

FIRST DORSET CREDIT UNION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2010

FIRST DORSET CREDIT UNION LIMITED
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 SEPTEMBER 2010

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FIRST DORSET CREDIT UNION LIMITED**COMPANY INFORMATION****30 SEPTEMBER 2010**

REQUIREMENT: Version 1

FSA REGISTRATION NUMBER: 213628

REGISTERED OFFICE: 42 High East Street
Dorchester
Dorset
DT1 1HN

DIRECTORS:

Richard Thorley	(President)
Rosemary Britten	(Vice-President)
Alan Thacker	(Secretary)
John Peel	(Treasurer)
David Elliot	(Compliance & MLRO) appointed January 2010
Mike Bennett-Smith	(MLRO) – resigned January 2010
Gillian Demuth	
David Fitzmaurice	
Anne Fitzpatrick	
Kaye Kerridge	
John Imber	appointed March 2010
Val Imber	appointed March 2010
David Milsted	
Vince O’Farrell	resigned March 2010
David Preston	
Chris Rose	
Jennifer Thomasson	

CREDIT COMMITTEE:

Kaye Kerridge	(Chair)
Jo Atwell	
Gerald Bevis	(retired March 2010)
Jack Cant	
John Crisp	
Kate Melvin	(co-opted September 2010)
Pam Rose	

SUPERVISORY COMMITTEE:

Brian Parkhurst	(Chair)
Alan MacShee	
David Webb	

STATUTORY AUDITORS: Princecroft Willis LLP
Towngate House
2-8 Parkstone Road
Poole
BH15 2PW

The Credit Union is Affiliated to: ABCUL

FIRST DORSET CREDIT UNION LIMITED**DIRECTORS' REPORT****FOR THE YEAR ENDED 30 SEPTEMBER 2010**

The Directors present their Report, together with the financial statements for the above year.

Although we are reporting a loss for the second successive year, 2009/10 has been a better trading year for the Credit Union than 2008/09, with significant increases in membership, share deposits and lending activity. The reduction in loss, of c. £15,000 reflects the full year effect of actions taken last year in raising interest rates on new loans and investing in credit control.

We have also benefited from continued support from the Department of Work and Pensions Growth Fund contract; particularly in helping us increase our membership and lending activity in Weymouth and Portland.

These measures and our continued focus on cost control, should provide a strong foundation to meet the challenges that face us in 2010/11.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Credit union law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the incoming resources and of its income and expenditure 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the directors will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Credit Union and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002. They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the credit union auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Board and signed on its behalf:

.....
J Peel

..... (dated)

FIRST DORSET CREDIT UNION LIMITED

REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Note	DWP Growth Fund £	Credit Union Funds £	Total 2010 £	2009 £
INCOME					
Entrance Fees			551	551	482
Total Interest Receivable	7	30,167	58,895	89,062	66,202
Bad Debts recovered					
- Previously written off			215	215	239
Grants – Released to Income	5	-	13,177	13,177	16,920
Contract Income	5	33,415		33,415	14,872
Donations			2,848	2,848	933
Other Income		471	1,027	1,498	4,729
		<u>64,053</u>	<u>76,713</u>	<u>140,766</u>	<u>104,377</u>
TOTAL INCOME		64,053	76,713	140,766	104,377
EXPENDITURE					
Admin Expenses	8	32,657	37,246	69,903	48,505
Auditors' Remuneration			3,793	3,793	3,667
Fidelity Bond Insurance			1,079	1,079	1,028
Bad Debt provision			16,920	16,920	17,882
Bad Debts Written Off		3,003	10,217	13,220	26,193
Bank Charges			224	224	312
General Insurance			236	236	125
LP/LS Insurance			6,059	6,059	5,321
FSA Fees			272	272	295
Trade Association Membership dues		290	1,612	1,902	2,090
Equipment				-	-
		<u>35,950</u>	<u>77,658</u>	<u>113,608</u>	<u>105,418</u>
TOTAL EXPENDITURE		35,950	77,658	113,608	105,418
(Loss)/Profit for period before taxation		28,103	(945)	27,158	(1,041)
Less: Taxation		-	(1,315)	(1,315)	(750)
(Loss)/Profit after tax transferred to Growth Fund reserve / appropriation account		<u>28,103</u>	<u>(2,260)</u>	<u>25,843</u>	<u>(1,791)</u>

The Notes on pages 7 to 14 form an integral part of these financial statements.

FIRST DORSET CREDIT UNION LIMITED
APPROPRIATION ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	2010		2009
	£	£	£
(Loss)/Profit After Tax Transferred from Revenue Account		(2,260)	(17,206)
Transfer from Applications		-	-
		<hr/>	<hr/>
		(2,260)	(17,206)
Compulsory Transfer			
to General Reserve (20%)	-		-
Voluntary Transfer			
to General Reserve	(2,260)		
from General Reserve			13,953
to Other Reserves	-		-
from Other Reserves			3,253
		<hr/>	
		(2,260)	17,206
		<hr/>	<hr/>
Transfer to Applications		-	-
		<hr/>	<hr/>
Applications			
Transfer from Appropriation Account	-	-	
Transfer as a % of profit after tax		-	
Dividends at 0% / (2009 0%)	-		
Junior Depositors' Interest	-		
Other Applications	-		
		<hr/>	
		-	
		<hr/>	<hr/>
		-	
		<hr/>	<hr/>

FIRST DORSET CREDIT UNION LIMITED

RESERVES

FOR THE YEAR ENDED 30 SEPTEMBER 2010

	2010 £	2009 £
General Reserve		
Beginning of Year	2,491	16,444
Compulsory Transfers		
<i>From</i> Appropriation Account	-	-
Where General Reserve is less than 10% of total assets the lower of either		
20% profit after tax per Revenue Account or	-	-
10% total assets less General Reserve at beginning of year		
<i>To</i> Appropriation Account		
Where General Reserve is more than 20% of total assets General Reserve at beginning of year less 20% of total assets	-	-
Voluntary Transfers		
<i>From</i> Appropriation Account	-	-
<i>To</i> Appropriation Account	(2,260)	(13,953)
<i>From</i> Other Reserves	-	-
	<hr/>	<hr/>
End of Year	231	2,491
	<hr/>	<hr/>
Other Reserves		
Beginning of Year		3,253
Unallocated dividends in prior year	-	-
Transfers		
<i>To</i> General Reserve	-	-
<i>From</i> Appropriation Account	-	-
<i>To</i> Appropriation Account		(3,253)
	<hr/>	<hr/>
End of Year	-	-
	<hr/>	<hr/>
DWP Growth Fund		
Beginning of Year	15,108	5,193
Transfers		
<i>To</i> Revenue Account	(15,108)	
<i>From</i> Revenue Account	28,103	15,415
<i>To</i> Growth Fund Capital		(5,500)
	<hr/>	<hr/>
End of Year	28,103	15,108
	<hr/>	<hr/>

FIRST DORSET CREDIT UNION LIMITED

BALANCE SHEET

AT 30 SEPTEMBER 2010

	Note	2010		2009	
		£	£	£	£
Fixed Assets	2		4,174		6,681
Investment Juvenile depositors	4		20,113		14,553
Balance due from Members for Loans	3				
Secured		83,470		68,606	
Unsecured		479,452		457,897	
			562,922		526,503
Less: Provision for Doubtful Debts			(77,630)		(60,710)
			485,292		465,793
Cash and Bank Balances	9		425,935		291,334
Other Debtors			-		
Grant Income Receivable			-		
Prepaid Expenses and Accrued Income			9,834		9,392
Other Assets - Stock			102		204
			945,450		787,957
Capital and Reserves					
Share capital	6	664,699		585,822	
General Reserve		231		2,491	
Other Reserves		-		-	
DWP Growth Fund		28,103		15,108	
Growth Fund Capital		205,868		143,469	
			898,901		746,890
Juvenile Depositors Fund	4		20,113		14,553
Other Liabilities					
Expenses and Interest Payable		6,461		6,637	
Interest to Juvenile Depositors		340		236	
Taxation		1,346		700	
Deferred Income	5	12,482		12,790	
Other		1,228		1,115	
Long Term Members Suspense Account		4,578		5,036	
			26,436		26,514
TOTAL RESERVES AND LIABILITIES			945,450		787,957

FIRST DORSET CREDIT UNION LIMITED

BALANCE SHEET

AT 30 SEPTEMBER 2010

Signed on behalf of the Board of Directors

A Thacker

R Thorley

J Peel

FIRST DORSET CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

1. Principal accounting policies

Basis of accounting

The Credit Union is registered under the Industrial and Provident Societies Act 1965 to 2002. The financial statements have been prepared under the historical cost accounting rules in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Credit Unions Act 1979 and Financial Services and Markets Act 2000 and United Kingdom accounting standards have been followed.

Fixed assets

Fixed assets are stated at cost. Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost less any residual value over their expected useful lives as follows:

Computer Equipment	3 to 4 years
Office Equipment	3 years

Investments

These are stated at cost, less provision for permanent diminution in value where necessary.

Subsidiary companies

The Credit Union has no subsidiary companies.

Provision for doubtful debts

This is made by the judgement of the Directors and in accordance with the Rules issued by the Financial Services Authority.

Interest

Interest receivable on loans and other investments and payable on loans made to the Credit Union are recognised on an accruals basis.

Juvenile depositors

The amounts received by the Credit Union for Juvenile depositors are held in the Credit Union's normal bank accounts and interest or dividends are paid on these deposits based on the interest earned from the bank.

FIRST DORSET CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

2. Fixed assets

	Computer Equipment £	Office Equipment £	Total £
COST			
Brought Forward	18,244	3,703	21,947
Additions	-	-	-
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
30 September 2010	-	3,703	-
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
Brought Forward	11,563	3,703	15,266
Charge for year	4,174	-	4,174
Elimination in respect of disposals	-	-	-
	<hr/>	<hr/>	<hr/>
30 September 2010	14,070	-	14,070
	<hr/>	<hr/>	<hr/>
NET BOOK AMOUNT			
30 September 2010	4,174	-	4,174
	<hr/>	<hr/>	<hr/>
30 September 2009	6,681	-	6,681
	<hr/>	<hr/>	<hr/>

Name of computer system – CURTAINS

FIRST DORSET CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2010

3. Loans

(a) Loans to Members	2010	2009
Amount	£	£
Beginning of Year	526,503	459,867
New Loans	395,594	360,380
Interest on Loans (less rebates)	83,671	62,172
Loan Repayments including Interest and Transfers of Share Capital	(429,626)	(333,546)
Bad Debts Written Off	(13,220)	(22,370)
	<hr/>	<hr/>
End of Year	562,922	526,503
	<hr/>	<hr/>

Number of loans at 30 September 704 571

Secured and Unsecured Loans	Secured Loans	Unsecured Loans
	£	£
Beginning of Year	68,606	457,897
End of Year	83,470	479,452

Loan Maturity	2010	2009
	£	£
Loans to members receivable in 1 year	208,995	88,640
Loans to members receivable in >1 year	353,927	437,863
	<hr/>	<hr/>
	562,922	526,503

(b) Provision for Members' Doubtful Debts

Changes in Year	Growth fund	General	Specific	Total
	£	£	£	£
Beginning of Year	-	4,166	56,544	60,710
Increase/(Decrease) in Provision	-	(46)	16,966	16,920
	<hr/>	<hr/>	<hr/>	<hr/>
End of Year	-	4,120	73,510	77,630
	<hr/>	<hr/>	<hr/>	<hr/>

Analysis of Loans in Arrears (after write offs)

	3 to 12 months	Over 12 months	Total
Number	58	20	78
Amount	68,055	28,370	96,425

FIRST DORSET CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

4. Juvenile Deposits

	Number of Depositors		Amount	£
Beginning of Year	105	Beginning of Year	14,553	
New Deposits (net)	16	Deposits Withdrawn (net)	5,560	
	<hr/>		<hr/>	
	121		20,113	
	<hr/>		<hr/>	

The Juvenile Investments balances are held in the Credit Union's Bank Name Accounts.

5. Deferred Income	GF Contract	CU Grants	2010	2009
			£	£
Beginning of Year	7,494	5,296	12,790	5,178
Transferred from other Liabilities	20,029	(119)	20,029	-
Received in Year	18,375	8,000	26,375	39,404
Released to Income	(33,415)	(13,177)	(46,711)	(31,792)
Transferred to Debtors		0	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
End of Year	12,482	0	12,482	12,790
	<hr/>	<hr/>	<hr/>	<hr/>

Included in grants released to income are the following:

Dorset CC Credit Controller Funding
Hastoe Housing Association

In addition to these grants the CU benefited from contributions in kind from

Magna Housing Association
Weymouth & Portland BC

FIRST DORSET CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

6. Members and share capital

(a) Members

	Total Members
Beginning of Year	1,865
B/f adjustment	(231)
Added during Year	568
Dormant	(185)
Left during Year	(90)
Delinquent debtors	(92)
End of Year	1,835

The number of non-qualifying members at the year-end was 100

The percentage of Members not qualifying under the common bond was 5.4%.

(b) Share Capital

	2010 £	2009 £
Beginning of Year	585,822	449,613
Received during Year	665,740	470,511
Withdrawn during Year	558,360	(319,978)
Transferred during Year	(35,140)	(14,324)
End of Year	664,699	585,822
Average member share balance	362	314
Value of Unattached Shares	581,229	517,216

	DWP Growth Fund £	Credit Union Funds £	Total 2010 £	2009 £
Loans to Members	30,167	52,484	82,651	62,631
Investments	-	-	-	-
Bank Deposits	-	6,411	6,411	3,571
Credit Union Loans	-	-	-	-
Total Interest Received	30,167	58,895	89,062	66,202

FIRST DORSET CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2010

8. Expenditure and Staff

	DWP Growth Fund	Credit Unions Funds	2010	2009
	£	£	£	£
AGM Expenses	-	-	-	
Expenses of Directors/Committee Members	-	-	-	11
Honoraria to Officers	-	-	-	1,300
Other Staff	27,566	17,163	44,729	30,722
Travelling Expenses	1,646	465	2,111	693
Costs of Occupying Offices		4,894	4,894	2,792
Printing, Stationery, Advertising and Publicity		4,229	4,229	3,559
Postage		1,016	1,016	1,272
Telephone	789	1,682	2,471	853
Conference Costs		175	175	224
Training Costs		107	107	255
Computer Maintenance and Website		2,309	2,309	835
Data Control		35	35	35
Sundry	957	80	1,037	1,699
Legal and Professional Fees		-	-	36
Recruitment Expenses		607	607	349
Accountancy		240	240	-
Credit Agency Fees	1,459	831	2,290	252
Depreciation (Fixed Assets)		2,570	2,570	1,066
Collection Costs	240	503	743	2,325
Juvenile depositors interest		340	340	227
Total Administration Expenses	32,657	37,246	69,903	48,505

(a) Number of Paid Employees of the Credit Union as at Year End

Full Time	1
Part Time	3
Number of staff who were paid for by other organisations	3.5
Number of staff who are approved persons	-

FIRST DORSET CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

9. Cash and Bank Balances

(a) Banks

The Credit Union's Bankers are the Co-operative Bank and Barclays (formerly Standard Life)

(b) Analysis of Changes in Cash and Bank Balances

	2009 £
Beginning of Year	291,334
Increase/(Decrease)	134,599
	425,933
End of Year	425,933

(c) Analysis of Cash and Bank Balances

	Beginning of Year £	End of Year £	Change in Year £
Cash	1,225	1,600	375
Bank Balances	290,109	424,393	134,284
Total	291,334	425,933	134,659

10. Fidelity Bond Insurance

Policy issued by	ABCUL
Date of inception of policy or last renewal	1 October 2009
Date of expiry of policy	30 September 2010
Amount of cover in respect of:	Any one claim £15,000 All claims made in any one year £70,000
No claims were made during the year.	

FIRST DORSET CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2010

11. Liquidity Ratio

	2010	2009
	£	£
Liquid assets		
Cash and bank balances	446,046	305,887
Unused overdrafts	-	-
Committed facilities	-	-
	<hr/>	<hr/>
Total liquid assets	446,046	305,887
	<hr/>	<hr/>
Relevant liabilities		
Unattached shares	581,229	517,216
Junior Depositors	20,113	14,553
Liabilities due in less than 3 months	6,801	6,873
Authorised overdrafts	-	-
Other liabilities/borrowings	5,806	6,851
	<hr/>	<hr/>
Total relevant liabilities	613,949	545,493
	<hr/>	<hr/>
Liquidity ratio	72.3%	56.1%
Large Exposures		
Largest net exposure	-	-
As a % of capital	-%	-%
Aggregate of total of large net exposures	-	-
As a % of capital	-%	-%

12 Related Parties

R Britten and J Thomasson have loans from the credit union on the same terms as other members.

FIRST DORSET CREDIT UNION LIMITED**INDEPENDENT AUDITORS' REPORT****TO THE MEMBERS OF THE CREDIT UNION****FOR THE YEAR ENDED 30 SEPTEMBER 2010**

We have audited the Financial Statements of First Dorset Credit Union Limited for the year ended 30 September 2009 which comprise the Revenue Account, Appropriation Account, Statement of Reserves, Balance Sheet and the related Notes, as set out on pages 3 to 14. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the Credit Union's members, as a body, in accordance with the Credit Union Act 1979. 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 an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The directors' responsibilities for preparing the Directors Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility, as independent auditor, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, or if proper books of account have not been kept by the credit union. In addition we state if we have not obtained all the information and explanations necessary for the purpose of our audit or if the credit unions balance sheet and its revenue account are not in agreement with the books of account.

We read other information contained in the Directors Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Credit Union's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

FIRST DORSET CREDIT UNION LIMITED
INDEPENDENT AUDITORS' REPORT - CONTINUED
TO THE MEMBERS OF THE CREDIT UNION
FOR THE YEAR ENDED 30 SEPTEMBER 2010

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Credit Union as at 30 September 2010 and of its income and expenditure for the year then ended and have been properly prepared in accordance with UK Generally Accepted Accounting Practice, the Credit Unions Act 1979 and the Industrial and Provident Societies Acts 1965 to 2002.

Towngate House
2-8 Parkstone Road
POOLE
BH15 2PW

Princercroft Willis LLP
Statutory Auditors