

# Clockwise Credit Union

safe savings & affordable loans



ANNUAL REPORT  
2022

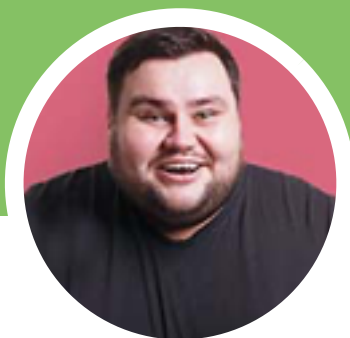


# What's Inside?

<b>1.</b>	Vision, Mission & Values	4-5
<b>2.</b>	Chair's Report	6-8
<b>3.</b>	Report from the CEO	9-11
<b>4.</b>	CEO Stateside	12
<b>5.</b>	New Year, New Career	12-13
<b>6.</b>	Interesting Facts & Figures	14
<b>7.</b>	2022 Highlights	15-16
<b>8.</b>	Current Account	17-18
<b>9.</b>	Community Grants	19-20
<b>10.</b>	Great Hamper Giveaway	20-21
<b>11.</b>	Treasurer's Report	22-23
<b>12.</b>	Income & Expenditure	24
<b>13.</b>	Balance Sheet	25
<b>14.</b>	Independent Auditor's Report	26-29
<b>15.</b>	Directors' Report	30-31
<b>16.</b>	Supervisory Committee Report	32-33
<b>17.</b>	Common Bond	34



# 1. Our Vision, Mission & Values



## Vision

‘To be the first choice financial provider for our members and future members.’

## Mission

To be a responsible financial institution driven by mission, not profit. We will put into action the ‘credit union difference’ - to be a democratic, ethical and innovative provider of financial products and services, building strong member relationships and with a unique, fairness based offering in an increasingly competitive financial marketplace.

Through robust financial performance and by providing credible and affordable alternatives, we aim to be a catalyst for the economic wellbeing of our membership and community.

## Values

To ensure Clockwise remains strong and sustainable, we will be responsible and effective financial managers by:

- making sound business decisions to achieve solid financial results
- managing risks responsibly to safeguard Clockwise’s assets
- investing our funds responsibly
- working with partners and organisations who share our values

We will provide members with outstanding service and help them achieve their financial goals by:

- treating them with respect and dignity
- giving them trustworthy advice about the financial options we can make available to them



## Values (continued)

- offering products and services that meet their unique needs and provide good value
- protecting their right to privacy
- ensuring that low income and marginalised members have access to necessary financial services

We will provide meaningful opportunities for members to have input in setting the direction of the credit union by:

- offering multiple channels for them to provide us with input and feedback
- addressing their concerns in a timely manner

We will ensure that Clockwise is a great place to work by:

- creating a workplace that is healthy, diverse, stimulating and rewarding
- providing the leadership, tools, resources and opportunities for employees to do their best work and achieve their full potential

We will be accountable for living up to our commitments to the community by:

- making continuous and measurable progress in meeting our commitments
- ensuring our community grants programme reaches out to diverse groups in need of support across the communities we serve
- measuring our social impact and reporting our findings to members annually

We will support the wider Credit Union community by:

- co-operating and collaborating with other Credit Unions, particularly those in need of help and expertise

Supporting regional and national initiatives around development of the Credit Union movement, regulatory change, financial inclusion, and awareness.

# 2. Chair’s Report

It gives me great pleasure, on behalf of the Board of Directors of Clockwise Credit Union, to introduce this report for the year ended 30<sup>th</sup> September 2022.

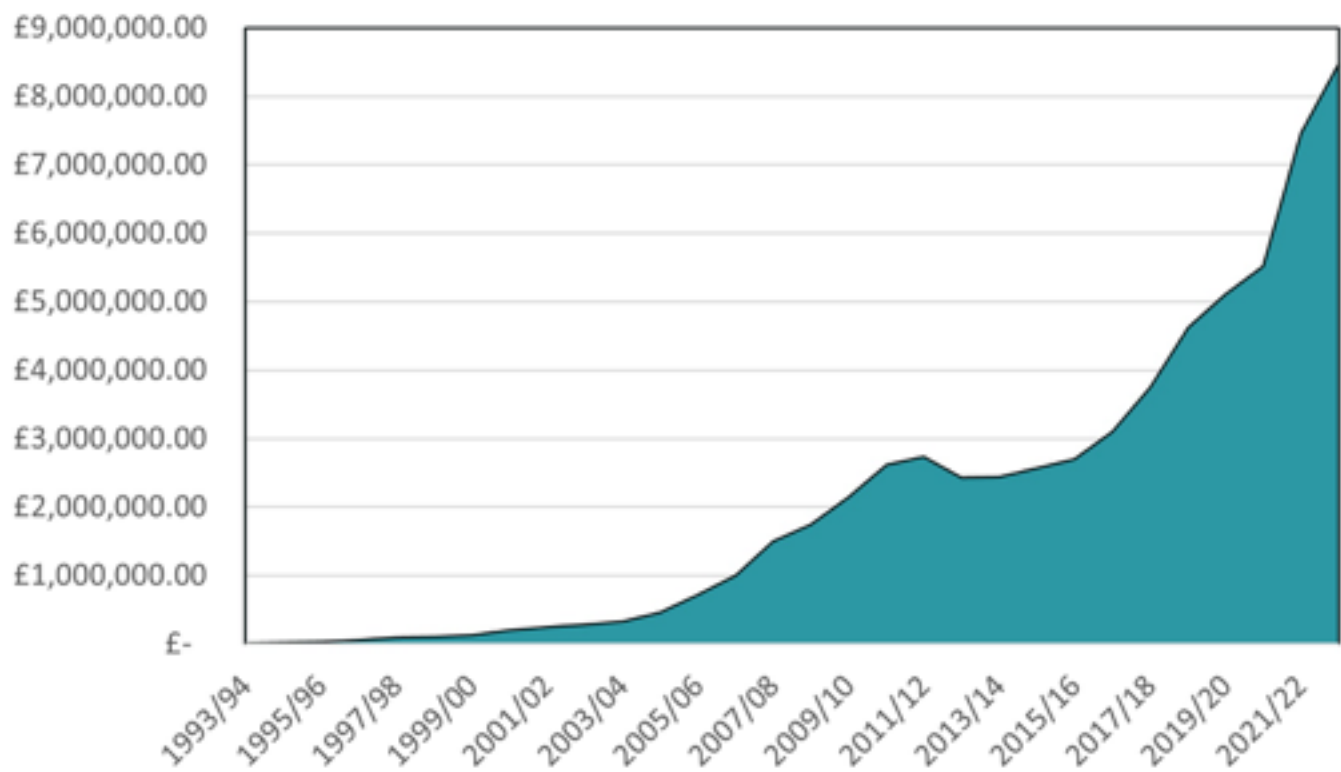
2021/22 has been a successful and positive year for Clockwise despite having once again been a challenging and somewhat unpredictable year, during which we continued to see the impact of the pandemic and economic downturn, both on our members and also on our staff as we navigate a new way of working. The graphs below show a sharp increase in membership, but this is largely due to the addition of the members of New Central Credit Union. Without this influx our growth would have been slower.

For only the second time in our history we have seen a reduction in savings. We believe that members are using their savings to cover higher costs as their finances become more stretched, or are searching the market for the highest possible rate of return on their savings - we were able to increase the rate of our savings during the year and are likely to do so again, plus introducing new higher interest products - watch this space! Nevertheless, we had a good year with improving performances, in terms of growth, and we continued our technological advancements and ambitious plans.

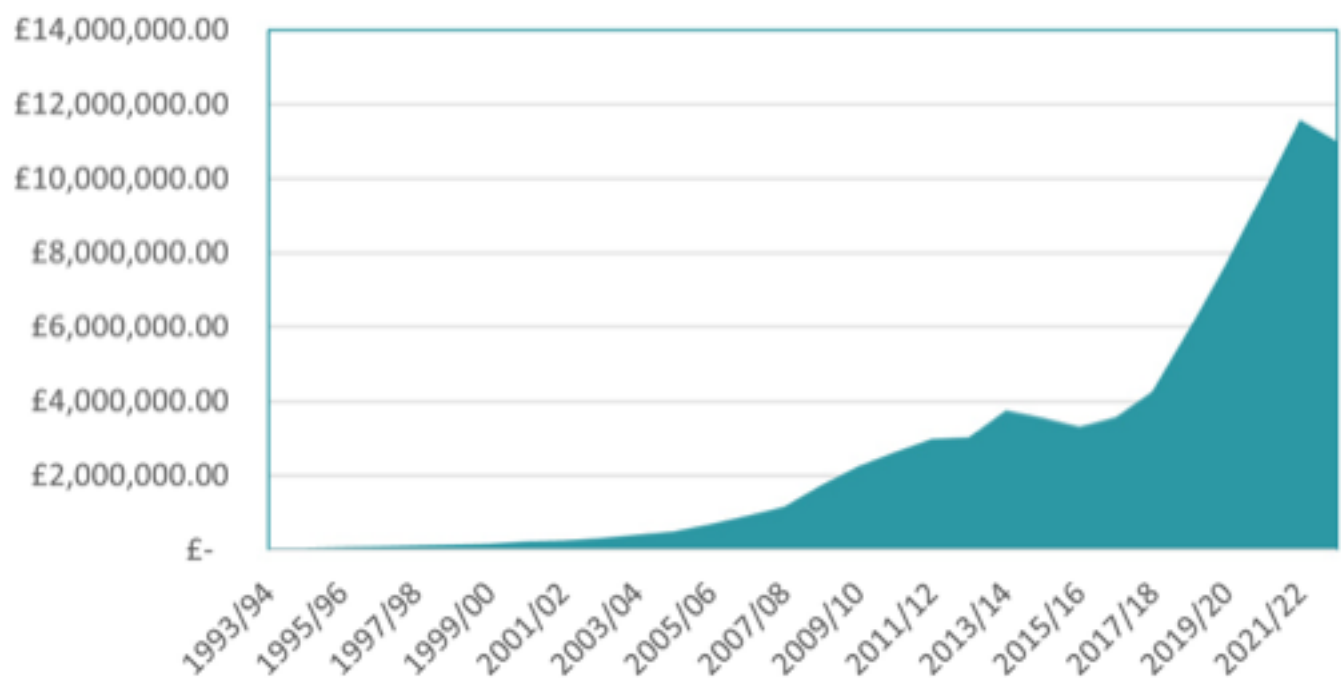
We continue to reward our savers with interest and promote responsible lending with our Rewarding Borrowers Scheme. In total, we paid out £90,000 to our members in 2022.



### Total Loans



### Members Savings



## 2. Chair's Report



The beginning of October 2021 saw us merge with New Central Credit Union, based in Coventry, when we welcomed their 3,770 Members and three staff members. I am delighted to say we have seen a 22% growth in membership since then and now almost 95% of the members access their accounts online. We were also delighted to welcome three new Directors from NCCU: Paul Harris, Sue Barton and Peter Smith and welcome their expertise and local knowledge. The map at the end of this report shows the extended area our common bond now covers.

However, we are conscious, as always, that whilst we serve a membership of almost 22,000, there are many more who would benefit from accessing our services and we are working hard to raise awareness and spread the word about Clockwise. Members can help here too – we know ‘word of mouth’ referrals still account for a significant proportion of our growth and we hope that you will continue to recommend Clockwise to your family and friends.

We expect a challenging year in 22/23 amid the ongoing economic downturn and the cost-of-living crisis for many of our members and for the credit union, and we expect rising costs to continue, impacting our members ability to save, and to borrow as their disposable incomes shrink.

However, we remain committed to providing first-class service, products and support for our members. I am confident Clockwise will continue to provide the services our members need and want with the dedicated team of very talented staff.

I would like to thank all our members for continuing to support the credit union and use its services. I must offer thanks to all the staff for their dedication and hard work. Thanks also to my fellow directors for their ongoing commitment. They continue to provide strategic support and input in what we expect to be a challenging year. Clockwise plays such a vital role, especially in these difficult times, and I know all of my colleagues are committed to delivering a stronger and more financially secure future for our members.

We look forward to working with you, the members, in 2023 to help provide a safe and sustainable future.

Paul Mattioli, Chair of Clockwise Credit Union

### 3. Report from the CEO



The last twelve months have seen some of the most challenging times for our members, and for our staff. The cost of living challenges with rising costs in all areas including food, and energy. We have all seen the impact the ongoing economic downturn is having on our members and their families. We are also still experiencing the lingering impact of the pandemic, but, as always, our members remain our primary focus for all we do and the decisions we make.

#### **Thank you to our wonderful staff**

Supporting our members through this difficult time is our highest priority and I am immensely proud of the staff. They have been brilliant in the past twelve months, demonstrating their skills and professionalism, true empathy and understanding for the problems members are facing.

We are all doing what we can to help members build financial resilience and I know will continue to do so – part of that is ensuring Clockwise itself is in a strong position to provide the products and services members need. Throughout this report you will see examples of feedback we have received from members, so we know we are on the right track. However, we know that we need to continually strive to improve what we do and are very grateful for suggestions and feedback we receive. You, our members, remain our primary focus for all we do and the strategic decisions we make.

#### **Thank you to members**

A colleague from the credit union sector once described credit unions as ‘the safety net at the top of a cliff helping prevent members falling over the edge and into financial crisis, rather than the ambulance at the bottom of the cliff trying to pick up the pieces.’ In other words, to try and prevent a financial crisis rather than put it back together once the crisis has hit.

### 3. Report from the CEO



At Clockwise we do all we can, but we know that many, many people have not yet heard of us so continuing to raise awareness of what we do is another massive challenge for us. This is where our members can and do help.

Once again, a large proportion of our new members come straight from referrals of existing members to their family and friends, so thank you so much for that! It's heartening to know to know so many of you love what we do and are willing to share with others so please continue to keep spreading the word.

As we expected, we are beginning to see increases in arrears and bad debt and we expect that trend to sadly continue, and we are doing our best to ensure our staff have the tools and resources to support members. To our members I would say, please talk to us if you are experiencing difficulties. We will do everything we can to help.

During the year, we have continued to invest in our technology in order to improve the products and services available to our members. We launched our very own Clockwise Current Account and are excited to note that several hundred members have already begun to use our new service! Our focus continues to be the development of the exciting new core banking system for the credit union. This is a long term investment of up to £400,000, which is due to complete Spring 2023. The new platform will provide Clockwise with a solid foundation for growth and product development over the next decade. It will allow for innovative opportunities to benefit our members and expand the technology within our organisation.

The future is unpredictable. We don't know what the long-term impact of the cost of living increases and economic downturn will be but, at Clockwise, we are ready to face them with you, our members. We are a strong credit union with clear aims to grow and develop, and I am excited to see what we can achieve together. As ever, our members are at the heart of everything we do.

Teresa Manning, CEO  
January 2023



## Social Return on Investment

Once again, we undertook surveys to look at the impact Clockwise was making for its members and community. Our thanks to Natasha at Kaizen Global who carried out the work for the third year.

Social Return on Investment Evaluation (SROI) is a framework for measuring and accounting for social change. Clockwise Credit Union is using SROI to identify where it is making the biggest impact, and use data to inform planning and decision-making.

SROI is about value, rather than money. Money is simply a common unit and as such is a useful and widely accepted way of conveying value. SROI is much more than just a number. It is a story about change, on which to base decisions, that includes case studies and qualitative, quantitative, and financial information. Clockwise Credit Union completed its first SROI Evaluation in 2019-20. The results found that for every £1 invested in the company at least £9 of social value was created. The SROI evaluation resulted in a framework through which to collect and report on social impact data, and it established a baseline through which to measure annual performance against.

The results show how being a member of Clockwise can improve mental health through being less stressed and anxious about money, better able to manage money, etc. Throughout this report you will find examples of feedback our members gave us.

This is an ongoing journey, and we will be re-engaging with Natasha this year to further this work and hopefully identify positive changes to what we do in the light of our learning from our members.

“ Clockwise has saved my mental health in more ways than one. ”

“ Clockwise has helped me along in life and kept me on my feet, being able to provide for my children. ”

## 4. Our CEO Stateside

During August 2022, Teresa, along with Association of British Credit Unions (ABCUL) CEO, Robert Kelly and representatives from four other English credit unions in England attended a three and a half day conference. It was hosted by Community Development Experts, Your Credit Union Partner and Inclusiv, along with participation of other US system partners and leaders.

The purpose of the conference was to research and recommend a community development credit union (CDCU) program that provides tools to help ABCUL credit union members provide quality development services to the underserved, income challenged and minority communities.

The meetings were held in Madison, where the leading US credit union systems are located i.e. World Credit Union Council, CUNA, CUNA Mutual, National Credit Union Foundation and Filence.

‘A fantastic experience, learning from some very passionate and inspiring speakers about how the CDCU model works in the US, and time spent with other credit unions is never wasted taking the opportunity to share ideas and best practice.’

Teresa Manning



## 5. New Year, New Career!

### Meet our newest team members

#### Joe Marshall, Marketing Specialist

“I am so pleased to be working at Clockwise Credit Union. My job is to raise awareness of Clockwise and the credit union movement within our membership area. I hope to help the credit union reach more people and help those within our local community improve their personal finances.

I have an extensive background in marketing and communications, so if you see any posters, emails, flyers or newsletters from the credit union, I will have been involved in getting that to you!

I have been working for Clockwise during the past year now, and I am hoping to stay part of the team for many more years to come.”



**Elaine Godber,  
Community Development Officer**

"I am delighted to join Clockwise Credit Union as their Community Development Officer. I feel confident I will be able to add value by drawing on my previous financial, educational and charity sector background, alongside the services from Clockwise Credit Union. I look forward to working to improve the financial wellbeing of our community and its people through sustainable financial products and quality customer service.

I will happily visit community groups or workplaces to explain this in more detail and have encouraged any community groups or workplaces to reach out to me in this regard. In addition, employers wishing to support the wellbeing of their employees to navigate the financial crisis now and into the future, to contact me to set up a meeting."



**Annie Mistry  
Senior Finance Officer**

"I am thrilled to join Clockwise Credit Union as their Senior Finance Officer; a role that I take very seriously during these financially challenging times. Utilising my wealth of financial management experience, I am committed and motivated to add real value to the organisation.

I am particularly looking forward to joining forces with such a wonderful community based and progressive organisation to improve the financial wellbeing of our members and the local community."



## 6. Interesting Facts & Figures

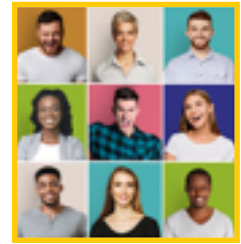
### LENDING

**£6.75m**



### MEMBERS

**22,000**



### CALLS TAKEN

**67.6k**



### ONLINE

**9,000**

members  
access their  
account online



### FASTEST LOAN

under  
**2 mins**  
turnaround



### EVERY £1 INVESTED

**£9** of social  
value created  
in the  
community



## 7. 2022 Highlights

### Clockwise Credit Union is rated GREAT on TrustPilot



#### We gave £90,000 back to our members!

Clockwise members are entitled to a rewards payment. At the end of 2022, we gave £90,000 back to our members with savings interest and a rebate to good borrowers.



#### Post Office Cash Collection

Members can call Clockwise to arrange for money to be available for collection at any UK Post Office. It's an easy way to access cash using your mobile phone.



#### Trusted by the BBC

Throughout the year our Operations Manager, Emma Franklin-Keogh, has been asked on to BBC Radio and Midlands Today. Emma has provided valuable comment on topical money and finance issues, such as the cost of living, the budgets and energy price cap.



“Clockwise is an important part of the community and it helps a lot of people.”

## 7. 2022 Highlights

We are proud to support the Fairlife Mark



### **Clockwise Credit Union given the Fairlife Mark for Lending & Savings Products**

The Fairlife Charity aims to change the face of finance and protect consumers through fair trading, financial education, financial wellbeing and corporate social responsibility. It aims to ensure financial products are “fairly traded and honestly priced”. The mark is awarded only to organisations that pledge to adopt its peer agreed standards and represent a commitment to being fair and transparent.

As a credit union, one of our core tenets is ethical lending. Our savings accounts are aimed at enabling those from all backgrounds to get a firm financial footing so that they may save for the future. Overall our savings and loans products aim to improve financial wellbeing which in turn contributes to reducing debt and associated stress. We are, therefore, delighted that the Fairlife mark shows that our personal loan and savings products are ethical, fairly traded and honestly priced. It shows that Clockwise is transparent, fair, honest and ultimately working in the interest of, and contributing to, the financial wellbeing of our members.

The Fairlife mark standards mirror our own and we are looking forward to collaborating with Fairlife to raise standards in finance throughout the UK.

“

Clockwise services go a long way to alleviate the hardships experienced by people in the Leicestershire community.”

## 8. Current Account

### **In June 2022, we were delighted to launch the Clockwise Current Account & Debit Card**

The launch of the current account transformed Clockwise into a one-stop-shop for banking services. Our core services of savings and loans are a lifeline to many of our members. Now, all of our members' banking services can be handled in the same place.

In order to offer the current account and debit card to our members, we partnered with Engage, the community banking-as-a-service division of Contis-Solaris.

After the account landed, our Chief Executive Officer, Teresa Manning, said:

**"We pride ourselves on being one of the UK's most progressive financial co-operatives, as evidenced by the expansion of our partnership with Engage - another organisation that is committed to making the financial services sector fairer for all.**

**The partnership means we can provide members with a modern, cost effective card and account, allowing us to compete effectively with major banking brands."**



**“ Great banking company!  
I can do everything I  
need to do. ”**

## 8. Current Account

### Helping members manage their money easier

The Clockwise current account is for everyone and allows members to manage every day spending, payments and transactions. There are three types of current accounts to choose from!

- ✓ Faster payments
- ✓ Pay in wages or benefits
- ✓ Cash at branch
- ✓ Standing orders & direct debits
- ✓ All accounts in one place
- ✓ Personal customer service



### VISA Debit Card

When members opt for the Everyday or Pay-As-You-Go Current account, they are eligible for a VISA debit card, making everyday purchases easy.

Features include:

- ✓ Contactless payments
- ✓ ATM withdrawals
- ✓ Make online & in-store purchases
- ✓ Deposit cash at a PayPoint
- ✓ Accepted worldwide



# 9. Community Grants

When you save or borrow with Clockwise your money is invested back into the local community. Clockwise operates a Community Grant Scheme that awards local groups and individuals grants for a whole range of items that ultimately benefit the community or the group/individual works to serve.

We are proud and pleased to be able to support our local communities in a small way and would love to hear from any organisation who might benefit from help. To apply, please write, explaining what your organisation does, what you need the grant for and the difference it will make to the members you serve in the community.

To: Teresa Manning, Clockwise Credit Union  
1 St. Nicholas Place, Leicester LE1 5LB

## Girl Guiding Birstall

Over the summer, we awarded Girl Guiding Birstall, Leicestershire, £500.00. Girl Guiding is a volunteer led organisation providing a variety of activities for girls and women aged 5 upwards. The grant was used to install a fire exit on the new building, as per building regulations and requirements. The group will also be purchasing an accessible side/chair for less able-bodied people.



## Engage Women's Group

Clockwise awarded a grant to the Engage Women's Group in Melton Mowbray. Engage transforms the lives of young people from disadvantaged backgrounds by ensuring they get the support to succeed in education work and life, therefore, breaking the cycle of intergenerational poverty and isolation. It does this through long term weekly face to face sessions.

The young women's group is a lifeline for participants who attend.

## Foodbanks

Over Christmas Clockwise awarded £250.00 to 5 local foodbanks to help those most affected by the cost living crisis. Hope Grey, from Open Hands Trust said, "Thank you so much for identifying Open Hands as somewhere that could benefit from your support. As with all food banks at the moment, we are receiving an increasing number of families accessing our services for support. On Tuesday we provided 74 families with up to a weeks worth of food - feeding 213 people in total. It's the busiest morning we've had in the history of our work."

## 9. Community Grants

Rebecca Alexander, from Coventry Food bank said;

**“Your donation is helping to support thousands of families facing a food crisis in the City of Coventry it is bringing hope to people in increasingly difficult times.**

**As the cost of living continues to rise, more and more people are finding themselves in a position of not being able to afford the basics like food, utilities and transportation.**

**We are so grateful for your kindness and generosity as you support some of the most vulnerable in our community.”**



Among the local foodbanks offered grants were Jubilee Foodbank, Coventry Foodbank and Open Hands Food Store.

## 10. Great Hamper Giveaway



### Clockwise Christmas Hamper Giveaway

For many of us, this Christmas was tougher than most. That's why we wanted to reward our members by gifting a Christmas hamper for five new members and five existing Clockwise members!

We were able to deliver some Christmas hampers directly to members' homes and some we gifted to members in branch.

Terry, an existing Clockwise member, said;

**“ You guys touched my heart. I really appreciate this. ”**

Clockwise team member, Katie, pictured below left, ready to hand out a hamper to a member.

Members Terry and Garry pictured below centre and right, collected their hampers from our Leicester branch.



Emma, a new Clockwise member, pictured left, received her hamper at home and sent us this lovely photo.

Emma said;

“Thank you so much for my hamper. My children were so excited opening it and making claim on what goodies they wanted!  
Thank you so very much!”

# 11. Treasurer's Report

2021/22 has been another good financial year for Clockwise, despite the challenges of COVID and a worsening economic environment. The merger with NCCU was successfully completed, with a very positive result for members and the credit union.

This increased the loans and savings books, as well as increasing the income and costs. Including the merger, Clockwise loans increased by 39% to £7.9m; with most of our loans being 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 £149,284, after setting aside £59,586 for payment of interest to members.



This surplus has been used to increase our reserves, which we hold to meet Bank of England regulations, and to finance the major IT developments currently underway, that will improve our service to members.

## **Income**

Total income of £2.3m is £532,945 higher than last year's income. 92% of total income is loan interest, with the remainder being grants, membership service fees, bank interest, bad debt recoveries and other sundry sources of income. Grant income includes £28,000 from Fair4All Finance to part fund the completion of the new Current account product.

## **Expenditure**

Total expenditure of £2.1m is £557,209 higher than the previous year. This is largely due to absorbing the servicing costs of the NCCU membership base and Clockwise's continuing growth. Although our loan book has grown, our level of bad debts, net of recovered debts, has increased to 8% of the total loan book in 2021/22. We continue to adopt a sensitive approach to the management of repayment of members' loans.

## **Balance Sheet**

With the inclusion of NCCU, we are pleased to record another year of increases in members loans, up £2.3m to £7.9m.

Our savings products continue to be attractive to members, with total savings of £11 million at September 2022. We continue to seek to reduce our bank balances through increased lending.

## **Capital**

Retained earnings.

The merger with NCCU had a positive impact of £54,755 to the Clockwise reserves.

The Prudential Regulation Authority (PRA) has set regulations on minimum capital levels to be maintained by credit unions. Clockwise must maintain capital equivalent of at least 5.6% of Clockwise total assets. As of September 2022, Clockwise capital was 13.9% of Total Assets. This demonstrates the financial strength of Clockwise.

## **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**

The three-year business strategy has been updated and a one-year budget, inclusive of the additional savings and loans arising from the merger of New Central Credit Union, has been agreed by the board for 2022/23.

Monthly results are monitored against the budget with corrective action taken where actual results deviate from plan.

## 12. Income & Expenditure for the year ended 30th September 2022

	2022 £	2021 £
<b>INCOME</b>		
Interest on Loans	2,125,990	1,564,876
Entrance & Service Fees	21,905	15,682
Bank Interest	28,506	26,011
Bad Debts Recovered	85,923	65,742
Grant Income	42,180	106,231
Other Income	8,253	1,270
<b>TOTAL INCOME</b>	<b>2,312,757</b>	<b>1,779,812</b>
<b>EXPENDITURE</b>		
Employment Costs	747,068	635,725
Property Costs	57,950	20,493
IT & Office Costs	193,904	148,676
Transaction Processing	65,879	52,525
Insurance	27,883	25,893
Depreciation	23,491	23,610
Trade Association Fees	14,005	11,777
Audit Fees	6,000	8,366
Marketing	66,907	54,018
Debt Management Fees	79,318	53,819
Legal & Professional	2,238	1,382
Other Operating Costs	38,058	28,194
Rewarding Borrowers Refund	38,482	48,409
Bad Debts	735,483	426,571
	<b>2,096,667</b>	<b>1,539,458</b>
<b>SURPLUS FOR THE YEAR BEFORE TAX</b>	<b>216,090</b>	<b>240,354</b>
Corporation Tax	-7,200	-4,967
	<b>208,870</b>	<b>235,387</b>
Interest on members savings	-59,586	-41,694
<b>SURPLUS FOR THE YEAR</b>	<b>149,284</b>	<b>193,693</b>
NCCU merger transfer of reserves	54,755	
<b>TRANSFER TO RETAINED PROFIT</b>	<b>204,039</b>	<b>193,693</b>

# 13. Balance Sheet

As at 30th September 2022

	2022 £	2021 £
<b>ASSETS</b>		
Cash, Cash Equivalents & Liquid Deposits	4,102,766	5,003,030
Intangible Assets	260,131	118,811
Loans and advances to members	7,970,028	5,714,433
Tangible Assets	375,108	381,975
Other receivables	213,720	151,751
<b>TOTAL ASSETS</b>	<b>12,921,753</b>	<b>11,370,000</b>
<b>LIABILITIES</b>		
Subscribed capital	9,201,600	7,969,322
Junior savers	523,136	330,894
ISA Accounts	1,245,876	1,303,859
Other Creditors	176,569	195,392
	<b>11,147,181</b>	<b>9,799,467</b>
General Reserve	1,774,572	1,570,533
<b>TOTAL LIABILITIES</b>	<b>12,921,753</b>	<b>11,370,000</b>

Approved on behalf of the Board of Directors 21st December 2022.

Signed:



Paul Mattioli, Chair



Paul Harris, Treasurer



Brian Wilson, Director

# 14. Independent Auditors' Report

## Opinion

We have audited the financial statements of Clockwise Credit Union Limited (the 'credit union') for the year ended 30 September 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).



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 2022 and of its deficit 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 Co-operative and Community Benefit Societies Act 2014 and the Credit Union Act 1979.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the credit union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the credit union and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 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; or
- a satisfactory system of control over transactions has not been maintained by the Credit Union in accordance with the requirements of the legislation; or
- the Revenue Account and Balance Sheet are not in agreement with the books of account of the Credit Union; or
- we have not received all the information and explanations we require for our audit.



### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

# 14. Independent Auditors' Report

In preparing the financial statements, the directors are responsible for assessing the credit union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the credit union or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the credit union and assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Based on our understanding of the credit union and sector in which it operates we identified that the principal risk of non-compliance with laws and regulations related to breaches of PRA rulebook in relation to the credit union's activities as well as Credit Unions Act 1979, Community Benefit Societies Act 2014, UK Tax Legislation and UK Employment Law. We also evaluated management incentive and opportunities for fraudulent manipulations of the financial statements.

Audit procedures performed included:

- Making enquiries of management as to any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Challenging assumptions and judgments made by management in their significant accounting estimates and assessing if these indicate evidence of management bias;
- Reviewing correspondence with regulators;
- Identifying and assessing the design effectiveness of controls management have in place to prevent and detect fraud;
- Reviewing the accounting records for large and unusual journal entries and testing any identified and in particular the rationale for any transactions outside the credit union's normal course of business;
- Reviewing the accounting records for large and unusual bank payments and testing any identified and in particular the rationale for any transactions outside the credit union's normal course of business;

- Testing a sample of debit entries in the revenue account to check they are bona-fide costs of the business;
- Testing a sample of member loans to loan agreements;
- Testing a sample of savings and loan accounts have money laundering documentation;
- Enquiry of management and those charged with governance around actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the credit union's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Credit Unions' 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.

**For and on behalf of Burgis & Bullock**

Date: 10th January 2023

**Chartered Accountants  
Statutory Auditor**

23-25 Waterloo Place  
Leamington Spa  
Warwickshire  
CV32 5LA

# 15. Directors' Report

The directors present their annual report and financial statements for the year ended 30 September 2022.

## Principal activities

The principal activities of the credit union continues to be that of the provision of saving and lending facilities for the benefit of its members as defined in the Credit Union Act 1979.

## Results and dividends

The results for the year are set out on page 13.

## Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Paul Mattioli  
B Wilson  
J Puszczynski  
M Hirst  
K Rose  
R Stephenson  
P Taylor  
A Bird (Resigned 1 December 2021)  
R Frisby  
J Edwards  
P Harris (Appointed 1 October 2021)  
S Barton (Appointed 1 October 2021)  
P Smith (Appointed 1 October 2021 and resigned 30 June 2022)

The Co-operative and Community Benefit Societies Act 2014 requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law the directors must not approve the financial statements unless they are 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The directors are 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 Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the credit union's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the credit union's auditor is aware of that information.

On behalf of the Board



.....  
P Mattioli  
**Director**



.....  
B Wilson  
**Director**



.....  
P Harris  
**Director**

Date: 21st December 2022



# 16. Supervisory Committee Report

## **Role and Composition of the Supervisory Committee.**

The Supervisory Committee (SC) is the credit union's internal audit committee and provides scrutiny over the work of both the Management and the Board on behalf of Clockwise members. Its purpose is to make reasonable assessments as to whether Clockwise operates within the law, its own rules and policies, and within the framework laid down by the regulatory authorities. Work may be delegated to staff or outside specialists however overall responsibility remains with the SC. In its audit and review activities, the SC tries to assess the effectiveness of governance and compliance in Clockwise against these statutory and regulatory requirements.



At the beginning of the year the SC consisted of three members, Paul Constable (Chair), Jeremy Siddall and Paul Ashfield. During the year both Paul Constable and Paul Ashfield stepped down. On behalf of Clockwise I would like to thank them both. Paul Constable for the years of dedicated work on the SC, as Chair during the past three. He brought a focussed approach to our work and a degree of objectivity which is essential to organisations such as Clockwise. Paul Ashfield for the assistance and scrutiny that he was able to bring to the IT Committee during the development work on the core accounting system. I will deal with the future of the SC later in this report.

## **Developments during 2021/2022**

The Board and Management have continued to address significant challenges arising from the Covid 19 pandemic whilst maintaining focus and resource on the ongoing development of the core IT system and the successful completion of the merger with NCCU. The former is on time and budget for completion in the early part of 2023. The latter has bedded in well with high levels of service being maintained for the combined membership.

Perhaps the most significant piece of governance work during the year was the commissioning of a Board Effectiveness Review by outside consultants, Mutual Governance Limited. After a process which included a wide-ranging review of Board papers and procedures, interviews and questionnaires with Directors, and in person attendance at Board and committee meetings their report was delivered in January 2022. They took a fair but critical view and made several very helpful suggestions for improvements to Board practice. Many of these remain ongoing but a key proposal was that the Supervisory Committee should be replaced by an Audit Committee. The Board had a great deal of discussion about this and in time it was decided that such a committee should be initiated and combined with our existing Risk Committee. One critical requirement for such a committee is that it should be chaired by a suitably qualified, experienced, and independent person. The search for such a candidate is now well under way using the services of a professional agency called Nurole. This organisation has wide ranging expertise and has helped other credit unions in this way.

Although our internal auditors, BM Howarth, did not undertake specific work during the year the SC was satisfied that the detailed due diligence work performed by third parties in connection with the implementation of new products and services which Clockwise has provided for members, (e.g. Due Diligence and Payment Card Services (PCI) Compliance checks), provided a good degree of reassurance that our internal procedures are robust. These include the introduction of a Current Account for members, the introduction of a debit card, and the ongoing reporting to Fair4All.

Finally, we were pleased to see that a review of our external auditors was completed during the year. After a lengthy process Burgis & Bullock were appointed as a replacement to our auditors of the past few years. This is a firm with extensive experience of the credit union sector and their appointment was timely in that it brought fresh eyes to our accounts in the year that included the merger with NCCU. It is reassuring that they found no major problems arising from the combination of the records and systems of the two credit unions.

**Specific Activities**

During the financial year the SC has maintained a detailed record of its actions and activities for the year. This includes minutes of its meetings and records of its review activities. Members have observed almost all Board and committee meetings. The SC has itself held regular meetings to discuss the most pressing issues and these were reflected in several written reports which were prepared for the Board.

**Summary**

The SC is aware of the very considerable strains that the Board and Management have faced this year, a year which has included the aftereffects of the pandemic, the merger with NCCU, a major IT project, the difficulties posed to recruitment by a tightening labour market and the early warning signs of the oncoming cost of living crisis. Nevertheless, confidence remains high that with their energy and commitment Clockwise is well placed to face the difficulties to come in the year ahead.



Jeremy Siddall (Acting Chair)

# 17. Common Bond

All credit unions are bound by a common bond. This defines who qualifies for our membership. Our common bond at Clockwise is 'anyone who lives or works within the area shown on the map, below'.

Following our merger with New Central Credit Union, we now encompass Coventry & Warwickshire. This means we now have quite an extensive area from which we can attract new membership, with an inclusion potential of almost 3 million people. As our current membership is around 26,000, this represents a really exciting opportunity for growth.



# Notes

# Administrative Information

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

## **Other Information:**

### **Business & Registered Address:**

1 St. Nicholas Place, Leicester LE1 5LB

### **Telephone:**

0116 2423900

### **Website:**

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

### **Auditors:**

Burgis & Bullock  
23-25 Waterloo Place  
Leamington Spa  
Warwickshire  
CV32 5LA

