



Clockwise Credit Union

safe savings & affordable loans

ANNUAL REPORT

2023

YOUR NOTES

TABLE OF CONTENTS

1.	VISION, MISSION & VALUES	Pages 4 - 5
2.	CHAIR'S REPORT	Pages 6 - 7
3.	CEO'S REPORT	Pages 8 - 9
4.	HIGHLIGHTS FROM 22/23	Pages 10 - 13
5.	COMMUNITY GRANTS	Pages 14 - 16
6.	WHAT OUR MEMBERS SAY	Page 17
7.	TREASURER'S REPORT	Pages 18 - 19
8.	INCOME & EXPENDITURE	Page 20
9.	BALANCE SHEET	Page 21
10.	INDEPENDENT AUDITORS' REPORT	Pages 22 - 25
11.	DIRECTOR'S REPORT	Pages 26 - 27
12.	NOMINATIONS COMMITTEE REPORT	Page 28
13.	AUDIT & RISK COMMITTEE REPORT	Pages 29 - 30
14.	COMMON BOND MAP	Page 31
15.	ADMINISTRATIVE INFORMATION	Page 32



VISION, MISSION & VALUES

VISION



We want to be the first and best choice when it comes to helping people with their money.

Whether you're already a member or someone who wants to join us in the future, we aim to be the best choice for providing financial services. We'll work hard to earn your trust and show you that we can take care of your needs and help you achieve your financial goals.

MISSION



Our Credit Union's mission is to be responsible and caring, not just focused on making money.

We want to show something special called the "credit union difference." This means we will be fair, honest, and creative in how we offer financial products and services to our members. We value our members' opinions and want to work together as a team.

Our goal is to build strong relationships with our members and the community. Because we are owned by our members, we consider their needs first: this helps us stand out against banks and other financial organisations. By being strong financially, we can offer reliable and affordable options to our members. This will help them and the community as a whole to be financially better off. Our main focus is on people, not just profits.



VALUES



At Clockwise, we believe in doing the right things to keep our Credit Union sustainable and successful. Here are the important principles we follow:

Managing our money wisely:

We make smart decisions to ensure that the Credit Union is strong financially. We are careful with our assets and invest our funds responsibly. We also work with partners who share our values to build a stronger community together.

Helping our members with their financial goals:

We treat our members with respect and dignity, giving them trustworthy advice on the best financial options available. Our products and services are tailored to their unique needs and offer great value. We take privacy seriously, ensuring their personal information is protected. We also strive to provide essential financial services to those with lower incomes and marginalized backgrounds.



VALUES

Engaging our members in shaping the credit union:

We value our members' opinions, and we offer multiple channels for them to provide feedback. Whenever they raise concerns, we address them promptly, so they feel heard and valued in the decision-making process.

Creating a positive work environment:

We care about our employees and create a workplace that is diverse, stimulating, and rewarding. By providing strong leadership, resources, and opportunities, we empower our employees to do their best work and reach their full potential.

Being accountable to the community:

We are committed to keeping our promises to the community. We continuously work towards our goals and measure our progress. Through our community grants programme, we provide support to diverse groups in need within the communities we serve. We also share our social impact findings with our members annually.

Supporting the Credit Union community:

We believe in collaboration and cooperation with other Credit Unions. We offer our expertise and help those in need. Additionally, we actively participate in regional and national initiatives to promote financial inclusion and raise awareness about the Credit Union movement.



Thank you so much! I really appreciate being approved. I was so worried about what I was going to do . You guys always seem to help me.

- Kate

CHAIR'S REPORT



It is my pleasure, on behalf of the Board of Directors, to introduce the Annual Report for the year ended 30th September 2023.

It would be fair to say the last year has been challenging on several fronts and we are grateful for those members who continue to choose Clockwise.

The cost-of-living crisis saw members choosing to access their savings to support rising household costs. Loans have not grown at the rate experienced in previous years as members manage personal expenditure and delay the larger item spend.

The merger with New Central Credit union has gone better than expected with above average member growth particularly in new loans. It pleases me that both their Chair, Sue Barton and treasurer Paul Harris have joined and now play a major part on the combined board, with particularly Paul assuming the group Treasurer role.

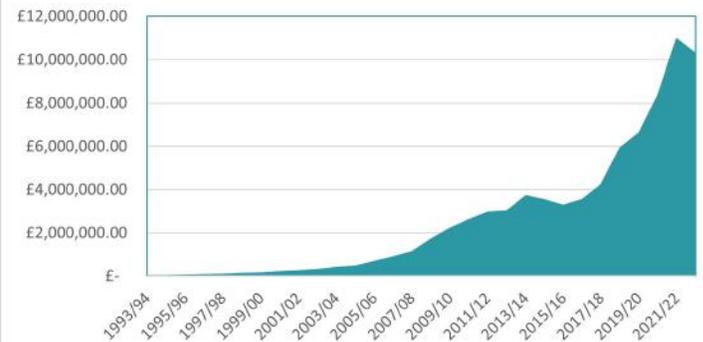
We are in the early stages of the Rugby Credit Union merger, but I can report good progress to date.

Over four years ago the Board accepted the operations team recommendation that rather than buy a propriety computer system, we should build our own. Within budget and within the timescale set, I am pleased to say we have successfully implemented the new core system.

Membership Growth



Members Savings



Total Loans





It brings advantages to members through efficiencies and provides the capacity needed to support our growth ambitions and therefore long-term sustainability.

My thanks go to Simon Foreman and his IT team especially, but all members of staff who supported this initiative.

Last year at the AGM we voted to move from the traditional model of a Supervisory Committee to a new Audit and Risk Committee, which we believe better serves the risk and compliance oversight needed in an organisation growing in complexity and with ever increasing regulatory requirements. More on this on pages 24 and 25. I would like to thank Jeremy Siddall and all who have previously served as Supervisors for their commitment and professionalism, and welcome Mark Bailham as the new Independent Chair of the Audit and Risk Committee.

I became Chair in 2016 having already been on the board as a director and as treasurer (covering for Brian Wilson whilst he pursued his studies) before that. I have decided that this will be my last AGM as Chair and I am working with the Nominations Committee to find a replacement and then I will stand down. I intend to remain as a director.

I want to thank my current and past directors for the support they have given me over those years, a very professional and talented group sharing common values.

Also, the staff many of whom I have seen grow along with Clockwise and now filling senior roles in the organisation, they share the vision and mission of the credit union movement and especially wanting members to have a good experience and a better outcome when managing their financial affairs. Their dedication is why we are a successful credit union with a fantastic reputation within the credit union movement.

Finally, to members, thank you for your support we are only here because of that support.

Paul Mattioli,
Chair

CEO'S REPORT

The last three years have been difficult for Clockwise with first the COVID pandemic and lockdowns, and now the cost-of-living crisis, which continues to impact lives, with many lower income households hardest hit. It is impacting us in a number of ways:

LOANS

We continue to see increases in arrears and bad debt, where members who previously were able to manage to service a loan, are now struggling to maintain repayments. For new members, being able to demonstrate their capacity to repay a loan is becoming more difficult and we are unfortunately having to turn down applicants – though we do try to signpost with appropriate financial help and support. And people are being understandably cautious about borrowing. So, as the graph on Page 9 shows, our loans balances are not growing at rates previously experienced.

SAVINGS

Improving financial resilience is also very much about savings. It is estimated that a quarter of people in the UK have no emergency fund and we have seen members dipping into their savings to supplement household costs. Some with savings are understandably searching for the best rates of interest so during the year we increased our interest rates on ISAs to 3.85%. As you will see on the graph on page 8, for only the second time in our thirty-year history, our total savings balances have reduced in the year. So, in the coming year we will be doing all we can to support members, for those who have no savings to start a savings habit, and to encourage saving members to hold onto their savings with Clockwise.

Last year marked a significant milestone for Clockwise as it emerged as the pioneer Credit Union in the UK to introduce a Current Account & Debit Card. Building on this success, we are delighted to share another groundbreaking development this year – a UK-first for Credit Unions we have introduced Round Up Savings to our members with a Current Account & Visa Debit Card. Every time Members buy something using their Clockwise current account debit card, we will round up the spending to the nearest pound and add the spare change in to a Round Up wallet. For example, if a member buys a coffee for £1.79 we will round it up to £2 and 21p will be added to their savings.



We believe that Round Up Savings will encourage members to get onto the habit of saving.

With easy access to the wallet on the Clockwise App, individuals can conveniently monitor their round-up balance, allowing it to steadily grow or withdraw funds as per their convenience.

STAFFING

We lost some staff to either alternative jobs or new roles within the business and, (in line with many of my colleagues in the credit union sector have struggled to recruit new staff.

This, along with the added workload due to the merger, has put staff under pressure and I want to record my thanks for their hard work and professionalism during challenging times.

However, It is great to see the personal development of some as they move to more senior roles.



Priorities for the coming year: We, the management team at Clockwise, have set ourselves some ambitious goals to achieve the targets approved by the Board, and we have some very challenging plans to deliver. These broadly fall into three categories:

1. To grow the Business. Our 12-month plan looks to increase our membership to 27,170 and gross loan book to £10.2m.
2. To maintain a robust, sustainable, and viable business. We aim to maintain an operating surplus necessary to ensure our sustainability, to meet our key financial ratios, and with a strong and effective governance model.
3. To support our members and the communities we serve. We believe we can make a positive impact in our members and community, helping people improve their financial situation, and playing our part in helping create a strong community.

Notwithstanding these challenges, I believe Clockwise is stable and strong and in a good position to grow and continue to support our members. Our vision is to be **the first and best choice when it comes to helping people with their money**. That vision can only be delivered with the right people, skills, products and quality services and we strive constantly to ensure we have those in place. We achieved some great things in 22-23 and have exciting plans for the coming year which we will share with you.

I would like to record my gratitude to the wonderful and dedicated staff team, for their hard work and enthusiasm, who are a pleasure to work with. And to the Directors, for their vision, direction, and support. To our strategic partners and community supporters, who are invaluable in helping us raise the awareness of how Clockwise can improve financial wellbeing. And finally, to our members, who are at the heart of everything we do.

Teresa Manning
Chief Executive Officer

HIGHLIGHTS FROM 22/23

So now to the better news!

MERGERS

One of the highlights of the year was the merger with Rugby Credit Union, already situated within our common bond. Whilst the actual merger of the two memberships took place a few days after the year end, the bulk of the work and training took place during the last financial year. We are very grateful to the staff, Directors and volunteers in Rugby for their support in making the transition as smooth as possible. Given our experience with New Central Credit Union since our merger with them – 31% growth in membership and 106% in loan growth in the past two years, we are very hopeful of being able to replicate in Rugby. There is still work to be done and the Board agreed to recruit a second Community Development Worker to focus on Coventry and Warwickshire, and recruitment is underway now. So, we welcome Rugby credit Union into the Clockwise family.

TECHNOLOGY

As Paul mentioned, we had an exciting new development this June when we successfully launched our new cloud-native core banking solution. In a first for the UK credit union sector, the new system, known as “Clockwise Core,” has been designed and developed entirely in-house by our own technology team.

The complete platform consists of core banking, CRM, loan origination, decisioning, business intelligence, mobile app, and member portal functionality. It will enable Clockwise to enhance productivity and develop innovative new products and services to help better compete with high-cost lenders and continue offering accessible financial products for individuals within the common bond. We are focused on improving our services including making it easier than ever to join and apply for our products, improvements to our mobile app and adding innovative new features to our current account. We will also be launching our new website soon.



IT Manager Simon Foreman said, “this milestone is the culmination of a huge amount of work over the past 6 years by our small but dedicated team of technology professionals. By choosing not to rely on third party providers we have been able to bring our vision of a Credit Union designed and controlled technology platform to a reality, giving us the freedom to innovate and meet the needs of our members now and into the future. Designed from the start as a multi-tenanted solution, we now look forward to exploring the possibilities to share our technology for the benefit of the Credit Union movement.”

Teresa Manning, CEO commented, "at Clockwise Credit Union, we are dedicated to providing top-tier financial products and services to our members in the local communities of Leicester, Leicestershire, Rutland, Northamptonshire, Coventry, and Warwickshire. The new platform is a crucial step in achieving that goal. We are excited about the benefits this upgrade will bring, and we are confident that our members will feel the positive impact for years to come. We are immensely proud of our talented and hardworking technology team and excited for the future.

SUPPORTING OUR MEMBERS

We know people - both members and non-members - are struggling to cope financially. We have been increasing the number of blogs and Facebook posts aimed at providing support, information and signposting to those who need help. Here are some examples:



Top Tips

Splitting your income in to 3 categories helps you understand where your money is going, where you can make cutbacks, and it can also help you to start building a savings pot to use in emergencies! Do you divide your income in to categories/pots? Let us know your top tips!



Three Suspected Loan Sharks Arrested in Nottinghamshire

A man and two women were arrested on suspicion of illegal money lending after warrants were executed at two homes in Nottinghamshire. The England Illegal Money Lending Team (IMLT) worked in partnership with officers from Nottinghamshire Police to execute the warrants in the Keyworth and Southwell areas on November 14, 2023. *You can read the full story on the Clockwise website News post.*



Leicestershire County Council Multiply Courses

If you're aged 19 and over and don't have maths GCSE at grade C (or equivalent), you can access free numeracy courses through Multiply to build your confidence with numbers. Leicestershire County Council are putting on a range of courses including ways to manage your money & number confidence and family learning & wellbeing. *You can read the full story on the Clockwise website News post.*



SOCIAL IMPACT

We are conscious that much of our engagement with members is electronic and/or automated and we need to listen to our members through surveys, focus groups, interviews etc. We began this process back in 2020 and we are now on our third assessment. We had hoped to have the results for this report, but due to unavoidable issues, there has been a slight delay. You can, however, see some of the feedback we got during our last survey and we will be publishing the latest report soon.

HIGHLIGHTS FROM 22/23



CHRISTMAS HAMPER GIVEAWAY

For many of us, living in the Clockwise common bond area of Leicester, Leicestershire, Rutland, Northamptonshire, Coventry and Warwickshire this Christmas was tougher than most.

That's why, for the second year in a row, we gave out 10 Christmas hampers to members who visited the branch during the week before Christmas.

The staff at Clockwise thoroughly enjoyed giving out the hampers and seeing the reactions of members.

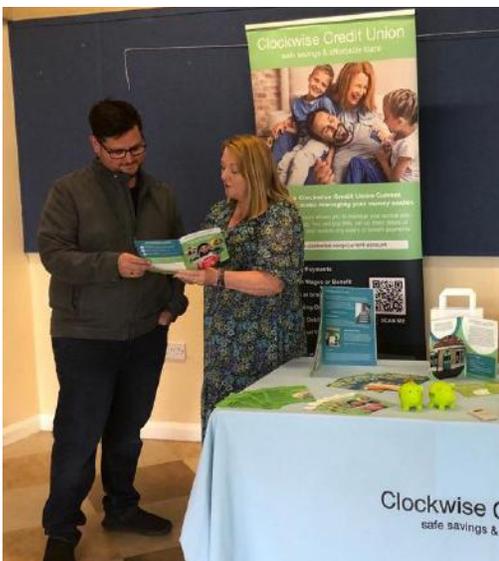


Dave, a Clockwise member said,
"I really appreciate this, especially just before Christmas. The staff at Clockwise are always ready to help, and this hamper is a nice surprise, thank you!"

COMMUNITY OUTREACH

We have been out in the community a lot during 2023, meeting members and signing up new members.

In July we spent a week in various venues around Charnwood talking to the public and signing up new members. We aim to help people take control of their financial future with safe savings, affordable loans and more. As an added incentive, we gave the first 30 new members from the Charnwood area, £10 to put into their savings to help kickstart a savings habit.



We have been all over the common bond during 2023 at various community centres, churches, places of employment and job centres encouraging people to learn more about the Credit Union and become a member.

MEMBER WINS A MASSIVE £5,000, JUST BY SAVING!

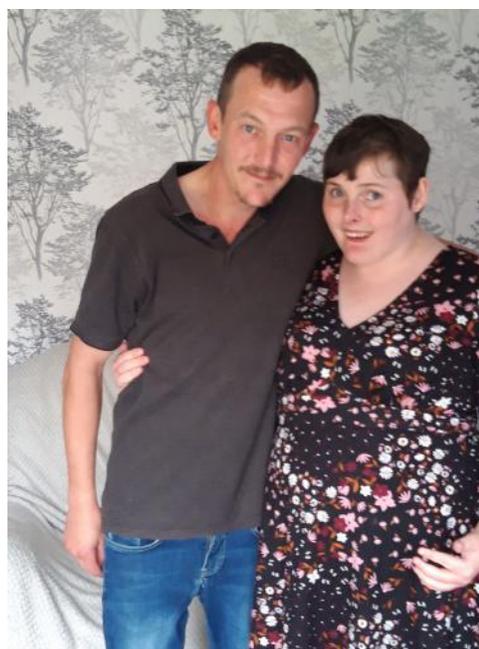
Our PrizeSaver is an instant-access savings account, with a monthly prize draw. The way it works is simple. For every £1 in the account at the end of each month gives one automatic entry into the following month's prize draw.

Entries are from all over the country because Credit Unions throughout the UK pay into the Prize Saver scheme. Working with other Credit Unions allow us to offer much bigger monthly prizes – up to £5000!



Clockwise member, Martin opened a Prize Saver account in the first half of last year to keep some of the savings he had built up using the Payroll Savings Scheme. We were delighted when we found out from Prize Saver HQ that Martin had won the top prize for August 2023!

We were delighted with what Martin said when we contacted him to tell him the good news. It is heartwarming to hear what an impact this prize had on him and his family.



I would like to say a big thank you to Clockwise for giving me the opportunity to open a Prize Saver account. When I had the call to say I had won £5,000, I couldn't believe it, especially as I'd only opened the account a short time ago. I am very delighted as I never win anything.

The money will go towards my sister who has special needs because she is looking for assisted living.

COMMUNITY GRANTS



When you save or borrow with Clockwise your money is invested back into the 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 the group/individual works to serve.

Last year we paid out a total of £4,520 – some of the Community Grant highlights are as follows:

SENSATIONAL VIBES

In July 2023 Clockwise awarded £500 to the Caribbean Centre as they prepared for the Caribbean Carnival.

Kamala from Sensational Vibes is delighted to receive a Clockwise Community Grant especially after other funding has been stopped and said “Thank you Clockwise Credit Union for this generous donation of £500. It will be used for inspiring and developing artistic and creative ability through carnival arts, promoting intergenerational relationships and community cohesion”



Warning ZONE...
LIFE SKILLS CENTRE

WARNING ZONE

In March, Clockwise awarded £500 to Warning Zone – a Leicester-based charity that delivers life-saving messages to children ages 10 – 11 through stimulating and memorable experiences. In their impressive building on Frog Island, Leicester, Warning Zone guides school children through a series of interactive ‘zones’, each relating to a different risk they face. They present these real-life risks for children entering their teenage years delivered in an honest, compassionate and understandable way.

Richard Grudgings of Warning Zone said, “The £500 is a fantastic contribution towards ensuring the continued success of our charity. It also helps to fulfil our remit and ensure that all children in Leicester, Leicestershire and Rutland, have the opportunity to visit Warning Zone when they are in Year 6 and help them to stay safe on and offline.”



Cruse Bereavement Support

CRUSE BEREAVEMENT

In March of 2023, Clockwise awarded £500 to Cruse Bereavement Support, the UK's leading bereavement charity.

Cruses support is delivered by a network of Bereavement Volunteers, who have undertaken professional training to help bereaved people navigate complex feelings associated with loss, develop coping strategies, resilience and learn to identify new support networks, helping bereaved people move towards a more positive future with happy and healthy memories of the person who has died.

The £500 from Clockwise will fund their project to provide 1:2:1 bereavement support to 3 bereaved individuals in the local community.

Dawne from Cruse said "The requests for our services has never been greater and the need to ensure all bereaved people have access to the support they need, at the time they need us is vital. Your donation will enable us to support more bereaved people locally."

GOLDHILL ADVENTURE PLAYGROUND

In April 2023, we awarded £500 to the Foodbank at Goldhill Adventure Playground to help them purchase a much-needed new fridge.



**GOLDHILL
ADVENTURE
PLAYGROUND**



We are proud to be able to contribute to their important work and make a positive impact in our community.

The Foodbank at Goldhill Adventure Playground plays a crucial role in providing essential food assistance to individuals and families facing food insecurity.

ALICE HAWKINS COMMUNITY PROJECTS

In October Clockwise Credit Union was delighted to be able to give £250 to Alice Hawkins Community Projects Foodbank.

Alice Hawkins, a suffragette whose statue is near the Market Place in Leicester city centre, lived just around the corner from the food bank and is a fantastic role model as an activist fighting for people's rights.

BODIE HODGES FOUNDATION

In November, we were thrilled to award Bodie Hodges Foundation £1,000 from our community grant fund. Bodies House is based on Braunstone Lane and offers a safe, welcoming, and therapeutic space for local bereaved families to access bereavement services.



COMMUNITY GRANTS



The need for services is increasing so Bodies House needs to be able to have an equipped base as the charity continues to grow and expand.

Ruth from the Bodie Hodges Foundation said: "Bodies House has been our base for our 1-1 early therapeutic bereavement services since 2021, offering a compassionate and inclusive support network which brings people together. Our support gives families hope and encourages them to rebuild and remember after the death of their child.

Child death is one of the most traumatic things that can happen to a family, and the impact lasts a lifetime. As the demand on our services continues to rise the property has space for us to expand offer to bereaved families offering more workshop led groups as well as drop-in and social activities."

Elaine from Clockwise Credit Union went to meet the Bodie Hodges team in November & present the grant. Elaine said, "Thank you Lucy & the Bodie Hodges Foundation team for sharing with such professionalism and empathy Nick & Donna's story of creating this charity in memory of their much loved son, Bodie.

Nick & and Donna's compassion and resilience to help others on their grief journey and the instant calming well-being ambience on entering Bodie Hodges Foundation Centre are both inspiring and heartwarming, Thank you Lucy & Ruth for reaching out for our support."

We also awarded 5 local foodbanks £250 each at Christmas to help those most affected by the cost of living crisis.



HOW TO APPLY

To apply for the community grant, the group or individual should be based in Leicester, Leicestershire, Rutland, Northamptonshire, Coventry or Warwickshire.

This can be for a whole range of items; for example, a small piece of equipment for a group, food banks, community schemes aimed at under-represented groups, scouts/guides or a youth club or a laptop for a low income student.

Clockwise Credit Union



WHAT MEMBERS HAVE TO SAY

I would recommend the credit Union to as many people as possible. It's the best and safest company I know and I would never use any one else. Thank you!

I've been a member for 14 years. When I first joined I was homeless and unemployed. The Credit Union helped me get somewhere to live. That was a starting point to getting a job and getting myself in a position where I have now been in employment over 11 years with the same company. Fortunately I haven't been in that situation again.

I have saved enough to pay off my debts and now have a little left in my account for any emergencies or even to spoil myself with.

Learnt how to manage my money via the web site. Means I can manage my money easier. Saves me bus fare coming into town. If I have money left over in my bank account at the end of the month I can transfer it over into my Credit Union before I get tempted to spend it.

Clockwise have taught me how to save and keep money whilst able to afford additional things.

Just knowing that Clockwise was at hand made life a lot easier.

Having Clockwise has meant I am able to do things for the children - to have a loan and top ups. It's hard being a single mum and having this definitely has helped massively. Thank you

I experienced having an account I can rely on and it makes things so easy for me. I don't feel so down. I know that I will always be able to get a sense of belonging being a member of Clockwise. I enjoy being appreciated and I feel trustworthy. It makes me want to continue to keep my account for years and also makes me want to tell the world about it. I've told all my family and friends about it .

Always been there in times of need.



TREASURER'S REPORT

2022/23 has been a challenging year for Clockwise and its members. The cost-of-living crisis and increased cost inflation, resulted in a reduction in savings levels, a slowing of lending growth, increased operating costs and increasing bad debts. Members' numbers continued to increase resulting in a 10% increase in loans, a much lower growth rate than prior years. This was due to less loan demand from existing members together with members ability to afford the loan. This increase in loans, generated additional income, which has produced a surplus of £54,516, after setting aside £115,348 for payment of interest to members. Interest to members increased due to rises in interest rates during the year. The surplus is a reduction from last years' result and will be used to increase our revenues, which we hold to meet Bank of England regulations and invest in improvements to member services.

INCOME

Total income of £2.6m is £342,764 higher than last year's income, due to the increase in loans. 93% 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.

EXPENDITURE

Total expenditure of £2.5m is £393,158 higher than the previous year. This is largely due to increasing operational costs and increasing bad debts.

Although our loan book has grown, our level of bad debts, net of recovered debts, has increased faster to 9% of the total loan book. We continue to adopt a sensitive approach to the management of repayment of members' loans and are successful in ensuring that over 94% of all loans are repaid.

BALANCE SHEET

Members loans increased by £858,620 to £8.6m, after provision for doubtful debts. Members savings reduced by £680,411 to £10.3m. As a result, our bank balances reduced by £1.4m.

CAPITAL

Clockwise continues to maintain a healthy level of reserves. The Bank of England 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 2023, Clockwise capital was 15.3% 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 five-year business strategy has been updated and a one-year budget has been agreed by the board for 2023/24. Monthly results are monitored against the budget with corrective action taken where actual results deviate from plan.

Paul Harris
Treasurer

RUGBY OFFICE

As mentioned in both the Chair's Report and 22/23 Highlights, we merged with Rugby Credit Union just after year end 2023.

The office, pictured here, is situated at 12 Albert Street, Rugby CV21 2RS,



INCOME & EXPENDITURE

	2023	2022
	£	£
INCOME		
Interest on Loans	2,477,220	2,125,990
Entrance & Service Fees	35,789	21,905
Bank Interest	34,865	28,506
Bad Debts Recovered	93,586	85,923
Grant Income	11,200	42,180
Other Income	2,860	8,253
	<u>2,655,521</u>	<u>2,312,757</u>
EXPENDITURE		
Employment Costs	877,036	747,068
Property Costs	41,315	57,950
IT & Office Costs	173,591	193,904
Insurance	13,205	27,883
Transaction Processing	117,515	65,879
Depreciation & Amortisation	32,535	23,491
Trade Association Fees	9,771	14,005
Audit Fees	17,660	6,000
Marketing	110,493	66,907
Debt Management	74,705	79,318
Legal & Professional	12,723	2,238
Other Operating Costs	36,618	38,058
Rewarding Borrowers Refund	10,793	38,482
Bad Debts & Provisions	961,866	735,483
	<u>2,489,825</u>	<u>2,096,667</u>
SURPLUS FOR THE YEAR BEFORE TAX	165,695	216,090
Corporation Tax	-6,624	-7,220
	<u>159,071</u>	<u>208,870</u>
Interest on member savings	-104,555	-59,586
SURPLUS FOR THE YEAR	54,516	149,284
	<u>54,516</u>	<u>149,284</u>
NCCU merger transfer of reserves		54,755
TRANSFER TO RETAINED PROFIT	<u>54,516</u>	<u>204,039</u>

BALANCE SHEET

As at 30th September 2023

	2023 £	2022 £
ASSETS		
Bank current & deposit accounts	2,711,483	4,102,766
Intangible assets	386,556	260,131
Loans and advances to members	8,608,666	7,970,028
Tangible assets	361,264	375,108
Sundry debtors	255,596	213,720
TOTAL ASSETS	<u><u>12,323,565</u></u>	<u><u>12,921,753</u></u>
LIABILITIES		
Share accounts	8,397,285	9,201,600
Junior savers	490,447	523,136
ISA accounts	1,402,467	1,245,876
Sundry creditors and deferred income	204,278	176,569
	<u>10,494,477</u>	<u>11,147,181</u>
General Reserve	1,829,088	1,774,572
TOTAL LIABILITIES	<u><u>12,323,565</u></u>	<u><u>12,921,753</u></u>

Approved on behalf of the Board of Directors
21st December 2023

Signed:



Paul Mattioli, Chair



Paul Harris, Treasurer



Brian Wilson, Director

INDEPENDENT AUDITORS' REPORT

OPINION

We have audited the financial statements of Clockwise Credit Union Limited (the 'company') for the year ended 30 September 2023 which comprise the revenue account, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2023 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 directors report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the directors 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. 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF 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.

INDEPENDENT AUDITORS' REPORT

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.

W A Hubbard

Wende Hubbard

**For and on behalf of
Burgis & Bullock
Chartered Accountants
Statutory Auditor**

23-25 Waterloo Place
Leamington Spa
Warwickshire
CV32 5LA

Date: 21st December 2023

DIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 30th 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 & DIVIDENDS

The results for the year are set out on page 19 & 20.

DIRECTORS

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

P Mattioli	
B Wilson	
J Puscynski	(Resigned 20th December 2022)
M Hirst	
K Rose	
R Stephenson	
P Taylor	(Resigned 22nd February 2023)
R Frisby	(23rd March 2023)
J Edwards	
P Harris	
S Barton	
B Carter	(Appointed 23rd August 2023)
J Siddall	(Appointed 23rd August 2023)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.



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

P Harris
Director

B Wilson
Director

Date:
21st December 2023

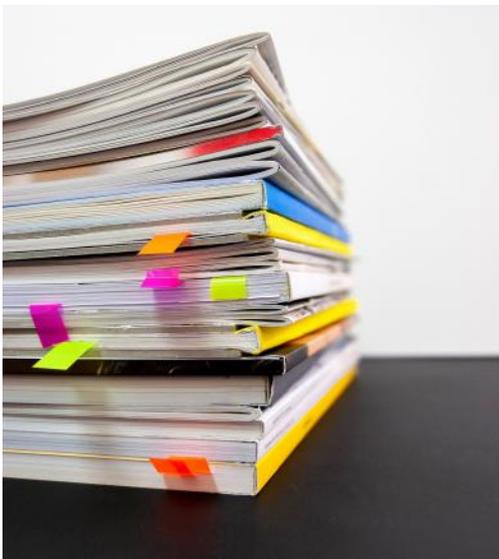
NOMINATIONS COMMITTEE REPORT

At last year's AGM, the Supervisory Committee reported that a Board Effectiveness Review had been conducted by outside consultants, Mutual Governance Limited. In line with one of the main recommendations we sought authority from Clockwise members to replace the Supervisory Committee with a newly constituted Audit and Risk Committee. In preparation for this, representatives of the Nominations and Supervisory Committees conducted a selection process to find a suitably qualified and experienced independent Chair for the new committee. With help from a professional recruitment agency this was successfully completed, and the Audit and Risk Committee started to operate in May. The change also presented a good opportunity to look again at the work of the Nominations Committee, and Jeremy Siddall, who had served on the Supervisory Committee for some years, joined Roy Stephenson as one of the two directors on the Committee alongside our CEO, Teresa Manning.

Since that time, we have put in place new Terms of Reference for the Committee and have been busy reviewing and updating a number of key documents. These include role descriptions for our Chair, Treasurer and directors and a procedure detailing the process for making recommendations for the recruitment and assessment of prospective candidates. In addition, the Board is currently being asked to approve a new policy on equality, diversity and inclusion which will inform our actions as we look to recruit in the future.

The other main activity we have undertaken was to ask our directors to complete evaluations of the effectiveness of themselves and of the Board. The replies have recently been collated and these will be used as we plan what the induction and ongoing training for our directors should look like and, most importantly, as we produce a succession plan for the Board itself. We will also continue to monitor the progress of a succession plan for the senior management team.

Jeremy Siddall
(Chair)



In addition, the Board is currently being asked to approve a new policy on equality, diversity and inclusion which will inform our actions as we look to recruit in the future.



AUDIT & RISK COMMITTEE REPORT

ROLE AND COMPOSITION OF THE AUDIT & RISK COMMITTEE

The Audit & Risk Committee (Committee) superseded the Supervisory Committee in May 2023. The Audit and Risk Committee has delegated authority from the Clockwise Credit Union (Clockwise) Board to carry out specific duties primarily in relation to the support for the Risk function, Internal Audit function, Compliance function and external audits, which is set out in a Terms of Reference approved by the Board. The Committee ensures that its actions are taken in the best interest of members of Clockwise and in compliance with its delegated authority.

The Committee 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. Its activities also include:

- assessing and recommending the appointment/re-appointment at the AGM of the external auditors; and
- confirming any compliance that the Board requires from the Committee for the Annual Statutory Accounts and external audit and Annual Report and to ensure the Accounts and Annual Report are completed signed and submitted in the appropriate regulatory timelines.

At year end, there are four members of the Committee entitled to vote at Committee meetings, two of whom are Directors of Clockwise and the balance of members are independent of Clockwise, including the Chair. The Chief Executive Officer and Compliance Officer regularly attend meetings and the Internal Auditors attend, as requested, to present their work. I would like to thank all members of the Committee and participants for their contribution during the year.

The Chair of the Audit & Risk Committee is invited to all Board meetings and provides regular updates on the work of the Committee to the Board.

ACTIVITIES DURING 2022/2023

During the financial year the Audit & Risk Committee maintained a detailed record of its actions and activities for the year. This includes minutes of its meetings.

The Board and Management have continued to address significant challenges arising from the cost-of-living crisis, whilst maintaining focus and resource on the development and successful rollout of its new core IT system and the merger with Rugby Borough Credit Union, which became effective after the year end.



AUDIT & RISK COMMITTEE REPORT

The Committee focused on and continues to monitor the status of the actions from the 2021/2022 Board Effectiveness Review undertaken by outside consultants, Mutual Governance Limited. One of the recommendations from that review was the establishment of an audit committee, which has now been completed.

The Committee updated the Clockwise Risk Register for both IT and non-IT Risks, which was signed off by the Board shortly after the year end.

Clockwise internal auditors, BM Howarth, conducted two audits during the year, one of which was concluded by year end, titled Loan Journey from Underwriting to Credit Control, Arrears Management and Write Offs. There were no critical findings in the report. The report which was pending completion at year end was Anti-Money Laundering, though the initial findings do not raise any critical issues. The Committee has agreed two internal audit reviews for the year ahead, Consumer Duty (given the introduction of the legislation and its impact on Clockwise) and Management Information.

Burgis & Bullock performed their year-end audit. The Committee reviewed the Audit Findings Report, as well as the proposed financial statements, after the year end when the documents were ready for review.

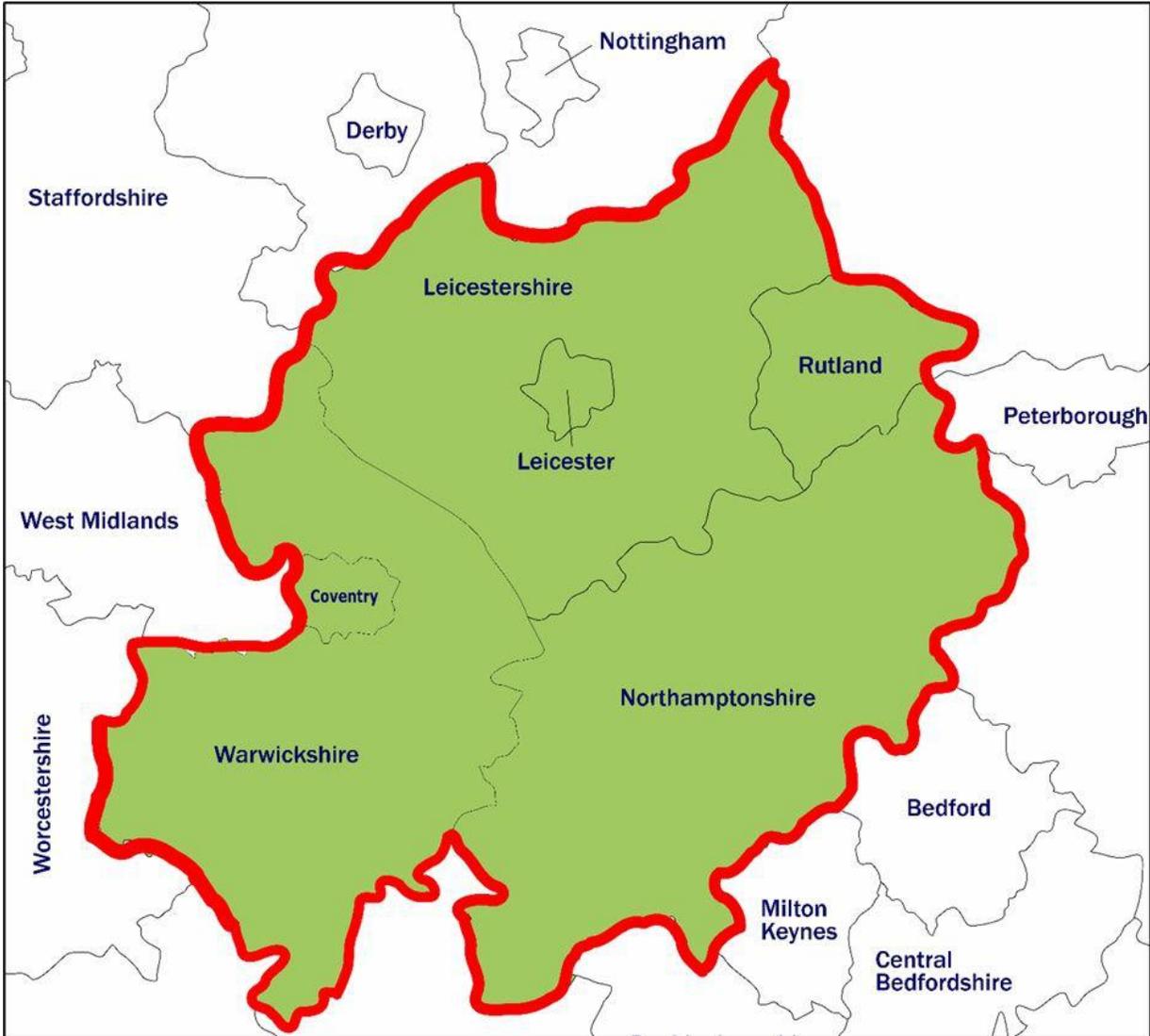
It was pleasing to note that they had expected to provide an unqualified opinion on the financial statements and that they had not identified any significant issues surrounding the judgements and estimates. Burgis & Bullock did raise some areas where they thought that the controls of Clockwise could be further improved. The Committee will provide ongoing monitoring on the management response and status of these recommendations in the year ahead. The Committee provided its positive recommendation to the Board for the signing of the financial statements.

SUMMARY

The Audit & Risk Committee is aware of the very considerable strains that the Board and Management have continued to face this year, a year which has included the cost-of-living crisis, the merger with Rugby Credit Union, a major IT project, the difficulties posed to recruitment by a tightening labour market. Nevertheless, confidence remains high that with their continued energy, focus and commitment, Clockwise continues to be well placed to face the difficulties to come in the year ahead.

Mark Bailham (Chair)

COMMON BOND MAP



CLOCKWISE CREDIT UNION HAS
APPROXIMATELY

23,000 members



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

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0330 175 5792

Website:
www.clockwise.coop

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Warwickshire
CV32 5LA