



No1CopperPot
CREDIT UNION

Serving you for 25 years



No1 Police Credit Union Limited t/a
No1 CopperPot Credit Union

Financial Report

For Year Ending
30th September 2011





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President's Report



It is my honour to be able to present the annual report of the directors for 2011 and reflect on yet another very successful year in what is still a very uncertain financial world.

I would like to start my report by reflecting on the important fact that our credit union celebrated its 25th anniversary this year and it continues to go from strength to strength at a time when other financial institutions throughout, not only the UK but worldwide are faltering and having to take stock of their positions and constantly adjust their business models.

It is a testament to those founder members that they had the foresight to establish a credit union that has not just survived the ravages of time and a changing global environment but has positively flourished and still continues to do so.

It would also be wrong to forget that there were other similar police credit unions being set up shortly afterwards who have since merged with that original credit union to form what is now No1 CopperPot Credit Union, a family of more than 22,000 members with assets of more than £80 million.

The fact that we have to keep restrictions in place as to the amount of funds members can invest each month is one that the directors constantly have under review but serves to underline the fact that the credit union provides a safe haven for members' money, yet still provides a healthy and stable return when compared to the market place as a whole.

It is our policy to maintain such a stable position that allows us to balance the needs of savers and borrowers and allows us to maintain a healthy balance sheet and reserves. This stability is reflected in the consistent dividend rates we have declared.

We are the largest credit union within the police sector and yet have still managed to maintain our personal touch and approach, something in which the staff and board alike take pride. Our 25th anniversary celebrations reinforced this with many of our members attending. I witnessed them speaking to members of staff as old friends, not as anonymous voices from a call centre and this was a heartening sight.

I am pleased to report that in the last year our new mortgage products have meant that we have been able to assist 26 members with mortgages approaching a total of £3 million, no mean feat in what is a very difficult market. This is an area we hope to continue to grow in and enable many other members to own their own homes.

We have also acted on the authority that members gave to us at the last AGM and ceased to use an outside insurance company to provide cover for loans and savings in the unfortunate event of the death of one of our members. We have continued to provide such benefits, which are almost unique to credit unions, but without having to pay administration fees to others. This still gives an important support to a member's loved ones at a difficult time but without the overheads of an outside company's involvement.

The last area I would like to refer to in my report relates to the directors, or rather one director in particular and that is John Yeomans. John has been a director since 1994 and during that time also held the position of President. John is retiring as a director at this AGM and I would like to recognise his achievements formally on behalf of the directors. He has been a stalwart figure and his contribution to the credit union's development has been second to none. We wish John well for the future.

Chris Burrows
President



Treasurer's Report



In a further year of financial turmoil and bad news on every corner, I am delighted to present to you another very strong set of accounts from No1 CopperPot Credit Union for the year to 30th September 2011. We are by no means immune to what is happening elsewhere but with a strong common bond and members who remain loyal to us, we are able to provide both safety and good returns on your savings and maintain a level of calm and certainty for your finances.

Many more of you are turning to credit unions for your savings and borrowing needs as the model we operate under is much less volatile than that of banks who are more susceptible to other exterior fiscal factors. The Financial Services Compensation Scheme guarantee of up to £85,000 ensures that no matter what happens your savings are safe. Our members have all the safety of the banks but much better returns and a friendly face to talk to.

Results

In the last year, we have been able to assist 4,326 members with new loans totalling £23.5 million. Our loan book has increased by £5.6 million to reach £58.8 million at year end. Within that figure are the new mortgages. In our first full year of mortgages we have lent out £2.7 million. We intend to expand our mortgage business further this year and have eased the deposit requirement to help provide more flexibility for members to move, change mortgage providers or to get on the property ladder early and take advantage of the low house prices. Loan growth is important as it is the loans that provide the majority of our income.

However, as our members are having to tighten their belts with the current pay freeze and the high level of inflation, they are tending to borrow less. On the other side of the coin, members are finding it difficult to obtain a good mortgage deal so we are helping in this area.

The level of savings has increased by more than £10 million over the last twelve months. Most of this was in the ISA account. We know that many of you would like to deposit more with us to take advantage of the high level of dividend compared with what is available elsewhere. However, we need to control the level of deposits in order to maintain the dividend we can provide. We have kept the ISA account fully open for deposits in order to ensure that you can take full advantage of the tax free return, but need to retain the current controls on lump sum deposits into other accounts. Overall deposits reached £73.8 million.

Due to the growth in loans and mortgages, income for the year rose to £6.2 million, up by 15% and as a result of tight control over costs, overheads were up by only 2%. Our resulting surplus for the year exceeded £4 million for the first time and as a result we are pleased to recommend a dividend at the same high level as last year: -

- **Member a/c** **3%**
- **Junior a/c** **3%**
- **Notice Plus a/c** **4%**

We have also been able to maintain the ISA rate at 3% throughout the year.

In addition to the dividend, we are also able to strengthen the capital position of the credit union to bring our reserve level to just over 10% of total assets, up from 9.3% last year. This will help maintain a strong financial position allowing us to face anything with confidence that the economy, Government or anyone else may throw at us.

We hope you are pleased with the results and your dividend and we look forward to many more years of continued success and mutual prosperity.

Paul Barker
Treasurer



Chief Executive Report

Harold Wilson is quoted as saying “A week is a long time in politics” but twenty five years is certainly a long time in the credit union world. In 1986 a small group of Officers had the vision and drive to begin a co-operative whose aims were to help Police Officers and their families to manage their finances better and to provide a pool of savings that could be used for loans to members who needed them. I wonder if they could foresee then that the credit union would be what it is today. From their initial deposit of £25 each, we now have almost 23,000 members depositing over £73 million in total. We have celebrated our 25th anniversary with a family fun day at Slater House. Despite attempts by the weather to spoil it a good time was had by everyone who attended.

It is pleasing to see that the benefits of being a member are being realised by more of you as the message spreads and the disillusionment with the Banks sets in. Membership increased last year by a further 1,700.



A year of Mortgages – Borrow up to 90% of valuation

We have now completed our first full year of providing mortgages. It has been a steep learning curve for us as they are highly regulated by the Financial Services Authority and are very new to us. Despite a very subdued market, we have lent over £2.7 million. Our fixed interest rate for the full term of the loan is helping to provide peace of mind for our members and will be particularly pertinent when interest rates start to rise.

You have been telling us that one of the major issues you have is that as house values have fallen, many of you are now having difficulty in moving your mortgages because you no longer have the 20% equity that lenders require. We have listened to this and decided that we will reduce our requirement and lend up to 90% of valuation. This should provide some much needed leeway for you to move home or remortgage and will help first time buyers.

Calm in a Chaotic World

The focus of our year has been to provide you with stability and good rates for your financial needs and I am delighted to confirm that we are recommending at the AGM a 3% dividend on the Member and Junior Accounts and 4% on the Notice Plus Account. We have been able to provide consistently high returns to our members during the chaos and uncertainty that is the World Economy. That remains a priority for next year whilst things continue to be so unsettled.

Changes to Come

The Credit Union Act 1979 is the main piece of legislation that regulates credit unions and has remained unchanged for over 30 years. You may be aware that a Legislative Reform Order has been drawn up to make changes to it. The document has been making its way through Parliament for over two years but is expected to become law early next year. We will be considering the changes to see if there are opportunities for us to provide new or improved services for you.

The Bank of England takes over supervision of credit unions from the FSA in 2013. This will change the way we are regulated with two new bodies being set up – The Prudential Regulatory Authority and The Financial Policy Committee – which will both oversee us. This will doubtless mean changes to the regulations and requirements for credit unions in the future, but with a sound financial base

and strong reserves we are well placed to deal with any changes that come about and will continue to provide the best service we can for you our members.

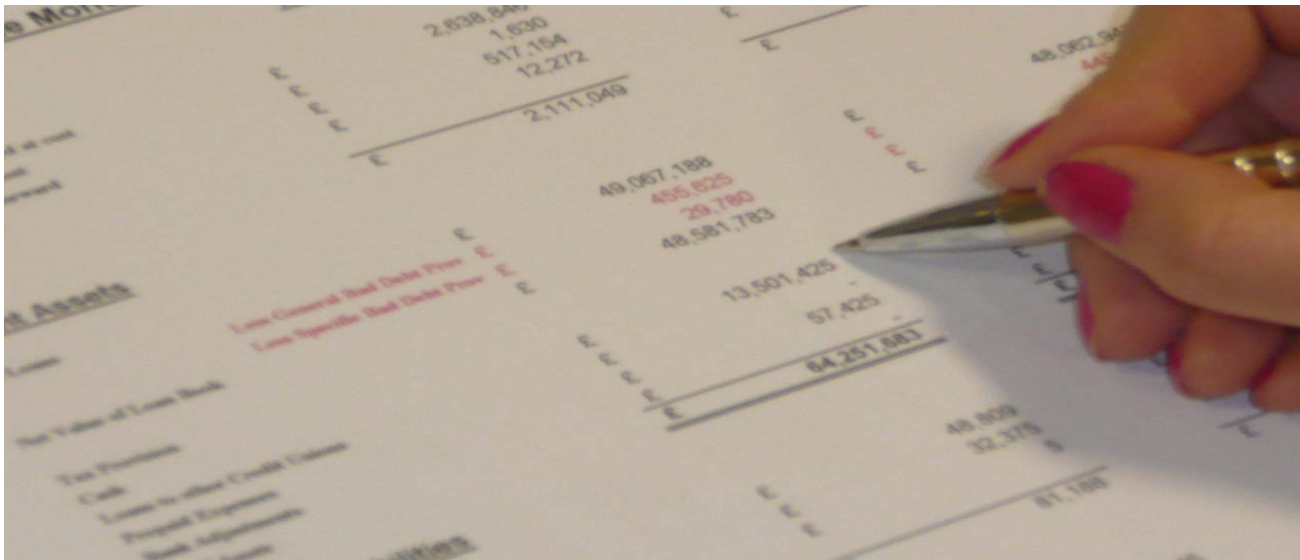
Difficult Times

As the unrest in the Global Economy continues, every day we hear of a new crisis bringing with it falls in the Stock Market and threats of the failure of banks, whole countries and even global disaster. We cannot control that and have to leave it to Governments to sort out. What we can control however is our own small part in the wider picture. Here at No1 CopperPot we are aiming to provide you with a stable platform for your financial needs - consistency in a changing world - certainty when all around us are dithering - confidence when elsewhere there is doubt – trust not scepticism.

Please feel free to talk to us, we know that you have difficult times ahead and will do our utmost to help where we can.

Frank Corcoran
Chief Executive





Supervisory Committee Report

Committee Members

Mr Russ (Chairman)
Mr Walsh
Mr Smith
Mr Clegg (part term)

During the year Mr Clegg has left the Supervisory Committee and Mr Smith has joined the committee.

The Supervisors have again, throughout the year, worked in close conjunction with the internal Auditors, Pierce. The Auditors, on our behalf, have vetted No1 CopperPot Credit Union on a quarterly basis checking all systems and accounts and reporting back to the Supervisory Committee. The Risk Review and Audit Approach document has been amended to cover Life Cover for share and loan balances. This is in relation to the ending of CUNA Mutual Insurance cover and the funding of this cover by the Credit Union. Systems are now in place to check this. The Supervisory Committee would like to thank Pierce for their work which has helped the Committee to undertake its responsibilities on behalf of the members.

During the year there have been no major issues brought to the attention of the Supervisors. Any matters raised were of a minor nature and did not affect the integrity of the Credit Union. All matters raised were dealt with to the satisfaction of the Supervisory Committee. The Supervisory Committee would also like to thank the staff of No1 CopperPot Credit Union who have been very helpful and dealt with any matters raised with expediency.

Attached is a list of Directors and the number of meetings they have attended during the year. It can be seen that three Directors missed five meetings and one Director missed four meetings. During the year the number of Directors has been reduced to nine. Mr Smith resigned as a Director in December 2010 and has not been replaced.

The Supervisors look forward to another very successful year for No1 CopperPot Credit Union.

Michael Russ
Chairman - Supervisory Committee

Directors Meeting Attendance 2010 to 2011

Name	Meetings	Attended
Mr Burrows	12	12
Mr Henson	12	7
Mr Barker	12	7
Mr Yeomans	12	8
Mr Reid	12	7
Mr Elstone	12	11
Mr Taylor	12	10
Miss Sykes	12	11
Mr Thurogood	12	11

No1 Police Credit Union T/A No1 CopperPot Credit Union Officer and Professional Advisors

The Board of Directors

Mr C Burrows
Mr J Yeomans
Mr G R Smith (Resigned 15th December 2010)
Mr P Barker
Mr P Henson (Resigned 30th September 2011)
Mr P Read
Miss E Sykes
Mr K Thurogood
Mr A Elstone
Mr R Taylor

Credit Union Secretary

Miss E Sykes

Registered Office

Slater House
Oakfield Road
Cheadle Royal Business Park
Cheadle
Cheshire
SK8 3GX

Auditor

Hallidays Accountants LLP
Chartered Accountants
& Statutory Auditor
Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Bankers

The Royal Bank of Scotland
27 Great Underbank
Stockport
SK1 1LN

The Committee of Management Report
Year Ended 30th September 2011

The committee of management have pleasure in presenting their report and the financial statements of the credit union for the year ended 30 September 2011.

Directors of the Credit Union

The directors who held office during the year were as follows:

Mr C Burrows
Mr J Yeomans
Mr G R Smith
Mr P Barker
Mr P Henson
Mr P Read
Ms E Sykes
Mr K Thurogood
Mr A Elstone
Mr R Taylor

Principal activity

The principal activity of the company is that of the provision of savings and lending facilities for the benefit of its members. The Common Bond of the Credit Union continued to be that of providing savings and lending facilities to those who participate in the provision of the public service of the police service or services associated with such participation, that is to say, civilian police staff in England and Wales.

The results for the year were satisfactory and the directors expect the current level of activity to be maintained in the foreseeable future.

Results and dividends

The surplus for the year, after taxation, amounted to £4,088,268. Particulars of dividends paid and proposed are detailed in note 4 to the financial statements.

The dividend is calculated at 3.00% (2010 - 3.00%) for the Instant Access Accounts, and 4.00% (2010 4.00%) for the Notice Plus Accounts. The remainder of the surplus for the year is transferred to the general reserve.

The Committee of Management Responsibilities

The committee of management is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Credit Union law requires the committee of management to prepare financial statements for each financial year. Under that law the committee of management has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under credit union law the committee of management must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the credit union and of the surplus or deficit of the credit union for that period. In preparing those financial statements, the committee of management is required to:

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

The committee of management is responsible for keeping adequate accounting records that are sufficient to show and explain the credit union's transactions and 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 Friendly and Industrial and Provident Societies Act 1968. It is 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 committee of management is aware:

- there is no relevant audit information of which the credit union's auditor is unaware; and
- the committee of management have taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditor is aware of that information.

Donations

During the year the credit union made the following contributions:

Charitable donations:

2011: £5,309 (2010: £6,704)

Auditor

Hallidays Accountants LLP is deemed to be re-appointed under the Friendly and Industrial and Provident Societies Act 1968.

Registered Office

Slater House
Oakfield Road
Cheadle Royal Business Park
Cheadle
Cheshire
SK8 3GX

Independent Auditor's Report to the Shareholders of the No1 Police Credit Union T/A No1 CopperPot Credit Union
Year Ended 30th September 2011

We have audited the financial statements of No1 Police Credit Union Limited t/a No1 CopperPot Credit Union for the year ended 30 September 2011, set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the credit union members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Committee of Management Responsibilities, set out on page 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the credit union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Committee of Management Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

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 2011 and of its surplus 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 Friendly and Industrial and Provident Societies Act 1968.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Committee of Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required 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
- 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.

Philip Jones (Senior Statutory Auditor)

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

For and on behalf of Hallidays Accountants LLP, Statutory Auditor

No1 Police Credit Union T/A No1 CopperPot Credit Union
Income and Expenditure Account
Year Ended 30th September 2011

	Note	2011 £	2010 £
Income		6,267,093	5,436,190
Administrative expenses		2,125,176	2,088,328
Surplus on ordinary activities before taxation		4,141,917	3,347,862
Tax on surplus on ordinary activities	3	53,649	44,918
Surplus for the financial year		4,088,268	3,302,944

All of the activities of the credit union are classed as continuing.

The credit union has no recognised gains or losses other than the results for the year as set out above.



No1 Police Credit Union T/A No1 CopperPot Credit Union

Balance Sheet

Year Ended 30th September 2011

	Note	2011		2010	
		£	£	£	£
Fixed Assets					
Tangible assets	5		2,012,652		2,072,176
Current Assets					
Debtors	6	59,189,797		53,609,728	
Cash at bank and in hand		22,298,968		15,779,505	
		81,488,765		69,389,233	
Creditors: Amounts falling due within one year	7	1,859,062		1,536,306	
Net Current Assets			79,629,704		67,852,927
Total assets less Current Liabilities			81,642,355		69,925,103
Capital and Reserves					
Members share capital	9		72,144,371		62,332,516
Other reserves	10		7,946,920		6,123,077
Income and expenditure account	11		1,551,064		1,469,510
Shareholders' Funds	12		81,642,355		69,925,103

These financial statements have been prepared in accordance with the Friendly and Industrial and Provident Societies Act 1968.



No1 Police Credit Union T/A No1 CopperPot Credit Union
Notes to the Financial Statements
Year Ended 30th September 2011

1. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the credit union is small.

Turnover

The turnover shown in the income and expenditure account represents amounts received during the year.

The policy of the credit union is to recognise revenue on the interest received on a daily basis.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	- 2% on cost
Fixtures and fittings	- 15% straight line
Computer equipment	- 33.33% straight line

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Taxation

UK Corporation tax is calculated on bank interest received during the year

Provision for doubtful debts

The provision for doubtful debts is made in accordance with guidance issued by the FSA

Amount of interest

Interest receivable on loans and other investments of the credit union are accounted for on the accruals basis.

No1 Police Credit Union T/A No1 CopperPot Credit Union

Notes to the Financial Statements

Year Ended 30th September 2011

2. Operating Surplus

Operating surplus is stated after charging:

	2011 £	2010 £
Depreciation of owned fixed assets	70,808	76,544
Auditor's fees	11,563	11,063
	<u>70,808</u>	<u>76,544</u>

3. Taxation on Ordinary Activities

Analysis of charge in the year

	2011 £	2010 £
Current tax:		
UK Corporation tax based on the results for the year at 20% (2010 21%)	53,649	44,918
Total current tax	<u>53,649</u>	<u>44,918</u>

4. Dividends

Dividends

	2011 £	2010 £
Paid during the year:		
Equity dividends on ordinary shares	<u>2,182,871</u>	<u>1,875,760</u>
Proposed at the year-end:		
Equity dividends on ordinary shares	<u>1,551,064</u>	<u>1,469,510</u>

No1 Police Credit Union T/A No1 CopperPot Credit Union
Notes to the Financial Statements
Year Ended 30th September 2011

Tangible Fixed Assets

	Freehold Property £	Fixtures & Fittings £	Equipment £	Total £
Cost				
At 1 October 2010	2,158,293	103,921	362,781	2,624,995
Additions	-	912	10,372	11,285
Disposals	-	-	-	-
At 30 September 2011	2,158,293	104,833	373,153	2,636,240
Depreciation				
At 1 October 2010	154,910	55,085	342,824	552,819
Charge for the year	38,466	15,725	16,617	70,808
On disposals	-	-	-	-
At 30 September 2011	193,376	70,810	359,441	623,627
Net book value				
At 30 September 2011	1,964,917	34,023	13,712	2,012,652
At 30 September 2010	2,003,383	48,836	19,957	2,072,176

6. Debtors

	2011 £	2010 £
Amounts due from members for loans	58,882,225	53,329,469
Prepayments and accrued income	307,572	280,232
	59,189,797	53,609,728

Amounts due from members for loans includes £2,667,543 receivable after more than one year.

7. Creditors: Amounts falling due within one year

	2011 £		2010 £	
Other creditors including taxation:				
Juvenile savings	1,667,854		1,378,198	
Taxation	53,603		44,969	
Other creditors	819		11,470	
Accruals and deferred income	136,786		101,669	
	1,859,062		1,536,306	

No1 Police Credit Union T/A No1 CopperPot Credit Union
Notes to the Financial Statements
Year Ended 30th September 2011

8. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

9. Share capital

Members' Share balances:	2011	2010
	£	£
Balance brought forward	62,332,516	56,003,492
Increase in shares	9,811,855	6,329,024
	<u>72,144,371</u>	<u>62,332,516</u>

10. General reserves

	2011	2010
	£	£
General reserve balance brought forward:		
Balance brought forward	6,123,077	4,822,039
Transfer from the Income and Expenditure Account	1,823,843	1,301,038
	<u>7,946,920</u>	<u>6,123,077</u>

No1 Police Credit Union T/A No1 CopperPot Credit Union
Notes to the Financial Statements
Year Ended 30th September 2011

11. Income and expenditure accounts

	2011 £	2010 £
Surplus for the financial year	4,088,268	3,302,944
Dividends paid	(713,361)	(532,396)
Transfer to general reserve	(1,823,843)	(1,301,038)
Balance carried forward	<u>1,551,064</u>	<u>1,469,510</u>

12. Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Surplus for the financial year	4,088,268	3,302,944
Dividends paid	(2,182,871)	(1,875,760)
	<u>1,905,397</u>	<u>1,427,184</u>
Net increase in shares	9,811,855	6,329,024
Net Addition to funds	<u>11,717,252</u>	<u>7,756,208</u>
Opening shareholders' funds:	<u>69,925,103</u>	<u>62,168,895</u>
Closing shareholders' funds	<u><u>81,642,355</u></u>	<u><u>69,925,103</u></u>



No1 Police Credit Union Ltd
T/a No1 CopperPot Credit Union Ltd

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Oakfield Road
Cheadle Royal Business Park
Cheadle
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