reminding all present that further questions could also be written down and forwarded to DCU.

**Q.** Nick Haithwaite asked whether it was beneficial paying bills through DCU in terms of a cost/time implication with the automated system is mind compared to a high street bank.

**A.** TB confirmed that the DCU is there to support members in ways that a High Street bank are unable, especially with a budget account. The DCU prioritise debt and make sure direct debits get paid in order to eliminate risk of eviction order etc.

Bob Carson thanked everyone

Meeting closed - 7.25pm

Signed: .....  
(Chair)

Dated: .....



# Chairman's Report

## for the 2018 financial year

Alan Coultas

---

I wrote my last Chairman's report in 2017 after which Nick Millar took on the responsibility and chaired the Board of Trustees throughout most of 2018. On the 18<sup>th</sup> November 2018, we received the tragic news that Nick had collapsed the previous day whilst pursuing his great passion of cycling and had died that evening in hospital. I was asked by the Board to pick up the reins again until the next annual meeting. So this is essentially a report setting out the performance and achievements of Darlington Credit Union (DCU) under the period of Nick's chairmanship and is a testimony to his vision and hard work. He made a significant contribution from when he joined the Board in April 2015, particularly with his meticulous attention to detail, forward planning and financial modelling. He is sorely missed as a friend and colleague by all of us.

The financial year 2018 has been a year of consolidation as Darlington Credit Union took stock of its progress towards realising the strategic decision to implement a modern on-line banking platform; also to get to grips with the underlying risk of bad debt in these extraordinary times where economic insecurity stretches throughout the labour market.

The Board and our CEO have been working over the last few years to take your credit union into the sphere of on-line banking so that our members could manage their accounts remotely using mobile and home computing devices, whilst still having access to our banking hall and face-to-face contact with our staff. In previous reports we informed you of our participation in the Government's Credit Union Expansion Project (CUEP) which was funded to the tune of £38 million. This was an opportunity to bring the credit union movement together and move it forward with a big step change in a fully funded way. The contract to deliver the project was secured by ABCUL, the credit union trade association, through Cornerstone a company it established to select, develop and implement a system solution. An American computer system called FISERV, widely used by American credit unions, was the chosen banking platform.

In 2017, it became increasingly apparent that ABCUL were struggling and that the project was getting into difficulty. Expensive consultants were brought in but the timescales slipped badly and this was costly for those credit unions, including DCU, who were ambitious to expand their product base and services to their membership. Eventually, very late in the day, the FISERV system was delivered and members of the project were invited to be early implementers. The decision of your Board was to stand back and wait and see. The early implementers found that the system had many issues and that the ABCUL/Cornerstone support was completely inadequate. The credit unions who volunteered were severely damaged. Earlier this year the



CUEP project was abandoned and a big national opportunity squandered. Throughout, your Board were vigilant and made the right calls to keep open the opportunity and to protect the wellbeing of DCU.

The executive and Board were left with the challenge of finding a well proven banking platform to move DCU into the digital age to open up new market opportunity and to deliver more and better services to it's members. After much research to find an affordable option, a fully certified system called Progress, developed in Ireland and used by 180 credit unions between Ireland and the UK with 1.4m accounts with over £2billion in savings and £990million in loans, was chosen and the investment made. Progress has gone live and is now being used by an increasing number of members. It provides full current account facilities and can be accessed by mobile devices. It has powerful accounting and management tools to help us tighten areas such as credit control. A debit card has also been launched. Our CEO will outline what this means for the future in his report. Suffice to say we regard the investment as a major step and can inform you that we are the first credit union in the North East to implement full on-line banking facilities. We are excited about the opportunities that this investment affords.

Bad debt continued to exercise the executive team and the Board throughout the year. To keep this under control and minimise the risk is a major challenge for DCU and for the whole of the credit union movement in the UK. An important part of our customer base includes the lower paid and those on benefits. Today the lower paid covers some forty per cent of the population - many of them struggle to balance their household budgets from one salary payment to another and getting into debt is very difficult to avoid. Long running government austerity policies have been deadly in impoverishing public life and institutions and so many individuals. We help when we can and keep our charges to a minimum but always have to hold in mind the risk of bad debt. Sometimes cases of loans with people on good income and with good repayment records, turning into bad debt through job loss or family crisis, occur out of the blue.

As Nick reported last year, there is a big underlying personal debt problem in the UK. It bears repeating that a Royal Society of Arts survey of working people showed that 30% responded as being comfortable, 40% that their finances were "permanently precarious", whilst the remaining 30% said they were "not managing to get by". This is the context in which we are working to help our community and membership.

The Money Works project continues to play a very important role in helping members to budget and manage their finances, including debt, and we are determined to sustain this service in the future. During the year it advised over 400 people either in 1:1 scenarios or Group events. It is also expected that the Progress system will help improve loan decision-making, tighten and improve the monitoring of bad debt and improve workflow. Bad debt at the end of the year stood at £292.9k and is significant. It is a prime goal to reduce this and success would have clear impact in generating higher surpluses and a strengthening of the balance sheet.



Apart from bad debt, your Board consider the current economic, financial and policy uncertainties with dimmed economic growth as being a significant risk. We see it impacting business and personal confidence which could dampen deposit and membership growth, reduce loan demand and lead to increased credit risk. All organisations are navigating in very difficult times none more so than those in the financial sector. Your Board continues to meet monthly and our Finance & Business Development Committee also. The management of risk is uppermost.

An important relationship is that with Darlington Borough Council who when approached during the year resulted in the Leader and the Chief Executive obtaining Council support to invest £50,000 into DCU to add to their existing £35,000 of deferred share investment. I express my grateful thanks on behalf of the Board for their on-going support and encouragement. For an authority, which has lost £50m of its core government funding to do this is significant and highly laudable.

Despite a difficult year, with plans being delayed for the reasons I have outlined, growing economic uncertainties resulting in more caution from potential lenders with loan duress from others, we concluded the year with a small surplus of £5450 and a dividend is recommended.

Our 6500 plus members had total share deposits of £3,101,458 of which we had loaned £2,139,338 at the year end. We made a total of 1,427 loans during the year.

We are proud of our work in the school community serving 15 schools with over 1300 savers and over £180,000 of deposits. With the new on-line banking and mobile access facilities it is our aim to attract teenage students at our secondary schools and colleges.

Our corporate membership base is strong and building, standing at the year end at 47 organisations with £341,472 of deposits.

Serving as a trustee is demanding but highly rewarding and I pay tribute to those who served throughout 2018 and those who continue to serve. We owe a big debt to all of our volunteers who work at our collection points and those on our supervisory committee who scrutinise the work of the executive and the trustees. To be able to implement a **Vision** "to be a leading, sustainable business which facilitates and improves the financial wellbeing of our community and its people" is a high calling and vital in building local financial resilience. To play a part in this from the foundation of an organisation built on the principals of mutuality, democracy and cooperation is a special experience.

We need to add to our trustees as long serving members retire and as officers reach a point where they feel the need to hand on to others. Your Board are giving this special attention particularly to replacing Sam Johnson, our Treasurer, who is retiring at this AGM. Sam has been an excellent Treasurer and we express our gratitude for his unstinting contribution.

Graham Pilkington left the Board during the year after long service reaching back to the early days - our gratitude for his work and many inputs as a volunteer, trustee and Vice Chair.

During the year we co-opted Carol Miller and Nigel Foster as Trustees and Directors. Additional co-options of Matthew Roche, Janice Lincoln and Matthew Snedker have been made in 2019. These will all be presented to the AGM for approval.

I thank our partners particularly The Morrison Trust who we have worked with for a number of years and attracted Big Lottery funding for the Money Works project. We are grateful for the financial support from Darlington Borough Council and from the Big Lottery (now the National Lottery Community Fund). Also for the support of the Lloyds Bank funded Credit Union Foundation who awarded us £30,000 after a competitive bidding process to add to an earlier award of £50,000.

Playing our part in the community and reaching out to worthwhile causes is in the DNA of DCU and during the year we sponsored the work of First Stop in a number of fund raising ways.

Our success to date has been built on unswerving teamwork and trust. The passion and enthusiasm for the credit union ethos and Darlington Credit Union by Tony and his team is acknowledged. The tenacity, hard work and loyalty has given DCU a respected position throughout the Darlington community and much further afield. All of us owe you a great deal. A particular thanks is due for staying strong through a difficult year and never losing sight of the vision.

Finally, a big thank you to all of our members for putting your faith in a local mutual organisation which belongs to you and works for you. You are helping to build a financial entity which can reach out to many more people and can grow to be the financial institution of choice for the majority. I live with the dream of emulating the credit union movement in Derry/Londonderry, which founder members of DCU visited in 1998. Derry has the same population as Darlington but with a credit union membership of 40,000

Clive Owen & Co have been supportive auditors during the year working with diligence and challenge.

Following the subsequent reports we will take questions. I commend this report to you.

**Alan Coultas**  
**Chairman**  
**Darlington Credit Union**

**Report of the Directors and  
Financial Statements  
for the Year Ended 31 December 2018  
for  
Darlington Credit Union Limited**

**Darlington Credit Union Limited**

**Contents of the Financial Statements  
for the Year Ended 31 December 2018**

|   | <b>Page</b> |
|---|-------------|
| <b>Company Information</b>                | <b>1</b>    |
| <b>Report of the Directors</b>            | <b>2</b>    |
| <b>Report of the Independent Auditors</b> | <b>4</b>    |
| <b>Income and Expenditure Account</b>     | <b>6</b>    |
| <b>Balance Sheet</b>                      | <b>7</b>    |
| <b>Notes to the Financial Statements</b>  | <b>8</b>    |

**Darlington Credit Union Limited**  
**Company Information**  
**for the Year Ended 31 December 2018**

**DIRECTORS:**

R W Carson  
A Coultas  
N Foster  
S Johnson  
K Johnston  
C Miller  
M Roche  
M Snedker  
J Lincoln

**REGISTERED OFFICE:**

41 Tubwell Row  
Market Place  
DARLINGTON  
County Durham  
DL1 1PD

**REGISTERED NUMBER:**

IP00283C (England and Wales)

**AUDITORS:**

Clive Owen LLP  
Chartered Accountants  
& Statutory Auditors  
140 Coniscliffe Road  
DARLINGTON  
County Durham  
DL3 7RT



## **Darlington Credit Union Limited**

### **Report of the Directors for the Year Ended 31 December 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

Robert Wilfred Carson  
Alan Coultas  
Nigel Foster, co-opted (26 October 2018)  
Samuel Paul Johnson (Treasurer)  
Karen Johnston  
Carol Miller, co-opted (16 May 2018)

Other changes in directors holding office are as follows:

Nicholas James Millar – deceased 17 November 2018  
Graham Pilkington – resigned 23 November 2018  
Joe Hannon – resigned 26 January 2019  
Matt Roche, co-opted (17 May 2019)  
Matthew Snedker, co-opted (14 June 2019)  
Janice Lincoln, co-opted (17 May 2019)

#### **PRINCIPAL ACTIVITY**

The principle activity of the credit union is that of the provision of savings and lending facilities for the benefit of its members.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law required the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the surplus and deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the company and hence for 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 (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

The auditors, Clive Owen LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

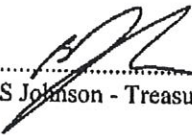
This report has been prepared in accordance with the special provisions for small credit unions under the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

**Darlington Credit Union Limited**

**Report of the Directors  
for the Year Ended 31 December 2018**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

  
.....  
S Johnson - Treasurer

Date: 26 June 2019

**Report of the Independent Auditors to the Members of  
Darlington Credit Union Limited**

**Opinion**

We have audited the financial statements of Darlington Credit Union Limited (the 'credit union') for the year ended 31 December 2018 which comprise the Income and Expenditure Account, Balance Sheet and Notes to the Financial Statements, 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 credit union's affairs as at 31 December 2018 and of its 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 and the Credit Unions Act 1979.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 company'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 Report of the Directors, 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, 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.

**Opinion on other matters prescribed by the Companies Act 2006**

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



**Report of the Independent Auditors to the Members of  
Darlington Credit Union Limited**

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

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

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

- a satisfactory system of control 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 Statement of Directors' Responsibilities set out on page two, 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 company'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.

**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, 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 credit union those matters we are required to state to it 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, for this report, or for the opinions we have formed.



Christopher Beaumont BA(Hons) FCA DChA (Senior Statutory Auditor)  
for and on behalf of Clive Owen LLP  
Chartered Accountants  
& Statutory Auditors  
140 Coniscliffe Road  
DARLINGTON  
County Durham  
DL3 7RT

Date: 26 June 2019

**Darlington Credit Union Limited**  
**Income and Expenditure Account**  
**for the Year Ended 31 December 2018**

| Notes  | 2018<br>£           | 2017<br>£           |
|--|---------------------|---------------------|
| <b>INCOME</b>  | 325,207             | 337,545             |
| Expenditure  | <u>402,714</u>      | <u>442,138</u>      |
| <b>GROSS DEFICIT</b>                                     | (77,507)            | (104,593)           |
| Grants received  | <u>83,027</u>       | <u>110,847</u>      |
| <b>OPERATING SURPLUS and<br/>SURPLUS BEFORE TAXATION</b> | 5,520               | 6,254               |
| Tax on surplus   | <u>70</u>           | <u>33</u>           |
| <b>SURPLUS FOR THE FINANCIAL YEAR</b>                    | <u><u>5,450</u></u> | <u><u>6,221</u></u> |

The notes form part of these financial statements

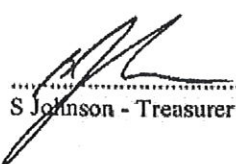
**Darlington Credit Union Limited (Registered number: IP00283C)**

**Balance Sheet  
31 December 2018**

|                                     | Notes | 2018<br>£        | 2017<br>£        |
|-------------------------------------|-------|------------------|------------------|
| <b>INVESTMENTS</b>                  |       |                  |                  |
| Tangible assets                     | 8     | 342,291          | 330,607          |
| <b>CURRENT ASSETS</b>               |       |                  |                  |
| Member loans                        | 5     | 1,876,517        | 2,034,546        |
| Debtors                             | 9     | 64,030           | 35,725           |
| Investments                         |       | 294,810          | 301,029          |
| Cash at bank and in hand            |       | <u>795,074</u>   | <u>278,391</u>   |
|                                     |       | 3,030,431        | 2,649,691        |
| <b>CREDITORS</b>                    |       |                  |                  |
| Amounts falling due within one year | 10    | <u>(19,565)</u>  | <u>(23,343)</u>  |
|                                     |       | <u>3,010,866</u> | <u>2,626,348</u> |
| <b>NET ASSETS</b>                   |       | <u>3,353,157</u> | <u>2,956,955</u> |
| <b>FINANCED BY</b>                  |       |                  |                  |
| <b>CAPITAL</b>                      |       |                  |                  |
| Member shares                       | 12    | 3,101,458        | 2,757,646        |
| <b>RESERVES</b>                     | 13    |                  |                  |
| Deferred member shares              |       | 85,000           | 35,000           |
| Subordinated loan                   |       | 50,000           | 50,000           |
| Income and expenditure account      |       | <u>116,699</u>   | <u>114,309</u>   |
|                                     |       | <u>3,353,157</u> | <u>2,956,955</u> |

The financial statements have been prepared in accordance with the version one provisions for credit unions under the Co-operative and Community Benefit Societies Act 2014, the Credit Union Act 1979, and the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the directors on 26 June 2019 and were signed on its behalf by:

  
S Johnson - Treasurer

The notes form part of these financial statements



**Darlington Credit Union Limited**  
**Notes to the Financial Statements**  
**for the Year Ended 31 December 2018**

**1. STATUTORY INFORMATION**

Darlington Credit Union Limited is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Legal and regulatory framework**

Darlington Credit Union Limited is a society established under the Co-operative and Community Benefit Societies Act 2014, whose principal activity is to operate as a credit union, within the meaning of the Credit Unions Act 1979. Darlington Credit Union Limited has registered with the Financial Conduct Authority and is regulated by the Prudential Regulation Authority under the provision of the Financial Services and Markets Act 2000.

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

**Accounting convention**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

There were no material departures from that standard.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

**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 using the effective interest method and is calculated and accrued on a daily basis.

Other income is recognised when Darlington Credit Union Limited obtains the right to the income and is matched versus the relevant costs.

**Tangible fixed assets**

Fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:-

|                       |   |             |
|-----------------------|---|-------------|
| Freehold property     | - | 4% on cost  |
| Fixtures and fittings | - | 20% on cost |
| Computer equipment    | - | 33% on cost |

Freehold property is deemed to have residual value of £100,000.

**Taxation**

The tax charge for the year reflects current tax payable. Darlington Credit Union Limited is not liable to corporation tax payable on its activity of making loans to members, and investing surplus funds, as these are not classified as trade. However, corporation tax is payable on investment income.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 9 (2017: 9).

**Darlington Credit Union Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**4. OPERATING SURPLUS**

The operating surplus is stated after charging:

|                             | 2018         | 2017         |
|-----------------------------|--------------|--------------|
|                             | £            | £            |
| Depreciation - owned assets | 40,133       | 35,155       |
| Auditors remuneration       | <u>6,252</u> | <u>6,914</u> |

**5. MEMBER LOANS**

|                      | 2018             | 2017             |
|----------------------|------------------|------------------|
|                      | £                | £                |
| Loan Accounts        | 2,139,338        | 2,206,020        |
| Budget Loan Accounts | 30,061           | 31,677           |
| Bad debt provision   | <u>(292,882)</u> | <u>(203,151)</u> |
|                      | <u>1,876,517</u> | <u>2,034,546</u> |

**6. BAD DEBT PROVISIONS**

|                             | 2018           | 2017           |
|-----------------------------|----------------|----------------|
|                             | £              | £              |
| Opening balance             | 203,151        | 68,329         |
| Written off during the year | (9,869)        | (17,982)       |
| Increase in year            | <u>99,600</u>  | <u>152,804</u> |
|                             | <u>292,882</u> | <u>203,151</u> |

**7. TAXATION**

**Analysis of the tax charge**

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

|                                       | 2018      | 2017      |
|---------------------------------------|-----------|-----------|
|                                       | £         | £         |
| Current tax:                          |           |           |
| UK corporation tax                    | <u>70</u> | <u>33</u> |
| Tax on surplus on ordinary activities | <u>70</u> | <u>33</u> |

**Darlington Credit Union Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**8. TANGIBLE FIXED ASSETS**

|                       | Freehold<br>property<br>£ | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ | Computer<br>equipment<br>£ | Totals<br>£    |
|-----------------------|---------------------------|-----------------------------|----------------------------------|----------------------------|----------------|
| <b>COST</b>           |                           |                             |                                  |                            |                |
| At 1 January 2018     | 280,428                   | 1,961                       | 56,858                           | 62,317                     | 401,564        |
| Additions             | -                         | -                           | -                                | 51,830                     | 51,830         |
| Disposals             | -                         | -                           | -                                | (13)                       | (13)           |
| At 31 December 2018   | <u>280,428</u>            | <u>1,961</u>                | <u>56,858</u>                    | <u>114,134</u>             | <u>453,381</u> |
| <b>DEPRECIATION</b>   |                           |                             |                                  |                            |                |
| At 1 January 2018     | 16,119                    | 1,961                       | 24,229                           | 28,648                     | 70,957         |
| Charge for year       | <u>7,270</u>              | <u>-</u>                    | <u>12,394</u>                    | <u>20,469</u>              | <u>40,133</u>  |
| At 31 December 2018   | <u>23,389</u>             | <u>1,961</u>                | <u>36,623</u>                    | <u>49,117</u>              | <u>111,090</u> |
| <b>NET BOOK VALUE</b> |                           |                             |                                  |                            |                |
| At 31 December 2018   | <u>257,039</u>            | <u>-</u>                    | <u>20,235</u>                    | <u>65,017</u>              | <u>342,291</u> |
| At 31 December 2017   | <u>264,309</u>            | <u>-</u>                    | <u>32,629</u>                    | <u>33,669</u>              | <u>330,607</u> |

**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|               | 2018<br>£     | 2017<br>£     |
|---------------|---------------|---------------|
| Other debtors | 30,262        | 4,121         |
| Prepayments   | <u>33,768</u> | <u>31,604</u> |
|               | <u>64,030</u> | <u>35,725</u> |

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                              | 2018<br>£     | 2017<br>£     |
|------------------------------|---------------|---------------|
| Corporation tax              | 70            | 33            |
| Other creditors              | 62            | 62            |
| Bridge to loan funds         | 243           | 250           |
| Capital grant                | -             | 7,286         |
| Accruals and deferred income | <u>19,190</u> | <u>15,712</u> |
|                              | <u>19,565</u> | <u>23,343</u> |

**Darlington Credit Union Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**11. MEMBERSHIP**

|                            | 2018<br>£        | 2017<br>£        |
|----------------------------|------------------|------------------|
| Non-deferred member shares | 2,985,292        | 2,637,504        |
| Junior member shares       | 116,166          | 120,142          |
|                            | <u>3,101,458</u> | <u>2,757,646</u> |

**Membership Numbers**

|                                      | 2018           | 2017         |
|--------------------------------------|----------------|--------------|
| Memberships at beginning of the year | 7,227          | 6,939        |
| Members added during the year        | 851            | 1,160        |
| Members ceased during the year       | <u>(1,636)</u> | <u>(872)</u> |
| Total Members                        | <u>6,442</u>   | <u>7,227</u> |

**12. SHAREHOLDINGS & LOANS TO MEMBERS**

**Shareholdings**

|  | 2018<br>£          | 2017<br>£          |
|--|--------------------|--------------------|
| Shareholdings at beginning of the year | 2,757,646          | 2,409,739          |
| Shares in                              | 4,846,479          | 3,804,848          |
| Dividends paid                         | 3,060              | 4,935              |
| Shares withdrawn                       | <u>(4,505,727)</u> | <u>(3,461,876)</u> |
|  | <u>3,101,458</u>   | <u>2,757,646</u>   |

**Average Member Shareholding  
Value of unattached shares**

|           |           |
|-----------|-----------|
| 481       | 382       |
| 2,799,373 | 2,479,862 |

**Loans**

|                       | 2018<br>£          | 2017<br>£          |
|-----------------------|--------------------|--------------------|
| Opening balance       | 2,237,698          | 1,609,323          |
| Loans made to members | 1,190,102          | 1,704,262          |
| Interest receivable   | 347,726            | 362,824            |
| Total repayments      | <u>(1,602,908)</u> | <u>(1,418,493)</u> |
| Loans written off     | <u>(3,217)</u>     | <u>(20,218)</u>    |
|                       | <u>2,169,399</u>   | <u>2,237,698</u>   |



**Darlington Credit Union Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**13. RESERVES**

|                      | Income and<br>expenditure<br>account | Subordinated<br>loan | Deferred<br>member<br>shares | Totals         |
|----------------------|--------------------------------------|----------------------|------------------------------|----------------|
|                      | £                                    | £                    | £                            | £              |
| At 1 January 2018    | 114,309                              | 50,000               | 35,000                       | 199,309        |
| Surplus for the year | 5,450                                | -                    | -                            | 5,450          |
| Fund allocation      | -                                    | -                    | 50,000                       | 50,000         |
| Dividends            | (3,060)                              | -                    | -                            | (3,060)        |
| At 31 December 2018  | <u>116,699</u>                       | <u>50,000</u>        | <u>85,000</u>                | <u>251,699</u> |



# Board Nominee Summary

---

## Carol Miller

### Election

I have a background in Early Years Education and Childcare and retired 2 years ago from my post as Manager of Parkside Childcare in the Coleridge Centre on Skerne Park.

I joined the DCU board after attending the 2018 AGM as I was inspired by Tony's CEO report, particularly the organisations Values. Statements that stood out were, Not for profit, Commitment to people, Honest and Integrity, Flexibility and Communication. These were values I was used to working by and fully believed in.

I have continued as a board member of Skerne Park CEA and more recently joined the board of Morrisons Trust. I am committed to supporting Darlington's community and helping people live their best possible life.

## Janice Lincoln

### Election

Janice was born in Darlington and spent all her 38 years career at Darlington Building Society becoming Finance Director in 2010.

Having worked in retail banking all of her life she has a vast knowledge of all aspects of Mutual Societies with financial and strategic focus.

Having retired in 2015 she is now a Non-Executive Director of both the Penrith and Manchester Building Societies and relaxes by concentrating on her passion for gardening and travelling the world. She is also a Trustee and Chair of Finance & Strategy for Darlington Mind, ensuring she gives something back to the community that has served her well during her life.

## Nigel Foster

### Election

Retired just over two years ago from Hummersknott Academy Trust where he was Vice Principal Business & Finance for 11 years.

Prior to this Nigel had 32 years working for Barclays Bank PLC in numerous roles both within the Personal and Business sector. With over 43 years' financial experience he is now keen to undertake a role which will enable him to contribute to the local community.

With his skill set he is keen to assist the DCU develop and expand its already successful financial services for the benefit of the local community.

## Matthew Roche

### Election

Matt works for The Mercers' Company; taking a lead on grant making outside London, relationship with the church and social investment.

Matt worked at the Big Lottery Fund, where his biggest achievement, as a Head of Funding, was the development of a £200m portfolio of programmes supporting over 2,500 charities and social enterprises to become more enterprising and take on investment. Before this Matt worked in mental health and community development.

Matt is a director of Bikestop Darlington Ltd and has 26 years of non-executive experience, including being on a Parochial Church Council and founder/Secretary of Darlington for Culture.

## Matthew Snedker

### Election

I was born and brought up in the West Midlands leaving at 18 to study Engineering in Bradford, where I met my partner Catriona.

My career was retail based, initially refurbishing and opening garden centres and DIY stores.

I then moved into managing garden centres, eventually becoming a senior sales manager in the North East of England.

I have lobbied and campaigned on issues around social and environmental justice, helping write policy documents for Friends of the Earth.

In May 2019 I was elected onto Darlington Borough Council, representing College Ward.