



**Hull and East Yorkshire
Credit Union Limited**

Annual Report and Financial Statements 30 September 2021

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
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 2021

Fellow Members,

We have pleasure in submitting our Report and the Audited Accounts of the Credit Union for the period ended 30 September 2021.

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.

DIRECTORS AND OFFICERS

Directors:	Office held	Possible attendance	Actual attendance	Committees served	Notes <i>E- Elected R -Resigned</i>
Aneesa Akbar		1	1		<i>Co-opted Sep 2021</i>
Chloe Birr-Pixton	Assistant Secretary	12	8	PT SP	
Tony Craggs	Treasurer	12	12	AR	
Terry Dagnall		9	9		<i>E Dec 2020</i>
Allan Davidson	Assistant Treasurer	12	10	AR	
Joanne Foster		3	0		<i>Retired Dec 2020</i>
Altynay Guney		3	0		<i>Retired Dec 2020</i>
Alan Hignett	Vice President	12	12	AR PT SP	
Matthew Kelly		6	3		<i>Co-opted Mar 2021</i>
John Lawrence		3	2		<i>Retired Dec 2020</i>
Lynsey McGowan		5	1		<i>E Dec 2020 R May 2021</i>
Bill Meadows	Vice President	12	12	PT SP	
Susan Nicholson		12	7	AR	
Kate Pike	Secretary	12	10	AR PT SP	
Andrew Stankard	President	12	9	SP	
Jane Walton		9	5		<i>R Jun 2021</i>

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

Joanne, Altynay and John retired from the Board at the AGM 2020 and we thank them for their service, while Terry and Lynsey were newly elected. Unfortunately, due to new work commitments Jane and Lynsey had to resign and the Board co-opted Matt and Aneesa to fill the vacant seats.

Director Training and Development

Directors complete a **Board and Director Evaluation**, which helps to determine our training plan for the year. To keep their knowledge refreshed, all directors were enrolled on relevant learning pathways with the **ABCUL Training Academy**. **Pre-Board Training sessions** were delivered in-house on *Loan Provisioning, Credit Union Service Organisations, Our Marketing Impact* and *Making the most of the Academy*.

Board Committees

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

Personnel & Training Committee

There were five meetings. A new employee health and well-being benefit (Health Shield) was introduced, and in July we reduced the full-time working week for all staff to 35 hours. During the third lockdown, we furloughed four staff with child care needs and supported some home working. After consulting our Employees' Council we updated the policy on internet and mobile phone usage, revised the staff handbook and introduced a menopause policy. Branch leader roles were created for staffed branches.

Audit & Risk Committee

Four meetings were held and a risk assessment training session. TIAA conducted internal audits on loan compliance, bad debts and arrears management, business continuity, cyber security, anti-money laundering and risk management. Their findings and management's responses were carefully considered.

In February our Investment Policy was reviewed, leading to the introduction of two new counterparties to diversify the portfolio, which is closely monitored at each meeting. As well as reviewing the risk register, meetings have addressed the potential for zero or negative interest rates, information security risks, a business disruption scenario and how we can support the climate change agenda.

Succession Planning Committee

The Committee was kept busy considering potential new leadership structures for the future and, with the help of our external HR adviser, planning towards the retirement of our inaugural Chief Executive in 2022. The Board agreed to extend your current President's term of office by one year in order to provide continuity of leadership at this important time.

REVIEW OF THE YEAR

Membership

	Total as at 30.9.20	New accounts	Closures	Total as at 30.9.21	% change
Adult Members	13,441	2,993	2,747	13,687	+1.8%
Junior Savers	1,422	34	83	1,373	-3.5%

Savings, Loans and Assets

	2021	2020	% change
Adult Members' Savings deposits	£13,460,855	£11,931,630	+12.8%
Junior Savings deposits	£589,966	£566,866	+4.1%
Average deposits per Adult Member	£983	£888	+10.7%
Average deposits per Junior Saver	£430	£399	+7.8%
Total Members' Loans	£4,970,402	£4,425,437	+12.3%
Average loan per borrowing Member	£1,563	£1,514	+3.2%
Total Assets	£15,592,473	£13,945,074	+11.8%

Financial Results

Following the downturn in lending experienced last year, Loan book growth steadily returned to pre-pandemic levels. By year-end, the value of loans issued was 30% higher than in 2020. Members' Savings also continued their strong inflow. With careful cost management and improved credit risk performance, Expenditure fell by 5%, while the yield from loans and invested funds rose by 4.7%. As a result we achieved a Surplus (after Tax and Dividend) of £95,022. This is £22,500 higher than last year, despite no significant grant income being received.

With total Asset growth in excess of £1.6 million, and Capital Reserves well in excess of the regulatory minimum, your Balance Sheet is in a healthy position to support ongoing business development.

Key Ratios

Indicator of:	Indicator	2021	2020	Target
Effective financial structure	Capital to Total Assets	9.0%	9.3%	>10%
	Borrowings to Total Assets	0%	0%	0%
	Total Shares to Total Assets	86.3%	85.5%	70-90%
	Net Loans to Total Assets	30.2%	29.9%	>40%
Protection	Bad Debt Written Off to Total Loans	4.2%	5.1%	<10%
	Net Assets to Total Shares and Junior Deposits	105.7%	105.9%	>105%
Asset quality	Arrears (over 3 mths) to Total Loans	4.2%	4.5%	<20%
	Non-earning Assets to Total Assets	9.9%	10.6%	<10%
Returns	Loan income to Average Total Loans	16.2%	15.9%	>6%
Efficiency	Administrative Expenses to Total Assets	5.1%	6.0%	<8%
	Members and Juniors served per FTE Staff	972	954	>1,000

Highlights of the year

- Our first ever **virtual AGM**, on 8 December, attracted members from across our common bond, including all towns where we have branches. The meeting agreed to donate the funds normally spent on room hire and refreshments to a range of organisations supporting vulnerable people in each of those communities.

- Following our 21st anniversary in 2020, we decided to publish a **Social Impact Report**, to explain our vision and mission, and assess just how much practical difference HEY Credit Union has made, for those we serve. Launched in December, it estimated that since 1999 we have saved our members at least £20 million in interest charges, a significant benefit to the Humber Region's economy. The report, issued to MPs, councillors, opinion formers and our key stakeholders, was featured widely in news media and showcased at the ABCUL Annual Conference.
- We were delighted to receive a visit from the **Lord Mayor of Kingston upon Hull** (Councillor Lynn Petrini) to Central Office, accompanied by Hull City Councillor Gwen Lunn. As well as thanking our team for the way they had looked after the people of Hull during the pandemic, the Lord Mayor also made a presentation to our Chief Executive, John Smith, for his service to the community.
- Southern Holderness Resource Centre (Shores) and Shores Homecare became new payroll partners, providing **Payroll Save and Borrow** to their staff as a workforce well-being benefit.
- On *Yellow Yorkshire Day*, 2 July, Matthew, Sarah, Helen, Jo and John took part in sponsored events in support of the **Yorkshire Air Ambulance**. Thank you to all members who helped us to raise £1,300.
- We were proud to achieve accreditation as a **Living Wage Employer**, joining over 7,000 UK employers who voluntarily pay all their staff a wage independently assessed as meeting the real cost of living.
- As a result of votes cast by our members, we went through to the finals of the **2021 Consumer Credit Awards**. On 23 September we were thrilled to emerge (alongside a much larger business, Bamboo Loans) as *Treating Customers Fairly Champions*, scoring 100% in our consumer reviews. Now in their 6th year, the Consumer Credit Awards are entirely voted for by the users of a wide range of lending organisations.

Better services for our members

- We are always looking for ways to use technology to enhance our members' experience. This was the first full year using the LACE **loan administration system**, which coped admirably with a surge of loan applications as the economy reopened after Covid lockdowns. Members complimented us on our speedier turn-round and for keeping them better informed. Together with the introduction of **Open Banking**, it helped to improve our average acceptance rate from 69% in 2019 to 78%.
- We improved our **website** to make it easier to join and borrow, and find the best loan product to meet your needs. Online application forms were introduced for FlexiCredit, Matched Loans, Family Benefit Plan and Members' Lottery, while on 14 May our chatbot (**Jude**) went live to improve our responsiveness to queries, even when the offices are closed.
- In March we set up a **Lending Focus Group** to work on fresh ideas to help us meet more of our members' borrowing needs. We are experimenting with a £250 **Starter Loan** product, with tied savings, to offer to applicants who do not meet normal lending criteria.
- All branch counters were equipped with **Covid screens** to enable them to re-open safely as restrictions were eased. A mini-refit was undertaken at Bridlington branch, as we prepared to welcome members back in branch. As with Driffield and Goole, a Grand Reopening Offer was advertised, including a free raffle supported by local businesses.
- **Withernsea branch**, inside The Shores, increased to three-days a week opening from 3 September.
- We were pleased when Hull City Council installed cycle racks outside **Hull Central branch**, making it even handier for members who cycle into town. Branch opening times were extended from September.
- As the year drew to a close we were preparing to open a new staffed branch in **Grimsby Central Library**. We are working with North East Lincolnshire Council and other local partners to develop a sustainable presence in an urban area of 132,000 people with considerable potential.
- Member feedback continues to be very encouraging. **Trustpilot** reviews increased from 67 to 137, 97% of which are rated 5-star. Our 2021 **Member Survey** produced 284 responses. We tested members' views on our loan products, ease of keeping in touch, potential new services, the Members' Lottery, support during Covid, and overall experience. The responses were again very pleasing.

Partnerships and Community activity

We work closely with a range of partners to promote financial wellbeing across our common bond:

- We made a successful application to **Fair4All Finance**, an organisation funded with dormant asset money to support financial inclusion projects in England that strengthen affordable credit provision. Following an extensive due diligence process, they have agreed in principle to make an investment to support our growth ambitions over the next five years.
- This year 95 members received £10 bonuses for opening Christmas Saver accounts; a further 50 were awarded £25 bonuses by the **Stop Loan Sharks** Team for joining via Ongo Homes, HICA Group, ResQ and Shores. These incentives are funded from the successful prosecution of illegal lenders.
- We supported the re-launch of Hull City Council's **Financial Inclusion Network**, participated in meetings of East Riding of Yorkshire Council's **Armed Forces Covenant** Delivery Group, and joined with the Money and Pensions Service and Hull & Humber Chamber of Commerce to reach out to more employers to offer our workforce well-being benefit, **Payroll Save & Borrow**.
- Our Chief Executive made presentations to the **UNISON North Lincolnshire** AGM, **Grimsby Community Energy's** AGM and held talks with the **East Marsh United** group in Grimsby about a volunteer-run Credit Union access point in their community.
- We have also linked up with **Community Pantries** in Withernsea, Beverley, Goole and Hull, as well as Hull's Unity Shop, to provide information to their users about our services.

Marketing, promoting and communicating

- The Board approved a new **Marketing Plan**, with a distinctive theme, campaigns and events for each month of the year. With many workplaces closed as staff worked from home, no recruitment visits were possible; instead we developed e-mail templates for Workplace CU Champions to share with colleagues.
- We issued **E-News** monthly to inform over 8,000 members about products, services and offers, and update them on our business progress. If you have registered your email address with us but do not receive these updates, please check your spam folder and, if necessary, white list HEY Credit Union.
- **Seasonal loan campaigns** included *Refer a Friend* for a Christmas Loan (£50 prizes were won by two Scunthorpe members) and Spring/Summer Loan Deals with 15% off normal interest rates, the aim being to highlight the competitiveness of our rates against bank loans.
- Our staff team made follow-up calls to new members to ensure they had everything needed to operate their accounts effectively. We know members appreciated the personal contact, and enquiries about their well-being, during a year in which many experienced more isolation than usual.
- **Social media** activity significantly increased our following on Facebook, Twitter, Instagram and LinkedIn. We made a video for Mental Health Week and ran quizzes and competitions for International CU Day, Valentine's Day, Mothering Sunday and the Summer Bank Holiday. We launched a new **Bridlington Facebook Group** (similar to those at Goole and Driffield) to engage better with local members, trialled targeted paid Facebook advertising, and ran a six-month campaign with *Hull & East Riding Mumbler*, to drive more traffic to our website.
- A new venture this year was the sponsorship of Hull's **Big Malarkey**, a weekend event for families held in East Park during June and run by Hull Libraries. We also sponsored a player and perimeter signage at **Easington United AFC**, a football club in South Holderness. A similar two-year deal, with back-of-shirt sponsorship of 150 boys, girls and seniors at **Withernsea AFC**, will further raise the profile of our brand.
- Our **Members' Lottery**, with attractive monthly prizes, increased its ticket sales this year, enabling the promoters to donate £5,000 as a contribution to our marketing activity.

Our People

- During the year Eddie (Finance Manager), Jean (Goole), Tracy (Bridlington), Susan (Hull Central), and several Driffield volunteers, retired. One of our founder volunteers 22 years ago, Eddie's contribution to the successful management of our finances was outstanding. We thank all retirees for their service and wish them well for the future.
- We welcomed new staff colleagues Helen (Bridlington) and Katie (Hull Central), and congratulated Steve (Credit Control) on completing ten years' service. In April, Andrew (Scunthorpe) took up a new role as Finance & Compliance Officer.

- Four of our people are members of the **ABCUL Young Professionals Network** and we again donated £500 to the **CU Futures Programme**, to support the next generation of credit union leaders.
- Our **Employees' Council** met twice to discuss employee benefits, changes to staffing policies and engage with our succession planning strategy.

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

Your Directors would like to thank all our staff, volunteers and partners for looking after members so well during what has been a tough year for everyone. Thanks to your loyalty and the sterling efforts of the team, we have achieved more than we ever expected and are looking forward with confidence to the future.

This report was approved by the Board of Directors on 2 November 2021 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 2021 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 2021 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
2 November 2021

First Floor
Albion House
Albion Street
Hull
HU1 3TE

Hull and East Yorkshire Credit Union Limited

Revenue Account

for the year ended 30 September 2021

	Notes	2021 £	2020 £
Loan interest receivable and similar income	4	859,720	821,178
Dividends payable	5	(30,845)	(98,427)
Net interest income		<hr/> 828,875	<hr/> 722,751
Administrative expenses	6	(799,864)	(842,477)
Other operating income	7	84,794	209,193
Operating surplus before taxation	8	<hr/> 113,805	<hr/> 89,467
Tax on surplus on ordinary activities	10	(18,783)	(16,994)
Surplus for the financial year		<hr/> 95,022	<hr/> 72,473

Hull and East Yorkshire Credit Union Limited

Balance Sheet

as at 30 September 2021

	Notes	2021 £	2020
Fixed assets			
Tangible assets	11	583,494	611,705
Current assets			
Debtors	12	4,777,137	4,344,303
Cash at bank and in hand		10,231,842	8,989,066
		<u>15,008,979</u>	<u>13,333,369</u>
Creditors: amounts falling due within one year	17	(148,086)	(145,533)
Net current assets		<u>14,860,893</u>	<u>13,187,836</u>
Net assets		<u>15,444,387</u>	<u>13,799,541</u>
Financial Liabilities			
Members' shares	18	13,460,855	11,931,630
Junior savings	19	589,965	566,866
		<u>14,050,820</u>	<u>12,498,496</u>
<u>Reserves</u>			
General reserve		1,281,396	1,186,374
Revaluation reserve		84,671	84,671
		<u>1,366,067</u>	<u>1,271,045</u>
Members' funds		<u>15,416,887</u>	<u>13,769,541</u>
Subordinated Loan	23	27,500	30,000
		<u>15,444,387</u>	<u>13,799,541</u>

Approved by the board on 2 November 2021, 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 2021

	Revenue reserve	General reserve	Revaluation reserve	Total	Members' shares	Junior savings	Total
	£	£	£	£	£	£	£
At 1 October 2019	-	1,113,901	87,596	1,201,497	10,508,180	487,911	12,197,588
Surplus for the financial year	72,473	-	-	72,473	-	-	72,473
Transfers	(72,473)	72,473	-	-	-	-	-
Movement during the financial year	-	-	(2,925)	(2,925)	1,423,450	78,955	1,499,480
At 30 September 2020	-	1,186,374	84,671	1,271,045	11,931,630	566,866	13,769,541
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	(95,022)	95,022	-	-	-	-	-
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

Hull and East Yorkshire Credit Union Limited
Statement of Cash Flows
for the year ended 30 September 2021

	2021	2020
	£	£
Operating activities		
Operating (deficit)/surplus	113,805	89,467
Adjustments for:		
Depreciation	38,864	32,000
Impairment losses	-	4,000
	<hr/> 152,669	<hr/> 125,467
Movements in:		
(Increase)/decrease in debtors	112,131	(136,289)
(Decrease)/increase in creditors	764	(4,625)
	<hr/> 265,564	<hr/> (15,447)
Changes in operating assets and liabilities		
Cash inflow from members' deposits	18,177,938	17,710,213
Cash outflow from repaid members' deposits	(16,625,614)	(16,207,808)
New loans to members	(3,849,324)	(2,941,897)
Repayment of loans by members	3,304,359	3,325,112
	<hr/> 1,272,923	<hr/> 1,870,173
Corporation tax paid	(16,994)	(18,557)
	<hr/>	<hr/>
Cash generated by operating activities	<hr/> 1,255,929	<hr/> 1,851,616
Investing activities		
Payments to acquire tangible fixed assets	(10,653)	(48,865)
	<hr/>	<hr/>
Cash (used in)/generated by investing activities	<hr/> (10,653)	<hr/> (48,865)
Financing activities		
Repayment of subordinated loan	(2,500)	-
	<hr/>	<hr/>
Cash generated by financing activities	<hr/> (2,500)	<hr/> -
Net cash generated		
Cash generated by operating activities	1,255,929	1,851,616
Cash (used in)/generated by investing activities	(10,653)	(48,865)
Cash generated by financing activities	(2,500)	-
	<hr/>	<hr/>
Net cash generated	<hr/> 1,242,776	<hr/> 1,802,751
Cash and cash equivalents at 1 October	<hr/> 8,989,066	<hr/> 7,186,315
Cash and cash equivalents at 30 September	<hr/> 10,231,842	<hr/> 8,989,066
Cash and cash equivalents comprise:		
Cash at bank	10,231,842	8,989,066

Notes to the Accounts for the year ended 30 September 2021

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 accordance 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.

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	2021	2020
		£	£
	Interest receivable on loans to members	760,862	731,732
	Interest on loans to other credit unions	-	-
	Bank interest receivable on cash and liquid deposits	98,858	89,446
		<hr/>	<hr/>
		859,720	821,178

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.

	2021	2020
	£	£
<i>Dividends and Interest paid during the year</i>		
Dividends paid to Members	29,239	93,315
Dividends paid on Junior Savings	1,461	4,587
Interest paid on Subordinated Loan	145	525
	<hr/>	<hr/>
	30,845	98,427

6	Administrative expenses	2021	2020
		£	£
	Personnel costs	404,227	403,808
	Training and development	2,579	4,558
	Members' Death Benefits Scheme	801	3,479
	Printing, stationery, postage and advertising	31,939	32,785
	IT and Communications	41,012	44,420
	Governance, Legal and Regulatory costs	14,469	7,887
	Other expenses	19,717	18,648
	Premises and Accommodation	42,357	39,055
	Fidelity and General Insurance	7,076	6,901
	Subscriptions and levies	11,083	10,895
	Depreciation of tangible owned fixed assets	38,864	32,000
	Banking and Finance costs	16,762	14,278
	Audit charges	11,040	8,850
	Bad debts - Charged in the year	157,938	214,913
		<hr/>	<hr/>
		799,864	842,477

7	Other operating income	2021	2020
		£	£
	Membership fees	10,079	12,264
	Income from service agreements	59,732	59,996
	Grants and sponsorships	5,500	132,750
	Insurance commission	855	698
	Sundry income	8,628	3,485
		<hr/>	<hr/>
		84,794	209,193

8	Operating surplus before taxation	2021	2020		
	This is stated after charging:	£	£		
	Depreciation of owned fixed assets	38,864	32,000		
	Auditors' remuneration for audit services	3,600	3,600		
9	Staff costs	2021	2020		
		£	£		
	Wages and salaries	368,212	359,843		
	National insurance costs	16,647	24,140		
	Other pension costs	15,534	15,181		
	Other staff expenses	3,834	4,644		
		404,227	403,808		
	Average number of employees during the year	2021	2020		
	Administration	21	22		
10	Taxation	2021	2020		
	Analysis of charge in period	£	£		
	Current tax:				
	UK Corporation Tax on invested income for the period	18,783	16,994		
11	Tangible fixed assets				
		Land and Buildings	IT Equipment and Software	Furniture and Equipment	Total
		<i>At cost</i>	<i>At cost</i>	<i>At cost</i>	
	Cost or valuation	£	£	£	£
	At 1 October 2020	535,809	250,196	236,754	1,022,759
	Additions	-	6,814	3,839	10,653
	Revaluation Deficit	-	-	-	-
	At 30 September 2021	535,809	257,010	240,593	1,033,412
	Depreciation				
	At 1 October 2020	55,806	191,365	163,883	411,054
	Charge for the year	4,512	21,346	13,006	38,864
	At 30 September 2021	60,318	212,711	176,889	449,918
	Carrying amount				
	At 30 September 2021	475,491	44,299	63,704	583,494
	At 30 September 2020	480,003	58,831	72,871	611,705
12	Debtors	2021	2020		
		£	£		
	Loan debtors	4,970,402	4,425,437		
	Impairment losses on groups of loan debtors	(256,000)	(256,000)		
	Prepayments and accrued income	62,735	174,866		
		4,777,137	4,344,303		
13	Loans and advances to members	2021	2020		
		£	£		
	As at 1 October	4,425,437	4,808,652		
	Advanced during the year	3,849,324	2,941,897		
	Repaid during the year	(3,304,359)	(3,325,112)		
		4,970,402	4,425,437		

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.

	2021 £	2020 £
Not impaired:		
Neither past due nor impaired	4,445,498	3,862,569
Up to 3 months past due	<u>212,126</u>	<u>199,065</u>
	4,657,624	4,061,634
Individually impaired:		
Between 3 and 6 months past due	63,279	88,482
Between 6 months and over 1 year past due	<u>249,499</u>	<u>275,321</u>
	4,970,402	4,425,437
Impairment allowance	(256,000)	(256,000)
	<u>4,714,402</u>	<u>4,169,437</u>
15 Allowance account for impairment losses	2021 £	2020 £
As at 1 October	256,000	252,000
Allowances increased/(reversed) during the year	-	4,000
As at 30 September	<u>256,000</u>	<u>256,000</u>
16 Impairment losses recognised for the year	2021 £	2020 £
Impairment of individual financial assets	157,938	210,913
Increase in impairment allowances during the year	-	4,000
	<u>157,938</u>	<u>214,913</u>
17 Creditors: amounts falling due within one year	2021 £	2020 £
Corporation tax	18,783	16,994
Other creditors	23,725	19,543
Provision for Housing loans	<u>105,578</u>	<u>108,996</u>
	148,086	145,533
18 Members' deposits	2021 £	2020 £
As at 1 October	11,931,630	10,508,180
Received during the year	18,154,839	17,631,258
Repaid during the year	<u>(16,625,614)</u>	<u>(16,207,808)</u>
As at 30 September	13,460,855	11,931,630
19 Junior savings	2021 £	2020 £
As at 1 October	566,866	487,911
Movement during the year	<u>23,099</u>	<u>78,955</u>
As at 30 September	589,965	566,866

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

	2021	2020
	£	£
Cash and balances with the Bank of England	77,814	134,284
Loans and advances to banks	10,154,028	8,854,782
	10,231,842	8,989,066
Less: amounts maturing after three months	(7,659,251)	(5,169,551)
	2,572,591	3,819,515

22 Other financial commitments

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

	Land and buildings 2021 £	Land and buildings 2020 £
Falling due:		
within one year	12,200	12,200
within two to five years	26,700	38,900
in over five years	0	0
Total	38,900	51,100

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 (2020: 13 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, employees 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

