

Clockwise Credit Union

safe savings & affordable loans



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Introduction

Clockwise Credit Union Limited covers Leicester, Leicestershire and Rutland.
Registered number FRN213498.

Clockwise has over 8300 adult members with £3.2m of savings, 500 young savers, with over £56,000 of savings and 2650 loans with £2.95m balance at 30th November 2015.

Vision & Values

"Community savings and loans; leading the way in improving the financial wellbeing of our community and its people through sustainable financial products and quality customer service.

Mission

Credible, responsible and accessible

We will be a responsible and respected provider of a broad range of affordable and quality financial services, easy to access and managed responsibly.

Offering effective money management

We will encourage the development of good financial practice, focusing on affordability and putting people in control of their own finances.

People not profits

We aim to improve the financial wellbeing of the people we serve by encouraging loans and savings that benefit our communities and by putting people at the heart of our decision.

Credit Union

We are proud to be part of the Credit Union community and will continue to foster the credit union ethos as a local, not-for-profit, members' owned alternative for your money. We are a Living Wage Employer.

Values

- Flexible
- Awareness
- Innovative
- Co-operative
- Responsible
- Local



Report from the Chair

I am delighted to present to you the Chair's report for the year 2014/15, which has been a very active and challenging, but ultimately successful year for Clockwise. Paul, our Treasurer, will be reporting in more detail in his report, but for those of you who were at our AGM last year, we set ourselves a target of reducing our trading loss by half. Not only did we achieve this, but actually made a small surplus, which is a fantastic achievement. We also grew our loan book, which in the current economic climate and, given some of the competitors we face, is an important achievement.

Before I share some of the highlights and changes throughout the year, I would first like to draw you attention to Clockwise Credit Union's Vision, Mission and Values. As part of our annual strategic review, the Board and staff devoted considerable time reviewing these; reminding ourselves of who we are, what we do, why we do it and how we aim to do it. For all of us it was a fruitful and rewarding exercise. Too easily we can get caught up in the day to day and the pressures to achieve, so we felt it important to take a step back and re-affirm our purpose and objective. In line with this, we have also recently undergone a rebranding exercise which you can read about in this report.

Membership

Our two priorities are to develop new products and services to provide even better service for our existing members, but also to reach out to new members using as many methods as possible. We have always recognised that referrals from our existing members bring in more new members than any other route and we are extremely grateful for all of you who pass on the good news and encourage family and friends to join and enjoy the benefits of membership. We recently ran a campaign to encourage members to do just that. Our congratulations to Emma Lee who won the top prize. However, special mention must go to Rosie who introduced 5 new members.



Rosie is pictured above with our Development Officer, Clare Shilton. Rose said, 'Clockwise does exactly what it says it does. Applying for a loan was really easy, with payments that are manageable. I was happy to tell all my friends to join!'

Strategic Partners

We have continued to build and maintain relationships with local authorities and strategic partners with a view to expanding access and increasing take up of our products and to look for future funding opportunities.

Fair Finance

A group of agencies and local authorities and councils, brought together through the Church of England Fair Finance initiative, committed to providing affordable financial solutions for financially excluded. This partnership has brought new relationships and opportunities for partnership working.

Charnwood

The work in the borough of Charnwood, to make the products and services Clockwise can provide more accessible to the residents of the Charnwood borough, continues and a second year of funding has been secured against meeting our targets this year. In addition to targeted marketing and promotion initiatives with key organizations, we are also exploring with Charnwood Borough Council the opportunity for a second Access Point to be opened in the Council Offices.

Hinckley and Bosworth BC / Melton BC

Our funded partnership with Hinckley and Melton has continued this year and has helped us support access to our services and increase take up by those residents either directly or via local Voluntary Community Service activities or the Me and My Learning Project in those areas.

Universal Credit and the East Midlands Collaboration Project

With Universal Credit now being rolled out across many parts of our region, we have started to see a small increase in the number of rent accounts that have been opened under the East Midlands Credit Union collaboration. Significantly a new landlord has joined the project and we have delivered a number of refresher training sessions for existing landlords who are looking to proactively promote the Rent Payment Account now Universal Credit has arrived.

Engage Card

This is a brand new product we introduced to our members in June 2015. It is a prepaid debit card with many benefits which include: budgeting tool and cash back rewards scheme. It is available regardless of financial history or credit score. We presently have almost 700 members using the card and recent analysis has shown that they are getting the most cash rewards through Asda and Argos.

Please see our website for more details.



Chair's Report (cont)

Staff Changes

We have seen some significant changes throughout the year and are delighted to advise that Teresa Manning has now been appointed as General Manager and Sue Vincent as Operations Manager. You can read more about this later in the report.

Summary

A year of good news, good growth and a strong year-end financial position is a great position to be able to report to you. I shall be stepping down as Chair due to other commitments but will remain on the Board. I am happy to be able to pass on to the new Chair and I am confident the growth and positive developments will continue for future years.

John Lally - Chair

Changes

As our Chair reported this has been a very busy year, with lots of positive changes.

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We have recently undergone a rebranding exercise and now have a new brand identity, which clearly says what we do and reflects our vision and aims within the community. In line with our new branding we will be relaunching our website in the New Year.

Being very proud of our Leicestershire heritage and location, overlooking the newly renovated Jubilee Square, our premises have recently undergone a transformation too.

Treasurer's Report

2014/2015 was another challenging year. The Board decision not to become a 'Transforming Credit Union' under the Expansion project and the change in management personnel resulted in challenges not foreseen in the 2014/15 business plan. The board reasserted its commitments to the financially excluded or disadvantaged within the community we serve.

I am pleased to announce we are able to report a trading surplus for the year of £46,926 and after a recommendation of an increase in the dividend to member's savings from 0.25% to 0.50% and an increase in the provision for bad debts to provide for possible future bad debts- an overall retained surplus of £18,551, which has been added to the Development Reserve.

Income

Total income at £945,609 is £150,503 more than the previous year. 78% of total income is loan interest. The remainder is made up of grants, donations, entrances fees and other smaller sources of income.

Expenditure

Total expenditure of £895,573 is 5% higher than the previous year and is due to

- a 48% increase in Marketing budgets, as specialist services are recruited for select campaigns throughout the year, which is partly funded, retrospectively, by the Department for Work and Pensions;
- a 43% increase in Maintenance budgets as the Leicester building underwent a facelift, funded by money gifted previously from Santander;
- and a 34% increase in Office expenses, as printing of marketing materials was brought in-house to cut costs, in what are now much larger marketing campaigns.

Balance Sheet

Member Savings reduced as a whole, but Share and current account balances, which help make up this total, have increased. The decrease overall is due to the reduced amount of cash being held in ISAs. The Board is recommending an increase in dividend to the share accounts reflecting our commitment to members.

We are pleased to announce the first increase in member's net loans standing at £2.57M from £2.43 last year. We are looking to reduce the cash and bank balance by increasing the loan-book to members and consequently, balances have fallen from £1.84M to £1.5M.

Treasurer's Report (cont)

SHARE & CURRENT ACCOUNTS	+194,892
CASH ISA	- 399,591
CHILD TRUST FUND	+ 10,487
YOUNG SAVERS	- 11,751
GENERAL RESERVE	0
DEVELOPMENT RESERVE	+ 18,551

General reserve

The general reserve is kept equal to/or greater than 10% of total assets, in line with guidance provided by the newest FCA Handbook > CRED 5 Capital > CREDS 5.3 Version 1 credit unions. Clockwise aims to maintain the General reserve at the 10% level for the future.

Prudential Regulatory Authority – Compliance

All Credit Unions are required to meet a number of financial ratios monitored by the PRA at quarterly intervals. Clockwise met these ratios each quarter.

Budget and Business Plan

A three-year strategy and a one-year Business Plan have been agreed by the Board and a financial budget has been prepared for 2015/16. Monthly results are monitored against the budget with corrective action taken where actual results deviate from plan.

The budget looks to make a surplus for 2015/16 of £50,000 based on the current dividend rate. The first two months of the budget year have performed slightly ahead of forecast.

Paul Mattioli, Treasurer



Independent Auditors' Report to the Members of Clockwise

We have audited the financial statements of Clockwise Credit Union Limited for the year ended 30 September 2015 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. 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's members, as a body, in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and Credit Unions Act. Our audit work has been undertaken so that we might state to the Credit Union's members those matters that we are required to state to them in an auditors 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 the directors and auditor

As explained more fully in the director's responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements which 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). These standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Independent Auditors' Report (cont)

Opinion

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 2015 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Industrial Provident Societies Acts 1965 to 2002, and the Credit Union Act 1979.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Friendly and Industrial and Provident Societies Act 1965 to 2002 require us to report to you, if in our opinion

- Proper books of account have not been kept by the credit union in accordance with the requirements of the legislation;
- A satisfactory system of control over transactions has not been maintained by the credit union in accordance with the requirements of the legislation;
- The revenue account or the other accounts (if any) to which our report relates, and the balance sheet are not in agreement with the books of account of the credit union;
- We have not obtained all the information and explanations necessary for the purpose of our audit.

Income & Expenditure Account for the Year End

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 £	2014 £
INCOME		
interest on Loans	736,976	594,940
Members Current Account Fee Income	100,328	105,609
Bank Interest Received	7,214	3,849
Entrance Fees	5,842	7,049
Other Income	35,175	22,281
Grants & Donations	60,074	61,378
	<u>945,609</u>	<u>795,106</u>
EXPENDITURE		
Utilities, Rent & Rates	9,330	8,378
Employment & Recruitment	379,406	341,653
Training, Conference & Meeting Expenses	7,082	7,616
Insurance & Fidelity Bond	25,415	18,520
Office & Stationery Expenses	39,941	29,841
Association of British Credit Union Fees	9,088	9,824
Audit Fees	15,807	16,500
Cash Handling Fees	1,165	1,951
Bad Debts & Other Provisions	166,928	202,101
Credit Search & Debt Collection Fees	25,169	29,173
Marketing & Communications	45,249	30,639
Legal & Professional Fees	24,035	17,504
Repairs & Maintenance	20,110	14,024
Depreciation	23,659	29,026
Members Current Account Charges	103,189	97,643
	<u>895,573</u>	<u>853,311</u>
SURPLUS/ (DEFICIT) FOR THE YEAR BEFORE TAXATION	50,036	(58,205)
Corporation Tax	(1,450)	(767)
	<u>48,586</u>	<u>(58,972)</u>
SURPLUS/ (DEFICIT) FOR THE YEAR	48,586	(58,972)
Dividend	(30,035)	(33,565)
	<u>18,551</u>	<u>(92,537)</u>
SURPLUS/ (DEFICIT) FOR THE YEAR	18,551	(92,537)
TRANSFER (TO)/FROM DEVELOPMENT RESERVE	(18,551)	92,537
	<u>-</u>	<u>-</u>
	=====	=====

Balance Sheet

AT 30 SEPTEMBER 2015

	£	2015 £	£	2014 £
FIXED ASSETS				
Tangible Assets		438,194		455,927
LOANS TO MEMBERS (NET)		2,568,906		2,436,223
CURRENT ASSETS				
Sundry Debtors	48,209		51,697	
Bank Current & Deposit Account	1,494,421		1,849,322	
	<u>1,542,630</u>		<u>1,901,019</u>	
	=====		=====	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Sundry Creditors & Deferred Income	122,439		177,865	
Dividend Provision	16,357		22,082	
	<u>138,796</u>		<u>194,947</u>	
	=====		=====	
NET CURRENT ASSETS		<u>1,403,834</u>		<u>1,706,072</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,410,934</u>		<u>4,598,222</u>
		=====		=====
SHARE & CURRENT ACCOUNTS		2,093,239		1,898,347
CASH ISA		1,153,706		1,553,297
CHILD TRUST FUND		221,536		211,049
YOUNG SAVERS		57,608		69,359
BUDGET ACCOUNT		379		256
GENERAL RESERVE		479,318		479,317
DEVELOPMENT RESERVE		405,148		386,597
		<u>4,410,934</u>		<u>4,598,222</u>
		=====		=====
The accounts were approved by the Board of Directors on 18th November 2015		4,410,934		4,598,222
		=====		=====

On behalf of the Board

J Lally
P Mattioli

Staff Changes

We are absolutely delighted to announce that Teresa Manning has been appointed as the new Clockwise General Manager. Teresa is well known to many members as one of the founders of Clockwise and has worked tirelessly, contributing to its continued growth and success. Teresa is very excited to be taking the helm at such an important time in the development of Clockwise and is looking forward to leading the team and growing the business.

We are also very pleased to announce that Sue Vincent, Member Services Manager, has been appointed as Operations Manager, further strengthening the management team.

Good News Story

from the Tenancy Support Officer at Hinckley & Bosworth Borough Council



"I work with vulnerable council tenants within our district.

I aim to help clients manage their money better to prevent debt and rent arrears which could result in bailiff visits or court action and in some cases homelessness. Many clients are registered disabled for physical and/or mental health issues.

The services that Clockwise offers has been invaluable to my clients and has alleviated a lot of pressure improving their own wellbeing as a result.

One client has been a Clockwise member for 2 years. Up until this point she was in high levels of debt and it was looking likely that it was going to result in bankruptcy. Her mental health was very poor and she was struggling to cope. Within a very short space of time, Clockwise was making her payments regularly and all debt collection letters ended which improved her anxiety. We were even able to put some away for a rainy day. This client has recently moved and she had enough money in her savings to be able to carpet her new property throughout before she moved in and was able to buy a new settee, a dining table and chairs and a tv cabinet for her new home. She has stated that she has never ever been able to afford to carpet a property before she has moved in and has always lived without whilst trying to scrimp and save throughout her life. She said this has only been possible due to having the Clockwise account and is extremely grateful for the assistance it has given her, it has improved her quality of life and helped with her mental health issues – she is very much a Clockwise success story."

Supervisory Committee Report

Role of the Supervisory Committee.

The Supervisory Committee is the credit union's internal audit committee and is there to provide scrutiny on the work of both the Management and the Board. Its purpose is to make sure that Clockwise operates within the law, its own rules and policies, and within the framework laid down by the regulatory authorities. Whilst its work may be carried out by staff or outside specialists' the responsibility remains with the Committee.

At the AGM in January 2015 Jeremy Siddall, Peter Nicholls and John Leniston were appointed to the Committee. During the year John Leniston resigned from and Paul Constable was co-opted to the Committee. The Committee has therefore been up to its minimum intended strength, but we would welcome any new members who could bring additional expertise to the Committee.



Activities

- (1) Attendance at the monthly meeting of the Board is key to monitoring the well-being of Clockwise and one or more members of the Committee has attended each meeting during the year. In addition to verbal reports at those meetings we have submitted a number of written reports to the Board and these have been actioned or noted as appropriate.
- (2) The Committee has met six times during the year to discuss and monitor the most important issues facing Clockwise including the departure of the General Manager and appointment of her successor, the re-organisation of the staff structure, the decision whether or not to become a transforming credit union under the Cornerstone project and the formalisation of the roles of the sub-committees of the Board.
- (3) We have undertaken a significant amount of internal audit work ourselves.
 - o On a number of occasions we have conducted checks on cash balances and cash handling at Clockwise and also completed much more detailed work on the cash and bank areas of operations.
 - o Last year we mentioned the review of Corporate Governance which aimed to attain full compliance with the ABCUL code. We are happy that this has been progressed by the Board with energy and application but there needs to be a continued focus in this area to meet and maintain the expected standards.

- We visited Market Harborough branch and met a number of the volunteers who help there. It seemed to us that this is well run and we hope that greater levels of business can be generated in the future.
 - Finally, after halting work on Loans whilst the Board addressed necessary changes in this area we have restarted work to test the robustness of this important aspect of the Clockwise operation.
- (4) Training: by the date of the AGM Paul Constable, our latest member, should have completed an online course for Supervisory Committee members run by ABCUL.
- (5) During the year we have had dedicated meetings with the Chair of the Board, B M Howarth Ltd, PWH Accountancy Ltd and attended the presentation by Mark Lyonette, the chief executive of our trade organisation ABCUL.

Internal Audit

BM Howarth Ltd has continued with the agreed work programme of internal audit. During the year this has entailed detailed work on Savings, Human Resources, Customer Complaints and a branch visit, together with follow-up work on outstanding items from previous visits including the 40 point report from January 2014, which we mentioned to last year's AGM. We are pleased to say that action has been taken or is ongoing where necessary and feel that significant improvements in the overall governance and functioning of Clockwise have been achieved.

Other Matters

Last year we reported that the General Manager was on leave of absence whilst her continuing role with Clockwise was discussed. This process ended with her decision to resign her post. In November this year Teresa Manning, Clockwise's Finance Manager of many years experience, agreed to take on this role. We wish her very well with her new responsibilities and would like to record our thanks to her and to Sue Vincent, our Member Services Manager, and to all the staff for their hard work and the great spirit they showed during the period when we were without a General Manager.

Jeremy Siddall (Chair)

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Administrative Information

Registered in January 1992
Register Number IP00280C
PRA/FCA Registration 213498

Directors:

Chair: John Lally
Treasurer: Paul Mattioli
Secretary: Liaqaut Ali
Roger Blackmore
Donald Clinton-Smith
Paul Dickinson
Sarah Higgins
George Puszczynski
Keith Rose
Brian Wilson

Other Information:

Business & Registered Address: 1 St. Nicholas Place, Leicester LE1 5LB

Telephone: 0116 2423900

Website: www.clockwise.coop

Auditors: PWH Accountancy Ltd
The Counting House
High Street
Lutterworth
Leicestershire
LE17 4AY