



**Hull and East Yorkshire
Credit Union Limited**

Annual Report and Financial Statements 30 September 2024

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

Chloe Birr-Pixton

Tony Craggs

Terry Dagnall

Allan Davidson

Joseph Hendon

Alan Hignett

Ken McCall

Bill Meadows

Helena Moss

Kate Pike

Andrew Stankard

Theresa Vaughan

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 2024

Fellow Members,

We have pleasure in submitting our Report and the Audited Accounts of the Credit Union for the period ended 30 September 2024.

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>
Chloe Birr-Pixton	Assistant Secretary	12	4	AR	
Tony Craggs	Treasurer	12	10	AR	
Terry Dagnall		12	10		
Allan Davidson		12	11	AR	
Joseph Hendon	Vice-President	12	11	GP	
Alan Hignett	Secretary	12	12	GP	
Matthew Kelly		2	0		<i>R – Dec 2023</i>
Ken McCall		12	9	AR	
Bill Meadows	Vice President	12	9	GP	
Helena Moss		10	7		<i>E – Dec 2023</i>
Susan Nicholson		2	2		<i>R – Dec 2023</i>
Kate Pike		12	7		
Andrew Stankard	President	12	8		
Theresa Vaughan		10	8	GP	<i>E – Dec 2023</i>

Committees: AR – Audit & Risk; GP – General Purposes

The Board meetings in December and May were held in person, while the other 10 were online. We thanked Matt Kelly and Sue Nicholson (who served on the Board for 12 years) for their services, and welcomed new directors Helena Moss and Theresa Vaughan.

Director Training and Development

Your Board has policies and training plans in place to ensure that the Directors have the skills and experience necessary to oversee the operations of a credit union of our size. This year's **Board and Director Evaluation** moved to the new 1872 Culture Temperature Check format, its findings being used to develop the training plan. In-house **Training sessions** included *Making Sense of our Financial Accounts, 1872 Culture Temperature Checks* and *The FCA Consumer Duty*.

Strategic Planning

Each year your Board reviews progress with the three-year Business Plan and discusses in detail future plans and prospects at a Strategic Planning Event. This is held in the Spring in various parts of our common bond and is an opportunity for the directors to meet face to face. This year's event explored a potential Community Development Model and opportunities to deliver our services in new areas, all aligned to our four strategic priorities.

Our Four Strategic Priorities:

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

Board Committees

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

Audit & Risk Committee – 3 meetings

Our internal auditors, TIAA, conducted reviews of Bad Debt and Arrears Control, Consumer Duty and Lending Compliance. The overall assessment in each case was 'Substantial Assurance'. As well as discussing management follow up, the Committee regularly reviewed new and emerging risks including Liquidity and Interest Rates, two financial risks where the external environment had become more challenging. We successfully diversified our Investment Portfolio to comply with new PRA Rules on funds concentration. Continual cash flow monitoring ensured that we had sufficient funds for the peak Christmas season.

General Purposes Committee – 2 meetings

The Personnel & Training Committee was replaced by this Committee in February, with a wider remit, to which the Board could delegate specific tasks as they arose and receive recommendations back. One of its first tasks was to devise a new equitable pay and grading structure to maintain our commitment to the Real Living Wage, attract new recruits and retain the collective talent needed to deliver our ambitious business plans.

Succession Planning

As our current President completes his maximum term of office in December 2024, preparations for a successor were approved in March, involving the early selection of a President-Elect and a longer handover period, to enable a smooth transition in this key role when the time comes.

Governance

The AGM in December approved a minor change to Rule 3 to incorporate legal reforms, paving the way for new products to enable us to compete more effectively in a changing world. A £10 donation was made to local community groups for every member attending. During the year the Board has responded constructively to several consultations from the PRA and FCA, approved new Standing Orders for meetings and streamlined the way Board packs are issued.

REVIEW OF THE YEAR

Membership

	Total as at 30.9.23	New accounts	De-listed	Total as at 30.9.24	% change
Adult Members	16,315	4,735	3,853	17,197	+5.4%
Junior Savers	1,253	77	97	1,233	-1.6%

Savings, Loans and Assets

	2024	2023	% change
Adult Members' Savings deposits	£13,693,390	£13,778,606	-0.6%
Junior Savings deposits	£661,709	£612,916	+8.0%
Average deposits per Adult Member	£796	£845	-5.8%
Average deposits per Junior Saver	£537	£489	+9.8%
Total Members' Loans	£8,143,764	£6,834,271	+19.2%
Average loan per borrowing Member	£1,699	£1,573	+8.0%
Total Assets	£16,144,029	£16,460,552	-1.9%

Key Ratios

Indicator of:	Indicator	2024	2023	Target
Effective financial structure	Capital to Total Assets	10.6%	10.4%	>10%
	Borrowings to Total Assets	0%	1.5%	0%
	Total Shares to Total Assets	84.8%	84.2%	70-90%
	Net Loans to Total Assets	46.4%	39.1%	>45%
Protection	Bad Debt Written Off to Total Loans	2.0%	1.9%	<10%
	Net Assets to Total Shares and Junior Deposits	111.9%	111.9%	>105%
Asset quality	Arrears (over 3 mths) to Total Loans	7.3%	5.7%	<20%
	Non-earning Assets to Total Assets	6.1%	6.7%	<10%
Returns	Loan income to Average Total Loans	16.0%	17.2%	>6%
Efficiency	Administrative Expenses to Total Assets	7.9%	6.6%	<8%
	Members and Juniors served per FTE Staff	1,075	1,040	>1,000

Financial Results

Financially this has been a mixed year. Overall Operating Income rose by 13%, supported by ongoing Loan book growth which pushed earnings up by 13% (despite not raising our lending rates), and 16% higher earnings on our Investment portfolio. We also benefited from a 96% increase in Other Operating Income.

However, Personnel Costs grew by 13% (slightly over budget) due to pay line realignment. Tax Liability was up by 28% (based on investment returns) while Bad debt costs rose by 50%. Partly this reflected the first full year of our new Provisioning Policy but some losses resulted from increased IVA/DRO activity, some of which was fuelled by pressure-selling by insolvency firms, and sadly was not always in our members' best interests due to the high fees levied. Other expenses were up 6%, as inflationary pressure eased after two turbulent years. Overall Expenditure was therefore 18% higher.

The net result is a much lower **Surplus** (after Tax and Dividends) of £4,818 (2023: £116,273).

In 2023 we noted that **Members' Savings** had reduced year-on-year, for the first time ever, as members struggled to save during the cost of living crisis. We are pleased that this trend is now reversing and recent weeks have recorded an overall increase, led by Corporate Accounts (+21%) and our popular Christmas Saver (+10%).

With a Capital to Assets Ratio of 10.6%, your **Capital Reserves** remain well above the regulatory minimum for a credit union of our size, and are entirely funded, without any external loans. This is an excellent position to be in at the close of our first quarter century.

Sustainable Loan Growth

This means being able to expand our loan book, year by year, by providing the best possible outcomes for our ever-growing membership, meeting their borrowing needs affordably and responsibly, while managing the risks effectively so as to remain sustainable. We continue to progress this priority.

Our Loan book grew by £1.3 million to £8.1 million (+19%), surpassing our target for the year. We also issued a new record 7,372 loans. The acceptance rate increased slightly too. With many members still impacted by cost of living issues, we have been able to provide vital support, often with smaller loans than banks typically provide, and at rates many times lower than available alternatives in this sector. Our new **School Uniform Loan**, launched in May, proved a lifeline for 584 families to whom we lent £186,455. In partnership with NEL Council, we utilised funding available via the Household Support Fund to generate £233,845 of extra lending to support 314 families struggling to obtain credit from reputable lenders in the Grimsby area.

We continue to pursue new opportunities. Following a visit to Ireland in October to learn about their highly successful **Cultivate agricultural lending** scheme, we are working towards launching a similar scheme tailored to meeting the needs of the 10,000+ farming businesses in our region.

Payroll partnership development

Efforts to engage with employers to promote our **Payroll Save & Borrow** staff well-being benefit are paying off, as we have enrolled more partners than ever before. University of Hull, Sewell Group (one of the *Sunday Times*' best places to work), VISR Dynamics, Ideal/Groupe Atlantic, Bradbury Group, Image Data, Turner Price and Linkage Trust all joined in 2024. We made workplace visits to all new sites as well as those of many established partners.

£25 starter bonuses were earned by 282 new members saving via payroll and the total new members recruited through the scheme in 2024 was 348 (an increase of 18.4% on 2023's total.)

Deepening Member Relationships

This priority focuses on better serving members with a range of products suited to their needs at all stages of their life, encouraging life-long loyalty and a willingness to recommend us to their family and friends.

We used **E-News** in alternate months to contact over 11,000 members with email accounts, updating them with news and offers, inviting feedback and encouraging them to try additional services.

Our **Members' Lottery** is steadily growing its ticket sales. This year the promoters were able to award £10,000 in prizes and donate £7,000 to support our financial wellbeing work.

In partnership with the **Stop Loan Sharks Team**, we awarded **£25 bonuses** to 245 members who opened a Christmas Saver account (up from 172 in 2023) and a further 94 who joined and met the savings criteria at our newest branches. Feedback shows that many of these had never considered saving regularly before.

Expanding the Ethical Brand

Here the aim is to communicate our purpose and ethics, establish community partnerships and demonstrate social impact.

Celebrating our **Silver Anniversary** was our big focus during 2024. We invited members to share ideas for this significant milestone. New logos were designed, we held 25 Member Prize Draws (with £25 prizes), and marked 'founders day' (10 June) with branded biscuit treats in branch. A glossy **Historical Brochure** recorded, in words and pictures, key events and all who have been part of our HEYCU family. We issued media releases about our story, which received extensive coverage in numerous local and regional titles. We will close with a Celebratory Event in Hull Guildhall (our birthplace) on 8th November.

We have become 'back of shirt' sponsors for all **First Touch youth football** teams in the 2023-4 and 2024-5 seasons. First Touch offer quality coaching and football experience for hundreds of junior players. We also sponsor the **Skirlaugh Bulls** girls' rugby team.

All 16 MPs in our region were written to after the General Election to outline our social purpose and invite them to visit their local branch. We added new blogs to our **Financial Wellbeing** web page, highlighted the pitfalls of *Buy Now Pay Later* schemes, and launched new product-based videos.

Our branch teams reach out to their communities, taking part in events such as *Ongo Carnival* (Scunthorpe); *Christmas Tree Festivals* (Bridlington and Drifffield) and *Family Days*; visiting Children's Centres, Ward Forums (Hull), Community Hubs, Libraries and Job Centres (Grimsby); and co-ordinating a *Christmas Toy Appeal* (Goole). Our friendly presence helps to spread the word and instils trust and confidence in our services.

Improving the Member Experience

This priority is about continually finding new and better ways to serve our members, with simple to use services accessed easily whether online or in branch.

We signed up with 1872 Performance Metrics to launch a new style Member Feedback Survey called the **Culture Temperature Check**. Members were asked 18 questions to score our service performance. In the first survey, our overall score was Strongly Agree (with 98% of members saying, for example, they Agree or Strongly Agree that we are good at responding to enquiries). Our results were in the top 5 of credit unions conducting this type of survey. While all replies are anonymous, we used our website to respond to any general comments raised. We will be repeating the Surveys periodically, and looking at ways to steadily increase response levels, so that they become a vital tool aiding the work of our leadership team.

Alan Hignett, the Board's **Consumer Duty Champion** presented his first annual assessment, as required by the FCA, of how well the Credit Union had delivered good outcomes for its member-customers in the 12 months to 31 July 2024. The report shows that our purpose and culture align perfectly with the aims of the Consumer Duty and sets out improvements in the way we communicate product information, including a new 'suitability tab' on the web pages, enabling members to self-assess whether a product is likely to meet their needs, and simplified T&Cs. It also explains how we respond to feedback, positive and otherwise.

During the year, **Hull branch** banking hall had a mini-refit, enhancing privacy for loan applicants, **Scunthorpe branch** extended its opening times, and the technology kit at **Drifffield branch** was upgraded to better support the team providing personal service at the counter.

Our People

During the year Cathiana (Hull) and Rasa (Scunthorpe) became part of Team HEYCU. **Ten Year Service Certificates** were presented to Debs (Drifffield Branch Leader) and Sarah (Bridlington Branch Leader / Payroll Officer) with our congratulations.

In May, with deep sadness we learnt that Malcolm (Withernsea Branch Leader) had passed away. He is much missed by colleagues at Shores and members visiting the branch.

Several colleagues undertook **First Aid in the Workplace** training courses and in September Maya (Hull Branch Leader) completed a **DE Europe** residential course in Edinburgh arranged by the CU Foundation.

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.

Compliance statement

The Prudential Regulation Authority rulebook requires the Board to report to members at each AGM on certain areas of compliance. We are pleased to report that during the year the Credit Union has fully complied with:

- the applicable Depositor Protection Rules;
- PRA Credit Union Rule 2.10 (fidelity bond insurance requirements); and
- the requirements for compliance under the PRA "additional activities".

APPRECIATION

While this Anniversary year has brought its challenges, your Directors feel that much progress has been made and we continue to deliver good outcomes for our members and a positive impact in the communities served. We thank all our staff, volunteers and partners for their valued contribution, and you, our members, for your unfailing loyalty.

This report was approved by the Board of Directors on 5 November 2024 and signed on its behalf.

A STANKARD President

M STEVENS Chief Executive Officer

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 2024 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 2024 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
10 December 2024

First Floor
Albion House
Albion Street
Hull
HU1 3TE

Hull and East Yorkshire Credit Union Limited

Revenue Account

for the year ended 30 September 2024

	Notes	2024 £	2023 £
Loan interest receivable and similar income	4	1,462,117	1,294,132
Dividends and interest payments	5	(287,815)	(135,673)
Net interest income		<u>1,174,302</u>	<u>1,158,459</u>
Administrative expenses	6	(1,280,111)	(1,080,503)
Other operating income	7	177,352	90,238
Operating surplus before taxation	8	<u>71,543</u>	<u>168,194</u>
Tax on surplus on ordinary activities	10	(66,725)	(51,921)
Surplus for the financial year		<u>4,818</u>	<u>116,273</u>

Hull and East Yorkshire Credit Union Limited

Balance Sheet

as at 30 September 2024

	Notes		2024 £	2023
Fixed assets				
Tangible assets	11		556,351	579,177
Current assets				
Debtors	12	7,631,622	6,550,987	
Cash at bank and in hand		<u>7,956,056</u>	<u>9,330,388</u>	
		15,587,678	15,881,375	
Creditors: amounts falling due within one year	17	(79,813)	(364,731)	
Net current assets			<u>15,507,865</u>	<u>15,516,644</u>
Net assets			<u>16,064,216</u>	<u>16,095,821</u>
Financial Liabilities				
Members' shares	18		13,693,390	13,778,606
Junior savings	19		661,709	612,916
			<u>14,355,099</u>	<u>14,391,522</u>
Reserves				
General reserve		1,174,446	1,269,628	
Development reserves		250,000	150,000	
Dividend reserve		200,000	200,000	
Revaluation reserve		84,671	84,671	
			<u>1,709,117</u>	<u>1,704,299</u>
Members' funds			<u>16,064,216</u>	<u>16,095,821</u>

Approved by the board on 5 November 2024, and signed on its behalf

A. Stankard, President

J. Hendon, Joint Vice President

T. Craggs, Treasurer

Hull and East Yorkshire Credit Union Limited
Statement of Changes in Members' Funds
for the year ended 30 September 2024

	General reserve £	Development reserve £	Dividend reserve £	Revaluation Reserve £	Total £	Members' shares £	Junior savings £	Total £
At 1 October 2022	1,213,355	140,000	150,000	84,671	1,588,026	14,132,070	593,545	16,313,641
Surplus for the financial year	116,273	-	-	-	116,273	-	-	116,273
Transfers	(60,000)	10,000	50,000	-	-	-	-	-
Movement during the financial year	-	-	-	-	-	(353,464)	19,371	(334,093)
At 30 September 2023	<u>1,269,628</u>	<u>150,000</u>	<u>200,000</u>	<u>84,671</u>	<u>1,704,299</u>	<u>13,778,606</u>	<u>612,916</u>	<u>16,095,821</u>
At 1 October 2023	1,269,628	150,000	200,000	84,671	1,704,299	13,778,606	612,916	16,095,821
Surplus for the financial year	4,818	-	-	-	4,818	-	-	4,818
Transfers	(100,000)	100,000	-	-	-	-	-	-
Movement during the financial year	-	-	-	-	-	(85,216)	48,793	(36,423)
At 30 September 2024	<u>1,174,446</u>	<u>250,000</u>	<u>200,000</u>	<u>84,671</u>	<u>1,709,117</u>	<u>13,693,390</u>	<u>661,709</u>	<u>16,064,216</u>

Hull and East Yorkshire Credit Union Limited
Statement of Cash Flows
for the year ended 30 September 2024

	2024	2023
	£	£
Operating activities		
Operating (deficit)/surplus	71,543	168,194
Adjustments for:		
Depreciation	41,324	40,565
Impairment losses	225,000	151,000
	<u>337,867</u>	<u>359,759</u>
Movements in:		
(Increase)/decrease in debtors	3,858	(38,631)
(Decrease)/increase in creditors	(299,722)	232,083
	<u>42,003</u>	<u>553,211</u>
Changes in operating assets and liabilities		
Cash inflow from members' deposits	22,225,948	20,832,695
Cash outflow from repaid members' deposits	(22,262,371)	(21,166,788)
New loans to members	(6,001,531)	(5,510,298)
Repayment of loans by members	4,692,038	4,156,532
	<u>(1,303,913)</u>	<u>(1,134,648)</u>
Corporation tax paid	(51,921)	(20,170)
Cash generated by operating activities	<u>(1,355,834)</u>	<u>(1,154,818)</u>
Investing activities		
Payments to acquire tangible fixed assets	(18,498)	(43,872)
Cash (used in)/generated by investing activities	<u>(18,498)</u>	<u>(43,872)</u>
Financing activities		
Repayment of subordinated loan	-	(21,500)
Cash generated by financing activities	<u>-</u>	<u>(21,500)</u>
Net cash generated		
Cash generated by operating activities	(1,355,834)	(1,154,818)
Cash (used in)/generated by investing activities	(18,498)	(43,872)
Cash generated by financing activities	-	(21,500)
Net cash generated	<u>(1,374,332)</u>	<u>(1,220,190)</u>
Cash and cash equivalents at 1 October	<u>9,330,388</u>	<u>10,550,578</u>
Cash and cash equivalents at 30 September	<u>7,956,056</u>	<u>9,330,388</u>
Cash and cash equivalents comprise:		
Cash at bank	7,956,056	9,330,388

Hull and East Yorkshire Credit Union Limited

Notes to the Accounts for the year ended 30 September 2024

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

IT equipment and software and furniture and equipment 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.

Land and buildings are held at revaluation. The buildings are formally revalued every five years and an impairment review is carried out every year to ensure that the net realisable value of the buildings exceeds the book value.

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	2024	2023
		£	£
	Interest receivable on loans to members	1,195,218	1,059,656
	Interest on loans to other credit unions	-	4,932
	Bank interest receivable on cash and liquid deposits	266,899	229,544
		<hr/>	<hr/>
		1,462,117	1,294,132

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.

	2024	2023
	£	£
<i>Dividends and Interest paid during the year</i>		
Dividends paid to Members	273,709	129,438
Dividends paid on Junior Savings	12,668	5,431
Interest paid on loans from other credit unions	1,438	804
	<hr/>	<hr/>
	287,815	135,673

6	Administrative expenses	2024	2023
		£	£
	Personnel costs	580,106	510,525
	Training and development	4,969	3,172
	Members' Death Benefits Scheme	6,804	9,894
	Printing, stationery, postage and advertising	77,190	66,496
	IT and Communications	50,639	52,306
	Governance, Legal and Regulatory costs	21,236	18,663
	Credit referencing and other costs	46,566	49,269
	Premises and Accommodation	64,374	55,641
	Fidelity and General Insurance	8,271	8,886
	Subscriptions and dues	13,476	12,834
	Depreciation of tangible owned fixed assets	41,324	40,565
	Banking and Finance costs	25,214	21,951
	Internal and External Audit charges	11,958	11,449
	Bad debts / provisions - Charged in the year	327,984	218,852
		<hr/>	<hr/>
		1,280,111	1,080,503

7	Other operating income	2024	2023
		£	£
	Membership fees	12,366	14,284
	Income from service agreements	31,889	39,836
	Grants and sponsorships	122,456	27,760
	Insurance commission	1,135	624
	Sundry income	9,506	7,734
		<hr/>	<hr/>
		177,352	90,238

8	Operating surplus before taxation	2024	2023
	This is stated after charging:	£	£
	Depreciation of owned fixed assets	41,324	40,565
	Auditors' remuneration for audit services	6,300	6,780
9	Staff costs	2024	2023
		£	£
	Wages and salaries	511,500	443,544
	National insurance costs	37,364	29,765
	Other pension costs	18,786	17,143
	Other staff expenses	12,456	20,073
		580,106	510,525
	Average number of employees during the year	2024	2023
	Administration	22	22
10	Taxation	2024	2023
	Analysis of charge in period	£	£
	Current tax:		
	UK Corporation Tax on invested income for the period	66,725	51,921

11	Tangible fixed assets				
		Land and Buildings	IT Equipment and Software	Furniture and Equipment	Total
		<i>At revaluation</i>	<i>At cost</i>	<i>At cost</i>	
	Cost or valuation	£	£	£	£
	At 1 October 2023	535,809	289,073	283,541	1,108,423
	Additions	-	9,761	8,737	18,498
	Revaluation Surplus	-	-	-	-
	At 30 September 2024	535,809	298,834	292,278	1,126,921
	Depreciation				
	At 1 October 2023	69,341	253,478	206,427	529,246
	Charge for the year	4,511	17,994	18,819	41,324
	At 30 September 2024	73,852	271,472	225,246	570,570
	Carrying amount				
	At 30 September 2024	461,957	27,362	67,032	556,351
	At 30 September 2023	466,468	35,595	77,114	579,177

The land and buildings were formally valued on 30 September 2020 by Allied Surveyors & Valuers Limited. The valuers are regulated by RICS. The assets were valued on a Market Value basis.

The equivalent historical cost of land and buildings is £377,286 (2023: £381,794).

12	Debtors	2024	2023
		£	£
	Loan debtors	8,143,764	6,834,271
	Impairment losses on groups of loan debtors	(660,000)	(435,000)
	Prepayments and accrued income	147,858	151,716
		7,631,622	6,550,987

13	Loans and advances to members	2024	2023
		£	£
	As at 1 October	6,834,271	5,480,505
	Advanced during the year	6,001,531	5,510,298
	Repaid during the year	(4,692,038)	(4,156,532)
	As at 30 September	8,143,764	6,834,271
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.		
		2024	2023
		£	£
	Not impaired:		
	Neither past due nor impaired	7,189,168	6,073,040
	Up to 3 months past due	171,645	227,516
		7,360,813	6,300,556
	Individually impaired:		
	Between 3 and 6 months past due	88,577	115,873
	Between 6 months and over 1 year past due	694,374	417,842
		8,143,764	6,834,271
	Impairment allowance	(660,000)	(435,000)
		7,483,764	6,399,271
15	Allowance account for impairment losses	2024	2023
		£	£
	As at 1 October	435,000	284,000
	Allowances increased/(reversed) during the year	225,000	151,000
	As at 30 September	660,000	435,000
16	Impairment losses recognised for the year	2024	2023
		£	£
	Impairment of individual financial assets	102,984	67,852
	Increase in impairment allowances in year	225,000	151,000
		327,984	218,852
17	Creditors: amounts falling due within one year	2024	2023
		£	£
	Corporation tax	66,725	51,921
	Other creditors	13,088	260,309
	Provision for Housing Fund loans	-	52,501
		79,813	364,731
18	Members' deposits	2024	2023
		£	£
	As at 1 October	13,778,606	14,132,070
	Received during the year	22,177,155	20,813,324
	Repaid during the year	(22,262,371)	(21,166,788)
	As at 30 September	13,693,390	13,778,606

19	Junior savings	2024	2023
		£	£
	As at 1 October	612,916	593,545
	Movement during the year	48,793	19,371
	As at 30 September	661,709	612,916

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	2024	2023
		£	£
	Cash and balances with the Bank of England	65,307	97,496
	Loans and advances to banks	7,890,749	9,232,892
		7,956,056	9,330,388
	Less: amounts maturing after three months	(4,973,815)	(6,907,616)
		2,982,241	2,422,772

22 Other financial commitments

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

Land and buildings	2024	2023
Falling due:	£	£
within one year	8,333	12,200
within two to five years	24,000	2,333
in over five years	-	-
Total	<u>32,333</u>	<u>14,533</u>

23 Events after the reporting date

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

24 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.

25 Related party transactions

During the year, 20 members of the Board, employees and their close family members (2023: 19 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. All loans to directors, employees and their close family were in accordance with the Rules and agreed policy.

26 Presentation currency

The financial statements are presented in Sterling.

27 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).

28 Principal place of business

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

38 Brook Street
Kingston upon Hull
HU2 8LA