

Annual Report 2010-2011



Board Report

On behalf of the Board of Directors it is with great pleasure that I present this, my fourth annual report, as President of Fusion Credit Union.

Once again, I am pleased to report that Fusion has performed well in our financial year ending 30th September 2011. One of the highlights of our year was our 500th member joining in that month. As many of you will realise, rapid growth can be a recipe for disaster – RBS being the perfect example. Fusion has grown steadily over the years, always well within its capabilities and well within the regulatory limits set by the Financial Services Authority (FSA). However, Fusion, like all other financial institutions, continues to face challenges. Times are tough for everybody.

But what about the future? At long last the Legislative Reform Order 2011 (LRO) has been passed by Parliament. In short, it provides all credit unions with greater scope for providing additional services. At this year's AGM, the Board will be recommending to the members that we

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adopt the new model Rule Book issued by the Association of British Credit Unions (ABCUL) incorporating these changes. There is more information on adopting this new rule book, later in this Report.

Throughout the past 12 months, we have been in discussions with Cannock Chase District Council to consider how credit union facilities could be made available to the residents and workers of Cannock Chase. Rather than Cannock Chase applying to the FSA to operate their own credit union, we came to the conclusion that it would be more beneficial for Fusion to extend its common bond to include Cannock Chase District. This has been agreed in principle with the FSA and your Board of Directors recommend that we include this extended common bond into our new rule book. There is also more information on this later in this Report.

Many banks and building societies are still paying less than 0.1% interest on savings accounts. For the past 2 years Fusion has paid a full 1% dividend to its members and this year we are recommending a 1% dividend again.

I am also very pleased to report that Fusion continues to offer loans at a single interest rate of 1% per month (12.68% APR) with no early repayment charges.

Above all, our continued success is attributable to the dedication of our team of volunteers so, on behalf of the Board, I wish to record a sincere thanks for continuing to help make Fusion a friendly and reliable place for your savings and for low-cost, affordable loans.

We are of course very grateful to Lichfield District Council, local councillors, Lichfield City Council, Staffordshire County Council and Burntwood Town Council for their continued financial support. We also extremely grateful to Bromford Living (formerly HomeZone), for generously allowing us to use these offices at Edgeworth House.

At any time, please feel free to contact myself, any Board members, or volunteers with any questions. You can call us on 01543 415032 or visit our website at www.fusioncreditunion.co.uk.

Peter Selwyn
President
February 2012

Treasurer's Report

At the end of the financial year, September 2011, the audited accounts of Fusion Credit Union show that members' deposits stand at £121,604 compared to £84,033 at the end of the previous year. At that date there were 462 active members compared with 429 the previous year. Underlining the comments from the Auditor, there has been excellent growth in share (44.71%) and loan (31.99%) balances with an increase in the membership numbers.

The profit and loss and balance sheet for the year ended 30th September 2011 are circulated with this report and further copies are available on request. Dealing first with the profit and loss account the total income for the year amounts to £11,524 and represents:

1. Interest from loans to members of £3618
2. Membership fees of £134
3. Interest from investments £723
4. Grants released to income £5966

Our net expenses in the year totalled £10,073.

These costs comprise the general expenses of operating the credit union, as can be seen under expenditure in the financial statements.

For reasons of prudence Fusion has made a specific provision for bad debts.

Overall the surplus for the year, after provision for tax is £1303 which is allocated as follows:

	£
Transfer to General Reserve (as required by Financial Services Authority)	265
Proposed Dividend	1038

Turning now to the **balance sheet**, the key information is that at the end of the year:

1. Members shares deposits total	£121,604
2. Loans outstanding at the year end	£34,695
3. Cash at Unity Trust Bank current account	£27,783
4. Cash at Unity Trust Bank development account	£42,866
5. Cash at Hanley Building Society Inv Bond	£45,500

The following detail is relevant:

1. Unity Trust Bank Development Account is an account we use to deposit longer term funds.
2. Unity Trust Bank current account – this account acts as our main banker and provides our cheque book facility and immediate access to funds.
3. Hanley Building Society account – this is a fixed rate bond.

Grant Funding

During year to 30th September 2010 further grant funds were obtained:

	£		£
Grants brought forward			
	266	Capital	
	<u>13,738</u>	Revenue	
	14,004		
Grant income	<u>6,860</u>		20,864
Less grant expenditure	266	Depreciation/capital	
	<u>5,700</u>	Revenue	<u>5,966</u>
Revenue grants carried forward			<u>14,898</u>

Janet Bamber
Treasurer
February 2012

Credit Committee

Over the past year we have seen a modest increase of 9.97% in the value of loans granted. Of the 58 loans granted there were some interesting uses of Fusion's money such as for laser eye surgery, outstanding income tax liabilities and the purchase of a computer.

We are continuing to see a fall in loan enquiries, as members strive to reduce their indebtedness.

My thanks to the members of the committee for their continuing support and diligence.

T J Warner
Chair
16 February 2012

Supervisory Committee

The purpose of the supervisory committee within a credit union is to act as an internal audit body reviewing procedures and practices in general and, in particular, verifying the bank reconciliation each month and ensuring that the quarterly return required by the FSA has been submitted. These activities have been carried out throughout the year and the supervisory committee is well satisfied with the conduct of the administration and that all necessary returns have been made in good time.

One of the external audit requirements is that each statement is accompanied by a slip asking the member to indicate whether they are able to agree or not their balance. At the time of writing it would appear that we are on course for a 20% response, which is considered acceptable and that less than one per cent have queries.

The committee consisted as above throughout the financial year under review; however earlier in 2012 Dick Wingrove resigned from his various voluntary activities, which includes Fusion. Dick has been very actively involved as a Director and some time Treasurer since the inception of Fusion and enjoyed only a relatively short break before joining the supervisory committee. The committee is grateful for the time and effort he has put in.

The committee welcomes nominations for further members. If you are interested in joining us please speak to Tony Wilkins or myself to find out what is involved. Furthermore, if the members accept the Board's recommendation to extend our common bond to include Cannock Chase District (a recommendation that the committee strongly endorses) then the committee may co-opt any interested parties from that area.

Tony Kelly
March 2012

New rule book and extension of common bond

As mentioned in the board report, the board proposes that Fusion adopts the ABCUL model rules for credit unions 2012 and extends its common bond to include those living and working in Cannock Chase District.

ABCUL is the trade association to which Fusion belongs and the board of Fusion has followed the progress of the new rules with interest following the bringing into force of the LRO 2011 earlier in 2012.

The main changes in the LRO are to allow credit unions to:

- Provide services to organisations, such as community groups, businesses and co-operatives rather than just individuals
- Offer interest on savings, instead of a dividend
- Allow more people who move jobs or home to continue to receive services from the credit union.

The model rule book will allow us to take advantage of the changes brought about by the LRO although the board has no current plans to do so at the current time. A copy of the proposed rule book will be available at the meeting.

The new rule book sets out a number of options. The board of Fusion has considered these and recommends the minimum changes necessary to the current rules except for the maximum dividend that may be paid. The current maximum of 8% was set by statute and since this limit has now been removed the board is of the view that it would be preferable not to fetter its powers. A summary of the options and the recommendation of the board is at appendix 1.

As mentioned in the board report, the board recommends that the common bond be extended to the area of Cannock Chase District Council. The new common bond also includes organisations with a place of business in the area of the common bond so that Fusion can offer such accounts at a later date if it wishes to do so. A map showing the area of the proposed common bond is at appendix 2.

Proposed dividend and interest for junior savers

The Board of Directors proposes to the members that a dividend of 1% be paid to all qualifying active members, based on their share holdings throughout the financial year to 30th September 2011.

The Board of Directors also proposes that interest at 1% be paid to all junior savers.

Subject to agreement by the membership these payments will be paid directly into the members' share accounts on 31st March 2012.

Management team

Board of Directors

Peter Selwyn	President
Valerie Wale	Vice-President
Janet Bamber	Treasurer
Alison Readman	Secretary
Robin Taylor	Director
Tim Warner	Director
Jackie Whittenbury	Director

Credit Committee

Tim Warner (Chair)
Janet Bamber
Maurice Keenan

Supervisory Committee

Dick Wingrove (retired Jan 2012)
Tony Kelly
Tony Wilkins

Directors' Remuneration Report

All directors are unpaid volunteers.

Remuneration (£)	2011	2010	Board Meeting Attendance since last AGM – 12 meetings	(%)
Janet Bamber	0	0	Janet Bamber	83
Alison Readman	0	0	Alison Readman	92
Peter Selwyn	0	0	Peter Selwyn	92
Robin Taylor	0	0	Robin Taylor	58
Valerie Wale	0	0	Valerie Wale	92
Tim Warner	0	0	Tim Warner	83
Jackie Whittenbury	0	0	Jackie Whittenbury	100
Total	0	0		

Appointment of auditors

The board recommends that Business Focus & Systems Ltd be appointed as auditors until the next annual general meeting.

Election of officers

There are no directors due for retirement by rotation. Alison Readman and Robin Taylor are standing down as directors. Maurice Keenan and Kim Wilkins have been proposed and seconded for election as directors.

Collection points

Our main collection points are:

Jigsaw Dimbles Lane, Lichfield	Wednesday and Saturday 10am to noon
Citizens' Advice Bureau Levetts Fields, Lichfield	Friday 1.30pm to 3.30pm
Old Mining College Centre Queen Street, Chasetown	Wednesday and Saturday 10am to noon
Beacon Park Village, Lichfield	Tuesday 2pm to 4pm
Curborough Community Centre, Lichfield	Tuesday 8am to 10am

Why not come and visit us soon at one of our collection points?

Important information about compensation arrangements

We are covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation to depositors if a credit union is unable to meet its financial obligations. Most depositors – including most individuals and small businesses – are covered by the scheme.

In respect of deposits, an eligible depositor is entitled to claim up to £85,000. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed would be £85,000 each (making a total of £170,000). The £85,000 limit relates to the combined amount in all the eligible depositor's accounts with the credit union, including their share of any joint account, and not to each separate account.

For further information about the scheme (including the amounts covered and eligibility to claim) please call us on 01543 415032 or ask at your local collection point, refer to the FSCS website or call 0800 678 1100.

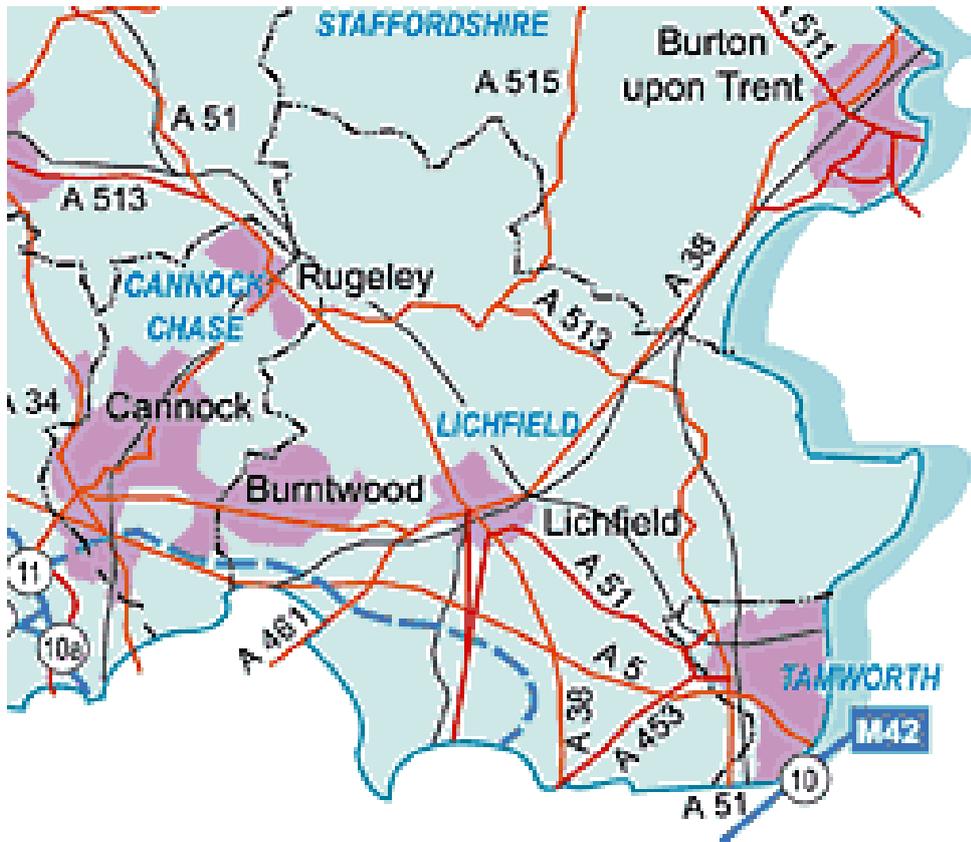
www.fusioncreditunion.co.uk

Fusion Credit Union Ltd is regulated and authorised by the Financial Services Authority (FSA Registration No. 400081).

Registered in England and Wales No. IP00717C. Registered Office: The Old Mining College Centre, Queen St, Chasetown, Staffordshire, WS7 4QH

Rule	Explanation	Rule wording
Rule 7 Common bond	<p>The Board recommends that Fusion extend its services to the locality of Cannock Chase District Council and has the power to offer accounts to organisations, in accordance with the provisions of the LRO.</p> <p>The map at appendix 2 shows the new extent of the common bond.</p>	<p>7. Admission to membership of the Credit Union is restricted to:</p> <ul style="list-style-type: none"> (1) an individual residing in or being employed within the locality of Lichfield District Council or Cannock Chase District Council as delineated on the attached map (2) an individual who is a member of the same household as, and is a relative of, an individual who is a member of the credit union and falls directly within a common bond specified above (3) a body corporate, an individual in his/her capacity as a partner in a partnership, an individual in his/her capacity as an officer or a member of the governing body of an unincorporated association, if the body corporate, partnership or unincorporated association has a place of business in the above locality.
Rule 12 Non Qualifying members	<p>Non-Qualifying members are members who were in the common bond when they joined the credit union but now would not qualify for membership of the credit union if they joined today. These members have the same rights as all other members in the credit union.</p> <p>We have the right to limit the percentage of non-Qualifying members in the credit union and the board recommends that the limit be set at 10%, which is the same limit as the percentage in the current rule 9.</p>	<p>11. A Member who ceases to fulfil the qualifications for admission to membership shall become, and shall be referred to in these Rules as, a Non-Qualifying Member. A Non-Qualifying Member may, subject to approval by the Board of Directors, retain their membership and voting rights in the Credit Union, and continue to acquire Shares and to receive loans subject to legislation and the provisions of these Rules.</p> <p>12. The number of Non-Qualifying Members shall not exceed 10 per cent of the total membership. If the number of Non-Qualifying Members should exceed 10 per cent at any time then the Board of Directors shall take steps to reduce this number to or below 10 per cent. Ultimately the Board of Directors shall be required to expel from membership those who have most recently become Non-Qualifying Members, subject to these Rules.</p>
Rule 14 Junior savers conversion to adult members	<p>This rule specifies the age at which junior savers convert to adult members. The Board recommends that the age be set at 16, which is the same as the current rule 10.</p>	<p>14. A junior saver, who is eligible for membership of the credit union according to rule 7 of these rules, shall convert to full membership of the Credit Union upon reaching the age of 18, provided that no person that has a deposit in a child trust fund account or a junior ISA is eligible for membership of the Credit Union until they have reached the age of 18 years.</p>

Rule	Explanation	Rule wording
Rule 72 Maximum dividend on shares	The credit union can choose to set a maximum dividend on shares in the rule book. The Board is recommending that there be no maximum dividend.	72. There shall be no maximum amount payable as dividend on Dividend Bearing Shares. If a surplus has been achieved, and dividends are payable, the Board of Directors shall recommend the rates of any dividend payments for agreement by the Members of the annual general meeting.
Rule 98 The age at which members can be elected to the Board of Directors or other elected posts	The Board recommends that the age is set at 18, which is the same as the current rule 10.	98. Subject to rules 107 and 108 of these rules, the Board of Directors will accept nominations for election of Officers of the Credit union. All nominees for election as an Officer of the Credit Union must be Members of the Credit Union and must be at least 18 years of age and: <ul style="list-style-type: none"> a. In the case of an individual Member; be the individual b. In the case of a partnership or an unincorporated association, be the Designated Representative or partner c. In the case of an incorporated body; be the Corporate Representative
Rule 108 The limit of corporate members represented on the board of directors	The Board recommends that the limit of corporate members on the Board of Directors is 20%.	108. Designated Representatives or Corporate Representatives of Corporate Members may be elected as a Director. At no time will the percentage of Corporate Members elected to the Board of Directors exceed 20% of the total number of Directors declared by the members according to rule 107 of these rules.



Key



District boundary