

# Clockwise Credit Union

safe savings & affordable loans

## ANNUAL REPORT 2017

ANNIVERSARY EDITION



# Contents

Introduction	Page 3
Vision & Values	Page 3
Report from the Chair	Page 4 - 5
Treasurer's Report	Page 6 - 7
Income & Expenditure Account	Page 8
Balance Sheet	Page 9
Independent Auditors Report	Page 10 - 11
Supervisory Committee Report	Page 12 - 13
Note from General Manager	Page 14 - 15
Administrative Information	Back Page

# Introduction

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

As at 30th September 2017, Clockwise had 9,723 members, with a total of £3.55m in savings, a rise of £280,000 on last year. On top of the adult membership we also had £296,000 invested in Junior Savings and Child Trust Fund accounts. The Clockwise net loan book stood at £3.09m, an increase of 8.5% on last year.

## Vision

*"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.

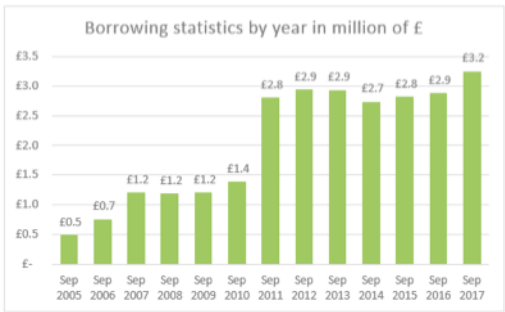
### **Credit Union**

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.



# Report from the Chair

It gives me great pleasure to announce another successful year for Clockwise Credit Union. We continue to expand our membership and have sustained growth in lending, reaching more and more members in the community.



Through loan growth and control in expenses, we generated a pre-dividend surplus of £155,000, which is a fantastic achievement. The Board strongly believes that our members should benefit from our success, so have agreed to reward our members by:

1. **Rewarding our Savers.** Recommending to the AGM that the dividend on share accounts be increased to 1.5%, our highest for well over ten years and a very competitive rate compared to most instant access accounts with high street banks.
2. **Rewarding our Borrowers.** Last year we announced a scheme to reward loyal borrowers who have never missed a payment on their loan account, subject to certain criteria. We are delighted to announce that we were able to set aside a fund to do this. Those who qualify will get a shopping voucher before Christmas, based on a proportion of the interest they have paid!
3. **Community Grant scheme.** We very recently announced a grant scheme to support individuals and groups in need of a small sum for a specific need; educational, equipment, sponsorship, etc. (details on our website) Early applications include a boxing club and café for the homeless.

It has been a very busy year in terms of activities we have undertaken on your behalf and I'd like to give you a snapshot of some of those:

## 25<sup>th</sup> Anniversary

This year we celebrated 25 years of service to the communities of Leicester, Leicestershire and Rutland. We are hugely proud of what has been achieved in this period and celebrated with a grand branch re-opening and celebration with guests and colleagues from the Credit Union movement.



## New Banking Hall

If you have not yet had a chance to, do pop in and take a look. We have had lots of very positive feedback from members who love the fresh, modern look.

## IT Security

You may recall last year we mentioned cyber security and some work we planned to do to make Clockwise and your data as secure as possible. This is an area we take extremely seriously, and we managed to secure the services of Simon Foreman, our IT Manager. We have successfully migrated all our system to a Cloud hosting and we have had many external penetration tests by ethical companies to test the strength of our system. We are delighted to let you know that no serious issues were identified, and we received very positive reports.



## Website

We have continued to develop the members' website to enhance our members' experience, providing convenient 24/7 access to Credit Union services. Highlights include faster lending decisions, online loan agreements and secure document upload facilities. Approximately half of our members are registered for online access and we would strongly encourage all members to register.

Next year's plans include a mobile phone app, instant bank withdrawals and major enhancements to our internal member systems. Our aim is to use technology to enhance the services we provide both online and in branch.

## ATM Installation

Back in May we had an ATM installed, offering free withdrawals. This has proved extremely popular with 9,000 users in October alone. The aim is to raise our profile by drawing people to our building, and by enhancing our image as a professional, modern, financial services provider.

Can I record my thanks to my fellow Board members and members of the Supervisory Committee who work hard to ensure that Clockwise Credit Union continues to provide quality products and services to the community. We look forward to another successful year for Clockwise Credit Union and thank you for your support.

Paul Mattioli,  
Chair.

# Treasurer's Report

2016/17 has been another excellent year for Clockwise with a 15% increase in loans to £3.1 million. Most of our loans have been made to members who are financially excluded from the mainstream banking system. This increase in loans has generated additional income which has produced a surplus of £70,513 after a recommendation of an increase in the dividend on members' share savings from 1.0% to 1.5%. This surplus has been added to the Development Reserve to fund improvements in the services that we will be offering members.



## Income

Total Income of £1,021,533 is £66,000 higher than last year's income. 87% of total income is loan interest with the remainder being grants, membership entrance fees, bank interest, bad debt recoveries and other sundry sources of income.

## Expenditure

Total expenditure of £902,898 is £96,000 higher than the previous year. We have invested in a major revamp of our computer systems, enhancing the level of security and we have established a fund to reward our borrowing members who have met their loan repayments without falling into arrears. The growth in our loan book has contributed to an increase in our level of bad debts which, net of recovered debts, have increased from £159,000 in 2016 to £214,000 in 2017. We continue to adopt a sensitive approach to the management of repayment of members' loans and are successful in ensuring that over 93% of loans are repaid.

## Balance Sheet

We are pleased to record another year of increases in member's loans, up £406,000 to £3.1 million. We continue to reduce our bank balance but retained a relatively high balance of £1.18 million which we are seeking to reduce through increased lending. We are in the process of transferring our banking facility from the Cooperative Bank to Lloyds Bank, a bank that supports the Credit Union movement and has offered Clockwise a competitive banking package.

Members' share balances continue to grow by £317,000 to £2.23 million offset by a reduction in Cash ISA balances. Each member's £1 investment with Clockwise was worth £1.31 illustrating the strength of our Balance Sheet.

## **RESERVES**

### **General Reserve**

The Bank of England Prudential Regulation Authority (PRA) requires Credit Unions to retain a restricted reserve based on total assets, that can only be used in specific circumstances with the agreement of the PRA. Clockwise meets this requirement.

### **Development Reserve**

We maintain a Development Reserve to be used to improve the service we provide to our members.

### **Property Reserve**

This reserve has been created from funds donated by the Santander Bank and is used to maintain and enhance our building.

### **Bank of England Prudential Regulation Authority (PRA)**

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

### **Budget and Business Plan**

A three-year business strategy and a one-year business plan have been agreed by the Board and a financial budget has been prepared for 2017/18. Monthly results are monitored against the budget with corrective action taken where actual results deviate from plan.

The budget for 2017/18 anticipates producing a surplus of £50,000.

# Income & Expenditure Account for the Year End

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 £	2016 £
<b>INCOME</b>		
Interest on Loans	890,139	839,519
Entrance & Service Fees	23,607	18,329
Members Current Account		
Fees Received	0	39,040
Fees Paid	0	- 60,417
Net Cost	0	- 21,377
Bank Interest	8,327	9,116
Bad Debts Recovered	40,239	41,382
Grant Income	40,824	42,789
Other Income	18,397	25,136
	<b>1,021,533</b>	<b>954,894</b>
<b>EXPENDITURE</b>		
Employment Costs	390,434	353,180
Property Costs	20,050	29,426
IT & Office Costs	52,845	57,087
Insurance	10,584	25,938
Depreciation	20,443	20,372
Trade Association Fee	8,567	9,230
Audit Fees	13,200	9,600
Marketing	47,806	42,014
Debt Management	35,671	23,464
Legal & Professional	18,426	26,826
Other Operating Costs	9,603	8,751
Rewarding Borrowers Refund	20,540	0
Bad Debts	254,730	200,999
	<b>902,899</b>	<b>806,887</b>
<b>SURPLUS FOR THE YEAR BEFORE TAX</b>	118,634	148,007
Corporation Tax	- 490	- 2,089
	<b>118,144</b>	<b>145,918</b>
Dividend & Interest	-46,883	-31,425
<b>SURPLUS FOR THE YEAR</b>	<b>71,261</b>	<b>114,493</b>
<b>TRANSFER TO GENERAL RESERVE</b>	<b>748</b>	<b>0</b>
<b>TRANSFER TO DEVELOPMENT RESERVE</b>	<b>70,513</b>	<b>114,493</b>
	=====	=====

# Balance Sheet

**AT 30 SEPTEMBER 2017**

	2017	2016
£	£	£
<b>FIXED ASSETS</b>		
Tangible Assets	451,994	420,528
<b>LOANS TO MEMBERS (NET)</b>	3,094,988	2,699,794
<b>CURRENT ASSETS</b>		
Sundry Debtors	70,375	64,776
Bank Current & Deposit Account	1,183,298	1,250,888
	<u>1,253,673</u>	<u>1,315,664</u>
	=====	=====
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Sundry Creditors & Deferred Income	111,043	90,320
Dividend Provision	31,871	25,987
	<u>142,914</u>	<u>116,307</u>
	=====	=====
<b>NET CURRENT ASSETS</b>	1,110,759	1,199,357
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>4,657,741</u>	<u>4,319,679</u>
	=====	=====
<b>SHARE ACCOUNTS</b>	2,336,328	2,018,849
CASH ISA	927,386	978,685
CHILD TRUST FUND	231,542	222,457
YOUNG SAVERS	64,597	57,520
GENERAL RESERVE	480,066	479,318
DEVELOPMENT RESERVE	590,154	519,641
PROPERTY RESERVE	27,668	43,209
	<u>4,657,741</u>	<u>4,319,679</u>
	=====	=====

The accounts were approved by the  
Board of Directors on 22nd November 2017

On behalf of the Board  
P Mattioli  
B Wilson

# Independent Auditors Report

We have audited the financial statements of Clockwise Credit Union Limited for the year 30 September 2017 which comprise the Statement of Financial Position, the Statement of Income and Expenditure, Statement of Changes in Equity and the related notes.

## Significant Accounting Policies

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) and FRS 102 which is the Financial Reporting Standard applicable to United Kingdom and Republic of Ireland.

## Information and Judgements

Information and judgements that the Credit Union has applied in preparing these accounts are based on the carrying amounts of all income, expenses, assets and liabilities as at the end of the financial year subject to any adjustments mentioned in the accounts and in the notes and disclosures to the accounts.



## Estimation Techniques

Except for Note 1(d) on Provision for Impaired Loans and Note 5 on Impaired Loans Written Off, there were no assumptions made concerning the future or estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Apart from this, there is nothing to report under FRS 102 section 8.7.

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 the Credit Unions 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 the Directors and Auditors

The directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express 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 the 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](http://www.frc.org.uk/apb/scope/private.cfm)

## **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 2017 and of its income and expenditure for the year ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in particular in accordance with FRS 102 and also in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Unions 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 Provident Societies Act 1965 to 2002 requires 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 legislation;
- the revenue account or the other accounts (if any) to which the 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.

As part of the Credit Union Sourcebook (CREDS) issued by the Prudential Regulation Authority (PRA), we are also required to confirm that we are:

- complying with the Financial Services Compensation Schemes (FSCS) requirements for Single Customer View
- maintaining adequate insurance including both General and Fidelity Bond Insurance
- carrying out Additional Activities, as described by CREDS, as we provide Transactional Accounts in the form of Credit Union Current Accounts, Pre-paid Engage Card and Rent Payment Accounts and are in compliance with the regulations regarding operation of these accounts.

**Antony E Humphreys, Statutory Auditor**

For and on behalf of

**PWH Accountancy Ltd Statutory Auditors**

The Counting House

High Street

Lutterworth

Leicestershire LE17 4AY



# Supervisory Committee Report

## Role and Composition of the Supervisory Committee

The Supervisory Committee is the Credit Union's internal audit committee and is here to scrutinise the work of both the Management and the Board on behalf of Clockwise members. 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 responsibility remains with the Committee. The Committee reports to the Board on a regular basis, and to the members at the AGM.



At last year's AGM, Doug Golding approached the Committee with a view to joining and following a period of familiarisation with its work, he submitted an application and was co-opted. He has become a valuable member, particularly in monitoring the recent updating of Clockwise IT systems. He is standing for election at this AGM. The Committee therefore has three members but we would welcome any new candidate(s) who could bring additional expertise to our work.

## Committee Activities

- (1) One or more Committee members have been in attendance at the monthly meeting of the Board when we have monitored its work and reported on the internal audit work completed by ourselves and Howarths, the professional internal auditors. In addition to this, we have attended the meetings of the various sub committees of the Board and the IT Working Group.
- (2) The Committee has itself met six times and during the year a risk based work programme was agreed and used to decide on the audit work to be carried out. This complements the work done by Howarths and taken together they should give our members the reassurance that the business is being run as it should be.
- (3) Paul Constable attended the ABCUL annual conference and members have undertaken various courses provided by the new ABCUL Academy. We also attended the Board's Annual Strategy Day.
- (4) During the year major changes to the IT systems and banking platform have been undertaken and all but completed. We have kept a close eye on this work as it has progressed.
- (5) We are pleased to say that in our opinion the Board and Management have shown a consistently professional approach to the often complicated issues facing Clockwise from day to day, and particularly to those surrounding the migration of the IT platform and change of bankers mentioned above. Good progress has been made in achieving the goals set out in the Strategic Plan.



## Professional Internal Audit

Howarths completed the previously agreed 2 year internal audit programme and we have started the process of agreeing a further plan for the next 2 years. Topics looked at in detail included credit control and bad debts, the new version of the Procedures Manual, the integrity and security of the IT systems, staff loans and a risk assessment on which to base the Committee's work. Follow up checking on previous reports was also carried out.

## Other Matters

Finally, in the year which marks the 25<sup>th</sup> anniversary for Clockwise, we would like to record with pleasure that the banking hall has been completely redesigned to give a comfortable and modern environment for staff and members.

Attendance at Board meetings this year was 71%. Board members are encouraged and continue to undertake training in their roles.

# A Rewarding Way to Save



If you borrow regularly why not save a little too? To help you grow your savings, Clockwise is launching a fantastic new product that will reward you for saving during the time you are repaying your loan.

We know how hard it is to put money by, especially when you are borrowing money to pay for things as well. The product is only available to our members who have a loan balance of between £250 and £1,500.

This is a great way to get you into a regular savings habit. Even if you are only able to save £1 a week, we will give you a £5 reward at the end of a six month saving period. If you can save £10 a week the reward will be a fantastic £33!

Terms and Conditions apply – please see our website for further details [www.clockwise.coop](http://www.clockwise.coop).

# Note from the General Manager

I am delighted to report another very successful year for Clockwise Credit Union.

I would like to personally record my thanks to all the staff who have worked tremendously hard this year to help achieve the continued growth we are experiencing. They are a skilled, talented and professional team of people who are committed to ensuring the highest level of service to our members and they are a pleasure to work with. They have faced a number of challenges; staff changes, changes to procedures and introduction of new processes, with enthusiasm and a genuine care for our members. I am very proud of the team and the difference they make for our members and our community.



*On the morning of the re-opening of the refurbished branch*

## Staff Changes

We had a number of changes in personnel as people moved onto pastures new and we wish them well in their future careers. However, we have welcomed to the team a new band of enthusiastic staff.

## Goodbye to...

Operations Manager, Sue Vincent and Member Services Team Leader, Hayley Walker and Member Services Advisors; Mel DeSouza, Mary Lalan and Wendy Thompson.

## Welcome to...

IT Manager, Simon Foreman and Member Services Advisors; Victoria Spencer, Heather Copley and Michael Texteira.

## Training

Staff training, and personal development continues to be priority for us and most staff have completed modules of the Association of British Credit Unions training in area such as Anti-Money Laundering, Data Protection and Dealing with Vulnerable People. We believe these courses add real value to the work we do. We are also committed to giving staff an opportunity to further develop skills and experience and will, whenever possible, support external training, i.e. in Change Management, Accountancy and HR.

## Opportunities

We do our best to ensure that staff are offered the opportunity to move into new roles and, this year, Luke Read took on the Member Relationship role, whilst Jade Kelly has become our Member Services Supervisor (Jade started at Clockwise as Saturday cover at our Melton branch and has moved up through the ranks, so we are very proud and pleased for her). It's great to see staff embracing new challenges and, as we continue to grow and develop new technology which will change the ways in which we work, we look forward to seeing people taking up new opportunities

I know the Board of Directors think highly of the staff. We recently held a 'meet and greet' gathering with Board and staff, to give new staff and directors the chance to get to know each other and for the Board to express their appreciation. A valuable and enjoyable time and chance to meet face to face.

I am very much looking forward to a successful year in 2018 and continuing to build on our membership growth and contribute to our local community.

Teresa Manning, General Manager

## Happy Members

Our aim is to contribute to improving the financial wellbeing of our local community and so it is always great to hear feedback from our members.



*"I had a loan from Clockwise to help me pay for my daughter's birthday when her father left us with nothing."*

*"I save through my salary and then have a good bit towards Christmas presents for my family. Being part time, now we've had our little girl, means our income changed a lot, so this is brilliant for us!"*

## Have your say!

Our focus is always on improving our products and services for members. It is important for us to know what you think. Please visit the news page, below, on our website and click on the link to complete a very short survey. If you provide us with your email address at the end of the survey, we will enter you into a prize draw for a chance to WIN £100 CASH!

**Visit [www.clockwise.coop/survey](http://www.clockwise.coop/survey)**

# Clockwise Credit Union

safe savings & affordable loans

## Administrative Information

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

### Directors:

Chair: Paul Mattioli  
Treasurer: Brian Wilson  
Stephen Barringer  
Roger Blackmore  
Donald Clinton-Smith  
Paul Dickinson  
John Lally  
George Puszczynski  
Keith Rose  
Roy Stephenson  
Patrick Jana



### Other Information:

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

Telephone: 0116 2423900

Website: [www.clockwise.coop](http://www.clockwise.coop)

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