



**Hull and East Yorkshire
Credit Union Limited**

**Annual Report and
Financial Statements
30 September 2022**

Authorised by the Prudential Regulation Authority
and regulated by the Financial Conduct Authority
and the Prudential Regulation Authority

Registered number 591C

FRN 213620

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Hull and East Yorkshire Credit Union Limited

Credit Union Information

Directors

Aneesa Akbar
Chloe Birr-Pixton
Tony Craggs
Terry Dagnall
Allan Davidson
Joseph Hendon
Alan Hignett
Matthew Kelly
Bill Meadows
Susan Nicholson
Kate Pike
Andrew Stankard

Auditors

Jacksons
First Floor
Albion House
Albion Street
Hull
HU1 3TE

Bankers

The Co-operative Bank PLC

Registered office

38 Brook Street
Kingston upon Hull
HU2 8LA

Registered number

591C FRN 213620

REPORT OF THE DIRECTORS for the year ended 30 September 2022

Fellow Members,

We have pleasure in submitting our Report and the Audited Accounts of the Credit Union for the period ended 30 September 2022.

PRINCIPAL ACTIVITIES

The Credit Union's principal activity during the year continued to be that defined in the Credit Unions Act 1979 and there have been no significant changes in the activities during the year.

GOVERNANCE

Directors and Officers

Directors:	Office held	Possible attendance	Actual attendance	Committees served	Notes <i>E- Elected R -Resigned</i>
Aneesa Akbar		12	4		
Chloe Birr-Pixton	Assistant Secretary	12	7	SP	
Tony Craggs	Treasurer	12	10	AR	
Terry Dagnall		12	9		
Allan Davidson		12	11	AR	
Joseph Hendon	Assistant Treasurer	10	8	AR	<i>E – Dec 2021</i>
Alan Hignett	Vice President	12	12	AR PT SP	
Matthew Kelly		12	4	PT SP	
Bill Meadows	Vice President	12	10	PT SP	
Susan Nicholson		12	9	AR PT	
Kate Pike	Secretary	12	9	AR PT SP	
Andrew Stankard	President	12	9	SP	

Committees: AR – Audit & Risk; PT – Personnel & Training; SP – Succession Planning

We welcomed Joe Hendon to the Board, after his successful election at the virtual AGM held on 7 December 2021. Our first in-person Board meeting for two years took place in the splendid setting of Hull Guildhall in March, followed by two others, one in Grimsby and another back in our Hull boardroom.

Three Year Strategic Review

In view of the changing external environment and to ensure that HEY Credit Union is best placed to benefit from coming legal reforms, your Board decided to undertake an in-depth strategy review. We engaged with Mr Scott Butterfield of *Your CU Partner*, who helped directors to identify four strategic priorities to support future growth. The Senior Leadership Team developed some actions to be rolled out under each priority area.

Our Strategic Priorities:

Sustainable Loan Growth
Deepen Member Relationships
Expand the Ethical Brand
Improve Member Service

Director Training and Development

The annual **Board and Director Evaluation** guides our training plan for the year. **Pre-Board Training sessions** were delivered in-house on *Product and Service Development*, our *Marketing Plan 2022* and *Management Reporting*. Directors also follow learning pathways on the **ABCUL Training Academy**.

Board Committees

Our standing Committees met regularly to oversee key areas of work, reporting back to the Board:

Personnel & Training Committee

Four meetings were held. Staffing policies reviewed and updated included Information Security and Home/Remote Working. A new Flexible Working scheme is under trial, to support the work/life balance of our team while catering effectively for the seasonal peaks and troughs of our annual workload. A review of the pay and grading scheme was also initiated and our accreditation as a Real Living Wage employer renewed.

Audit & Risk Committee

There were four meetings. The findings of TIAA's internal audits on board effectiveness, treasury management, payroll and payments systems and loan compliance were carefully considered along with management's follow up actions. An updated Business Continuity Plan was approved and the Committee tested a range of extreme scenarios and conducted some 'deep dive' reviews of the Risk Register. New and emerging risks studied included cost of living/energy price inflation, taxation changes and cyber threats. The Investment portfolio was regularly reviewed and a new cash forecasting system implemented.

Succession Planning

In May, following an internal selection process, the Board appointed Matthew Stevens to a new role of Chief Operating Officer, responsible for running the business, while the current Chief Executive focuses on governance activities as he prepares for retirement. A new Credit Control and Member Solutions team was appointed, upon the retirement of our Credit Controller.

Affiliations

We continued to be active in our trade body ABCUL, participating in Regional Forums, the Larger Credit Unions Group and the Young Professionals Network. At the ABCUL AGM we successfully proposed a motion on *Financial Education for Young People*. In August we hosted a meeting of the Core Cities Credit Union Group, where operational matters are discussed and good practice shared. We are members of Hull & Humber Chamber of Commerce, enabling us to reach out to employers large and small across the region.

REVIEW OF THE YEAR

Membership

	Total as at 30.9.21	New accounts	Closures	Total as at 30.9.22	% change
Adult Members	13,687	4,599	3,465	14,821	+8.3%
Junior Savers	1,373	63	87	1,349	-1.7%

Savings, Loans and Assets

	2022	2021	% change
Adult Members' Savings deposits	£14,132,070	£13,460,855	+5.0%
Junior Savings deposits	£593,545	£589,965	+0.6%
Average deposits per Adult Member	£953	£983	-3.1%
Average deposits per Junior Saver	£440	£430	+2.3%
Total Members' Loans	£5,480,505	£4,970,402	+10.3%
Average loan per borrowing Member	£1,514	£1,563	-3.1%
Total Assets	£16,436,038	£15,592,473	+5.4%

Key Ratios

Indicator of:	Indicator	2022	2021	Target
Effective financial structure	Capital to Total Assets	9.8%	9.0%	>10%
	Borrowings to Total Assets	0%	0%	0%
	Total Shares to Total Assets	86.0%	86.3%	70-90%
	Net Loans to Total Assets	31.6%	30.2%	>40%
Protection	Bad Debt Written Off to Total Loans	3.9%	4.2%	<10%
	Net Assets to Total Shares and Junior Deposits	110.9%	105.7%	>105%
Asset quality	Arrears (over 3 mths) to Total Loans	4.6%	4.2%	<20%
	Non-earning Assets to Total Assets	9.5%	9.9%	<10%
Returns	Loan income to Average Total Loans	17.3%	16.2%	>6%
Efficiency	Administrative Expenses to Total Assets	5.6%	5.1%	<8%
	Members and Juniors served per FTE Staff	1,043	972	>1,000

Financial Results

The value of loans issued rose by 16% over the year. A noticeable swing to smaller, shorter term borrowing to smooth income fluctuations rather than fund big-ticket items, still produced total loan book growth of a respectable 10%. Members' Savings expansion of 5% was lower than usual as balances built up during the pandemic were drawn upon and cost of living pressures began to bite. Careful management of expenditure

and credit risk combined with improved loan and investment yields to produce an underlying Surplus of £81,959, just £13,063 lower than last year.

Local authority grants totalling £140,000 increased the Surplus (after Tax and Dividends) to £221,959, enabling us to open a Development Reserve and enhance still further our strong balance sheet, with Capital Reserves well above the regulatory minimum for a credit union of our size. We are in good shape to take advantage of opportunities to make even more social impact for the people and communities we serve.

Expansion in North East Lincolnshire

- North East Lincolnshire has been part of our common bond for several years. Your Board identified the need for a staffed branch in **Grimsby town centre** to advertise our presence more effectively and support face to face outreach activity across the community. Our opening within Grimsby Central Library in February meant this ambition was fulfilled.
- Nearly 100 guests, partner organisations and local members attended an **official launch** event held in the Town Hall on 14 June in the presence of the Mayor of North East Lincolnshire. Excellent media coverage was obtained, allowing us to showcase the Credit Union difference far and wide.
- Since January we have run weekly contact points in Freeman Street Market, West Marsh Community Centre and Nunsthorpe Community Shop, giving local people easy access to our friendly services.
- We are most grateful to the people and organisations that helped us to get established, including North East Lincolnshire Council whose £50,000 investment supports our plan for sustainable growth.
- By year-end some 400 members had joined, with savings of £170,000 and a loan book of over £260,000.

Service and product development

- Our Central Office team were thrilled to receive a Customer Service Excellence Award at the **Hull BID Awards** event in February. As a city centre-based business, we sponsored the *Safe City* award category which Alan Hignett, Vice President, presented to David Huggins of Tesco Express.
- Having signed up to Hull's Net Zero campaign, and to coincide with the COP26 event in Glasgow last November, we designed a new **Green Loan** product which members can use for home or lifestyle changes that make a positive impact on our precious environment. Preferential interest rates apply and for each loan granted, we have pledged to donate a tree to the HEYwoods or other local forest.
- In preparation for upcoming reforms, we are collaborating with like-minded credit unions to develop a **Credit Card** proposition and a **Secure Car Finance** offer that will appeal to existing and potential members and support a more diverse approach to lending.

Financial well-being in the workplace

- This year we allocated additional staff time to deepening our relationships with employers across the region, helping them to make the most of our much-valued **Payroll Save and Borrow** staff well-being benefit. There has never been a better time for employers to support their workforce to be good around money, develop financial resilience and avoid falling prey to exploitative lenders.
- Our new **Employers' Brochure**, which explains how easy the scheme is to operate, was launched at a HEY Local Economic Partnership *Workforce Wellbeing* event in July, and emailed to over 3,000 firms by the Chamber of Commerce. The **Money & Pensions Service** has also opened doors for us.
- New payroll partnerships were launched at Wellington Care, Hull & East Yorkshire Mind and Centre4. A £100 reward was paid to a member who successfully referred an employer to us.
- With a new **Money Booster** resource kit, we visited existing partner sites – DWP, ResQ, KWL, NEL Council and the Humber Bridge – to run information and recruitment sessions, as well as liaising with others via Teams events and providing our network of Workplace Champions with e-templates, staff room posters and material for in-house magazines.
- As a result of the additional activity, we signed up 143 new payroll members in six months.

Engaging with partners and communities

- As the cost of living crisis has impacted people, we have been working ever more closely with our **local authority partners** to support residents to increase their resilience and maximise their disposable income. We have taken part in awareness-raising webinars with Hull City Council, provided information and

briefings for staff at East Riding of Yorkshire Council and North East Lincolnshire Council and played an active role in their Financial Inclusion Forums and Networks.

- Funding allocated from the **Stop Loan Sharks Team** enabled us to reward 68 new Christmas Savers and 53 new members at Grimsby with a £25 bonus for saving regularly with us.
- A small grant from Goole Wind Farm project enabled us to equip our weekly contact point at **Two Rivers Community Pantry** with digital equipment to better serve local needy families.
- Through **Humber & Wolds Rural Action** we can provide a line of affordable credit for members of oil buying co-operatives to spread the purchase cost of heating oil over a sensible period.
- We were pleased to be granted a two-year extension of our funding agreement with **Withernsea Big Local**, albeit at a reduced level as we grow the branch towards sustainability. In an area where mainstream services are thin on the ground, we have helped over 250 residents to form a savings habit and provided an ethical alternative to high-cost doorstep lenders.
- Several branches held their own activities to raise funds for causes including Dove House Hospice (Hull), MASH veterans' support group (Bridlington), North Lincs Mind (Scunthorpe) and Ukraine families (Goole). Driffield volunteers created a wonderful Platinum Jubilee display for the Parish Church Flower Festival, while Goole's well-established Christmas Toy Appeal, led by our branch in partnership with local businesses, brought festive joy to 200 families.

Telling our story

- This year we benefited from the first tranche of Marketing support, totalling £14,865, from **Fair4All Finance** as part of their Affordable Credit Scale-up Programme. From April, we considerably increased targeted pay-per-click advertising via Facebook and Google on a 'test and learn' basis. Using analytics we can measure the impact of each monthly campaign, try different messages and approaches to ensure the funds are used effectively. We also entered into a year-long plan with **Trustpilot** to generate higher levels of consumer reviews, which increased by 34%, nearly all at 5-star level.
- The support programme also allowed our marketing provider to introduce some website enhancements, including fast-track buttons to speed the application journey, expanded member testimonials and a **Financial Wellbeing page**, which is brimming with money-boosting tools, educational features, links to lines of support and a handy jargon buster. We have populated it with blogs containing topical themes such as energy saving tips, how to improve your credit score and scam protection.
- **Social media** activity on Facebook, Instagram, Twitter and Linked-In continued to develop and we now have over 3,000 Facebook followers. Staff contributed 'Day in the Life' blogs to relate what working for a credit union means to them, and we have run monthly prize draws and competitions (such as on *International Credit Union Day*) to engage with members. A new **Withernsea Facebook Group** began.
- In addition to our seasonal loan campaigns, we ran specific promotions to increase the uptake of **Flexi Credit** (a much cheaper alternative to bank overdrafts for payroll-based members) with a £10 shopping voucher for each new account holder, and of **Matched Loans**. Both proved very successful. Others included **Back to School** (with *Family Benefit Plan* postcards issued to school uniform retailers) and **Beat the Squeeze**, highlighting our reduced interest rates when other lenders had raised theirs. Promotions were supported with E-News (now issued to 9,000 members), posters, flyers, banners and social media.
- We replenished supplies of HEY Credit Union **branded merchandise** (shopping bags, pens, water bottles and budget planners) to use as give-aways at member recruitment events.
- Top prizes on our monthly **Members' Lottery** were increased from March and ticket sales have steadily risen, enabling the promoters to make a larger donation of £6,000 to support our work.

Our People

- Steve (Credit Controller), Katie and Sheila (Hull Member Services) and Helen (Bridlington) left during the year with our thanks and best wishes. Sheila, our longest-serving employee, had almost 20 years' service. We were deeply saddened at the passing of Tracey (Scunthorpe) after a period of ill health, also Richard, who worked at Central Office from 2006 to 2015. They are greatly missed.
- New colleagues Quinn and Sally (Grimsby) and Maya (Hull) were welcomed into the team.
- Jamie Leigh and David (Hull) were the latest colleagues to earn **ten years' service** certificates.

- Congratulations were extended to Matthew (Withernsea) on graduating from the **CU Futures 2021-22** Programme. We were thrilled when Maya (Hull) was selected to join the 2022-23 programme.
- Sally completed a 60-mile cycle ride in Lincolnshire, raising £1,000 for **Cancer Research UK**.

DIRECTORS' RESPONSIBILITIES

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

Co-operative and Community Benefit Society law requires the directors to prepare financial statements for each financial year. The directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102 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 income and expenditure 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 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.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he/she is aware, there is no relevant audit information of which the Credit Union's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Credit Union's auditor is aware of that information.

APPRECIATION

Despite many difficult challenges posed by depleted staff resources and a turbulent economic climate, we have completed another year stronger than ever. Your Directors would like to thank all our staff, volunteers and partners for working tirelessly to maintain our reputation for high quality service, and you, our members, for your outstanding loyalty. We look forward to further advancement in the year ahead.

This report was approved by the Board of Directors on 1 November 2022 and signed on its behalf.

A STANKARD President

J E SMITH *ACG* Chief Executive

Hull and East Yorkshire Credit Union Limited
INDEPENDENT AUDITOR'S REPORT
to the members of Hull and East Yorkshire Credit Union Limited

Opinion

We have audited the financial statements of Hull and East Yorkshire Credit Union Limited for the year ended 30 September 2022 which comprise the Revenue account, Balance Sheet, Statement of Changes in Members' Funds, Statement of Cash Flows and related notes, 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 the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the credit union's members, as a body, in accordance with the Credit Unions Act 1979. Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the Credit Union and its members as a body, for our audit work, for this report, or for the opinions we have formed.

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 income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

Basis of 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 in relation 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 report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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. In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements is prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; 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.

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.

As part of our planning process:

- We enquired of management the systems and controls the credit union has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the credit union and we determined that the following were most relevant: FRS 102, Credit Unions Act 1979, Co-operative and Community Benefit Societies Act 2014, Health and Safety at Work Act, Employment Law, FCA Handbook.
- We considered the incentives and opportunities that exist in the credit union, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly.
- Using our knowledge of the credit union, together with the discussions held with the credit union at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities, including fraud, and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records. In particular, we tested items that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates. In particular, we considered impairment of loan debtors and valuation of land and buildings.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key revenue lines.
- Performing physical verification of key assets.
- Obtaining third party confirmation of material balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the credit union board minutes and correspondence with regulators.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Mark Jackson BA FCA
(Senior Statutory Auditor)
for and on behalf of
Jacksons
Accountants and Statutory Auditors
1 November 2022

First Floor
Albion House
Albion Street
Hull
HU1 3TE

Hull and East Yorkshire Credit Union Limited

Revenue Account

for the year ended 30 September 2022

	Notes	2022 £	2021 £
Loan interest receivable and similar income	4	1,010,674	859,720
Dividends and interest payments	5	(86,921)	(30,845)
Net interest income		<u>923,753</u>	<u>828,875</u>
Administrative expenses	6	(925,760)	(799,864)
Other operating income	7	244,136	84,794
Operating surplus before taxation	8	<u>242,129</u>	<u>113,805</u>
Tax on surplus on ordinary activities	10	(20,170)	(18,783)
Surplus for the financial year		<u>221,959</u>	<u>95,022</u>

Hull and East Yorkshire Credit Union Limited

Balance Sheet

as at 30 September 2022

	Notes		2022 £	2021
Fixed assets				
Tangible assets	11		575,870	583,494
Current assets				
Debtors	12	5,309,590	4,777,137	
Cash at bank and in hand		<u>10,550,578</u>	<u>10,231,842</u>	
		15,860,168	15,008,979	
Creditors: amounts falling due within one year	17	(100,897)	(148,086)	
Net current assets			<u>15,759,271</u>	<u>14,860,893</u>
Net assets			<u>16,335,141</u>	<u>15,444,387</u>
Financial Liabilities				
Members' shares	18		14,132,070	13,460,855
Junior savings	19		593,545	589,965
			<u>14,725,615</u>	<u>14,050,820</u>
<u>Reserves</u>				
General reserve		1,213,355	1,281,396	
Development reserves		140,000	-	
Dividend reserve		150,000	-	
Revaluation reserve		84,671	84,671	
			<u>1,588,026</u>	<u>1,366,067</u>
Members' funds			<u>16,313,641</u>	<u>15,416,887</u>
Subordinated Loan	23		21,500	27,500
			<u>16,335,141</u>	<u>15,444,387</u>

Approved by the board on 1 November 2022, and signed on its behalf

A. Stankard, President

A. Hignett, Vice President

T. Craggs, Treasurer

Hull and East Yorkshire Credit Union Limited
Statement of Changes in Members' Funds
for the year ended 30 September 2022

	General reserve £	Development reserve £	Dividend reserve £	Revaluation Reserve £	Total £	Members' shares £	Junior savings £	Total £
At 1 October 2020	1,186,374	-	-	84,671	1,271,045	11,931,630	566,866	13,769,541
Surplus for the financial year	95,022	-	-	-	95,022	-	-	95,022
Transfers	-	-	-	-	-	-	-	-
Movement during the financial year	-	-	-	-	-	1,529,225	23,099	1,552,324
At 30 September 2021	1,281,396	-	-	84,671	1,366,067	13,460,855	589,965	15,416,887
At 1 October 2021	1,281,396	-	-	84,671	1,366,067	13,460,855	589,965	15,416,887
Surplus for the financial year	221,959	-	-	-	221,959	-	-	221,959
Transfers	(290,000)	140,000	150,000	-	-	-	-	-
Movement during the financial year	-	-	-	-	-	671,215	3,580	674,795
At 30 September 2022	1,213,355	140,000	150,000	84,671	1,588,026	14,132,070	593,545	16,313,641

Hull and East Yorkshire Credit Union Limited
Statement of Cash Flows
for the year ended 30 September 2022

	2022	2021
	£	£
Operating activities		
Operating (deficit)/surplus	242,129	113,805
Adjustments for:		
Depreciation	38,763	38,864
Impairment losses	28,000	-
	<hr/> 308,892	<hr/> 152,669
Movements in:		
(Increase)/decrease in debtors	(50,350)	112,131
(Decrease)/increase in creditors	(48,576)	764
	<hr/> 209,966	<hr/> 265,564
Changes in operating assets and liabilities		
Cash inflow from members' deposits	19,739,714	18,177,938
Cash outflow from repaid members' deposits	(19,064,919)	(16,625,614)
New loans to members	(4,451,824)	(3,849,324)
Repayment of loans by members	3,941,721	3,304,359
	<hr/> 374,658	<hr/> 1,272,923
Corporation tax paid	(18,783)	(16,994)
	<hr/> 355,875	<hr/> 1,255,929
Cash generated by operating activities	<hr/> 355,875	<hr/> 1,255,929
Investing activities		
Payments to acquire tangible fixed assets	(31,139)	(10,653)
Cash (used in)/generated by investing activities	<hr/> (31,139)	<hr/> (10,653)
Financing activities		
Repayment of subordinated loan	(6,000)	(2,500)
	<hr/> (6,000)	<hr/> (2,500)
Cash generated by financing activities	<hr/> (6,000)	<hr/> (2,500)
Net cash generated		
Cash generated by operating activities	355,875	1,255,229
Cash (used in)/generated by investing activities	(31,139)	(10,653)
Cash generated by financing activities	(6,000)	(2,500)
	<hr/> 318,736	<hr/> 1,242,776
Net cash generated	<hr/> 318,736	<hr/> 1,242,776
Cash and cash equivalents at 1 October	<hr/> 10,231,842	<hr/> 8,989,066
Cash and cash equivalents at 30 September	<hr/> 10,550,578	<hr/> 10,231,842
Cash and cash equivalents comprise:		
Cash at bank	10,550,578	10,231,842

Notes to the Accounts for the year ended 30 September 2022

1 Legal and regulatory framework

Hull and East Yorkshire Credit Union Limited is an organisation established under the Co-operative and Community Benefit Societies Act 2014, whose principal activity is to operate as a credit union, within the meaning of the Credit Unions Act 1979. Hull and East Yorkshire Credit Union has registered with the Financial Conduct Authority and is regulated by the Prudential Regulation Authority under the provisions of the Financial Services and Markets Act 2000.

2 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in compliance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements are prepared on the historical cost basis. Hull and East Yorkshire Credit Union meets the definition of a public benefit entity under FRS 102.

Going concern

The financial statements are prepared on the going concern basis.

Income

Loan interest receivable and similar income: Interest on both loans to members and cash at banks (ie cash and cash equivalents held on deposit with other financial institutions) is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Fees and commissions receivable: Fees and charges either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is completed.

Other income is recognised when the criteria have been performed that enable the credit union to claim the income concerned.

Tangible fixed assets

Tangible fixed assets comprise land and buildings, IT equipment and software and furniture and equipment, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost of each item of tangible fixed assets, less its estimated residual value, on a straight line basis over its estimated useful life. The categories of tangible fixed assets are depreciated using the straight line method as follows:

Buildings	2.0%
IT Equipment and Software	25.0%
Furniture and equipment	15.0%

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand with the Bank of England and loans and advances to banks (ie cash deposited with banks) with maturity of less than or equal to 12 months.

Financial assets - loans and advances to members

Loans to members are financial assets with fixed or determinable payments, and are not quoted in an active market. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest rate method.

Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member.

Impairment of financial assets

Hull and East Yorkshire Credit Union Limited assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

Any impairment losses are recognised in the revenue account.

Members' deposits

Members' shareholdings in Hull and East Yorkshire Credit Union Limited are redeemable and therefore classified as financial liabilities. They are recognised at the amount of cash deposited.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Taxation

The tax charge for the year reflects current tax payable. Current tax is the expected Corporation Tax payable for the year, using tax rates in force for the year. Hull and East Yorkshire Credit Union is not liable to Corporation Tax on its activities of making loans to members as these are not classified as a trade. However, Corporation Tax is payable on investment income.

Employee benefits

Short and long term employee benefits are recognised as an expense over the period they are earned.

Reserves

Reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members.

Provisions

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Leased assets

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pensions

Contributions to defined contribution plans are charged in the period to which they relate.

3 Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying Hull and East Yorkshire Credit Union's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below.

Impairment losses on loans to members

Hull and East Yorkshire Credit Union Limited reviews arrears reports to identify impairment losses on loans to members.

4	Loan interest receivable and similar income	2022	2021
		£	£
	Interest receivable on loans to members	904,514	760,862
	Interest on loans to other credit unions	-	-
	Bank interest receivable on cash and liquid deposits	106,160	98,858
		<hr/>	<hr/>
		1,010,674	859,720

Unless otherwise stated the income of the credit union is derived from the area within its common bond.

5 Dividend payable

The dividend is formally proposed by the Directors after the year end and is confirmed at the following AGM. As a result it does not represent a liability at the balance sheet date.

	2022	2021
	£	£
<i>Dividends and Interest paid during the year</i>		
Dividends paid to Members	82,726	29,239
Dividends paid on Junior Savings	3,844	1,461
Interest paid on Subordinated Loan	351	145
	<hr/>	<hr/>
	86,921	30,845

6	Administrative expenses	2022	2021
		£	£
	Personnel costs	449,897	404,227
	Training and development	2,941	2,579
	Members' Death Benefits Scheme	1,556	801
	Printing, stationery, postage and advertising	44,797	31,939
	IT and Communications	44,757	41,012
	Governance, Legal and Regulatory costs	16,988	14,469
	Credit referencing and other costs	45,563	19,717
	Premises and Accommodation	50,334	42,357
	Fidelity and General Insurance	8,306	7,076
	Subscriptions and levies	11,759	11,083
	Depreciation of tangible owned fixed assets	38,763	38,864
	Banking and Finance costs	19,379	16,762
	Internal and External Audit charges	9,876	11,040
	Bad debts - Charged in the year	180,844	157,938
		<hr/>	<hr/>
		925,760	799,864

7	Other operating income	2022	2021
		£	£
	Membership fees	17,572	10,079
	Income from service agreements	47,596	59,732
	Grants and sponsorships	167,791	5,500
	Insurance commission	784	855
	Sundry income	10,393	8,628
		<hr/>	<hr/>
		244,136	84,794

8	Operating surplus before taxation		2022	2021
	This is stated after charging:		£	£
	Depreciation of owned fixed assets		38,763	38,864
	Auditors' remuneration for audit services		3,600	3,600
			<hr/>	<hr/>
9	Staff costs		2022	2021
			£	£
	Wages and salaries		401,699	368,212
	National insurance costs		24,994	16,647
	Other pension costs		15,616	15,534
	Other staff expenses		7,588	3,834
			<hr/>	<hr/>
			449,897	404,227
			<hr/>	<hr/>
	Average number of employees during the year		2022	2021
	Administration		20	21
			<hr/>	<hr/>
10	Taxation		2022	2021
	Analysis of charge in period		£	£
	Current tax:			
	UK Corporation Tax on invested income for the period		20,170	18,783
			<hr/>	<hr/>
11	Tangible fixed assets			
		Land and Buildings	IT Equipment and Software	Furniture and Equipment
		<i>At cost</i>	<i>At cost</i>	<i>At cost</i>
	Cost or valuation	£	£	£
	At 1 October 2021	535,809	257,010	240,593
	Additions	-	13,436	17,703
	Revaluation Deficit	-	-	-
	At 30 September 2022	<hr/>	<hr/>	<hr/>
		535,809	270,446	258,296
		<hr/>	<hr/>	<hr/>
	Depreciation			
	At 1 October 2021	60,318	212,711	176,889
	Charge for the year	4,511	21,033	13,219
	At 30 September 2022	<hr/>	<hr/>	<hr/>
		64,829	233,744	190,108
		<hr/>	<hr/>	<hr/>
	Carrying amount			
	At 30 September 2022	470,980	36,702	68,188
	At 30 September 2021	<hr/>	<hr/>	<hr/>
		475,491	44,299	63,704
		<hr/>	<hr/>	<hr/>
12	Debtors		2022	2021
			£	£
	Loan debtors		5,480,505	4,970,402
	Impairment losses on groups of loan debtors		(284,000)	(256,000)
	Prepayments and accrued income		113,085	62,735
			<hr/>	<hr/>
			5,309,590	4,777,137
			<hr/>	<hr/>
13	Loans and advances to members		2022	2021
			£	£
	As at 1 October		4,970,402	4,425,437
	Advanced during the year		4,451,824	3,849,324
	Repaid during the year		(3,941,721)	(3,304,359)
			<hr/>	<hr/>
			5,480,505	4,970,402
			<hr/>	<hr/>

14 Credit risk disclosures

Hull and East Yorkshire Credit Union Limited does not offer mortgages and all loans are unsecured, except for some restrictions on the extent to which borrowers may withdraw savings while loans are outstanding. The carrying amount of the loans to members represents Hull and East Yorkshire Credit Union's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2022	2021
	£	£
Not impaired:		
Neither past due nor impaired	4,891,802	4,445,498
Up to 3 months past due	<u>233,597</u>	<u>212,126</u>
	5,125,399	4,657,624
Individually impaired:		
Between 3 and 6 months past due	63,154	63,279
Between 6 months and over 1 year past due	<u>291,952</u>	<u>249,499</u>
	5,480,505	4,970,402
Impairment allowance	(284,000)	(256,000)
	<u>5,196,505</u>	<u>4,714,402</u>
15 Allowance account for impairment losses	2022	2021
	£	£
As at 1 October	256,000	256,000
Allowances increased/(reversed) during the year	<u>28,000</u>	<u>-</u>
As at 30 September	284,000	256,000
16 Impairment losses recognised for the year	2022	2021
	£	£
Impairment of individual financial assets	152,844	157,938
Increase in impairment allowances during the year	<u>28,000</u>	<u>-</u>
	180,844	157,938
17 Creditors: amounts falling due within one year	2022	2021
	£	£
Corporation tax	20,170	18,783
Other creditors	25,629	23,725
Provision for Housing loans	<u>55,098</u>	<u>105,578</u>
	100,897	148,086
18 Members' deposits	2022	2021
	£	£
As at 1 October	13,460,855	11,931,630
Received during the year	19,736,134	18,154,839
Repaid during the year	<u>(19,064,919)</u>	<u>(16,625,614)</u>
As at 30 September	14,132,070	13,460,855
19 Junior savings	2022	2021
	£	£
As at 1 October	589,965	566,866
Movement during the year	<u>3,580</u>	<u>23,099</u>
As at 30 September	593,545	589,965

20 Additional financial instruments disclosures

Financial risk management

Hull and East Yorkshire Credit Union manages its members' deposits and loans to members so that it earns income from the margin between interest receivable and interest payable.

The main financial risks arising from Hull and East Yorkshire Credit Union's activities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Hull and East Yorkshire Credit Union, resulting in financial loss to Hull and East Yorkshire Credit Union. In order to manage this risk the Board approves Hull and East Yorkshire Credit Union's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Liquidity risk: Hull and East Yorkshire Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of Hull and East Yorkshire Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

Market risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. Hull and East Yorkshire Credit Union conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore Hull and East Yorkshire Credit Union is not exposed to any form of currency risk or other price risk.

Interest rate risk: Hull and East Yorkshire Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a credit union's operations. Hull and East Yorkshire Credit Union considers rates of interest receivable when deciding on the dividend rate payable on members' deposits. Hull and East Yorkshire Credit Union does not use interest rate options to hedge its own positions.

Liquidity risk disclosures

Excluding short-term other payables, as noted in the balance sheet, Hull and East Yorkshire Credit Union's financial liabilities are mainly repayable on demand.

Fair value of financial instruments

Hull and East Yorkshire Credit Union does not hold any financial instruments at fair value.

21 Cash and cash equivalents	2022	2021
	£	£
Cash and balances with the Bank of England	81,520	77,814
Loans and advances to banks	10,469,058	10,154,028
	<u>10,550,578</u>	<u>10,231,842</u>
Less: amounts maturing after three months	(8,643,418)	(7,659,251)
	<u>1,907,160</u>	<u>2,572,591</u>

22 Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	Land and buildings 2022	Land and buildings 2021
	£	£
Falling due:		
within one year	12,200	12,200
within two to five years	2,333	26,700
in over five years	-	-
Total	<u>14,533</u>	<u>38,900</u>

23 Subordinated Loan

On 26 April 2019 Hull and East Yorkshire Credit Union received an evergreen loan from Local Trust (in respect of the Withernsea Big Local Partnership). This loan is subordinate to the interests of all other creditors, including members and junior depositors. It is for an initial 7-year period, extendable at the discretion of Local Trust, and interest is payable at the higher rate of (a) 0.75% or (b) 0.75% above the current members' dividend rate.

24 Events after the reporting date

There are no material events after the balance sheet date to disclose.

25 Contingent liabilities

Hull and East Yorkshire Credit Union participates in the Financial Services Compensation Scheme (FSCS) and therefore has a contingent liability, which cannot be quantified, in respect of contributions to the FSCS, as required by the Financial Services and Markets Act 2000.

26 Related party transactions

During the year, 12 members of the Board, employees and their close family members (2021: 12 members) had loans with Hull and East Yorkshire Credit Union. These loans were approved on the same basis as loans to other members of Hull and East Yorkshire Credit Union. None of the directors, or their close family members, have preferential terms on their loans.

27 Presentation currency

The financial statements are presented in Sterling.

28 Legal form of entity and country of incorporation

Hull and East Yorkshire Credit Union Limited is a Co-operative and Community Benefit Society authorised by the Prudential Regulation Authority (FRN 213620).

29 Principal place of business

The address of the principal place of business and registered office is:

38 Brook Street
Kingston upon Hull
HU2 8LA

