

# Treasurer and Senior Manager Report 2019

I have prepared a simplified version of the accounts below which members can use to see how we have performed during 2018-19. After a tender process by the board Ashdown Hurrey were appointed to prepare our accounts and carry out an audit. It took our former auditors Lindley Adams three months to hand over the necessary documentation. This left Ashdown Hurrey having to fit us in at and I wanted to thank them for working so hard to carry out the audit in good time. Unfortunately, the Covid-19 pandemic caused delays towards the end of the audit because of lockdown but they have carried out a very thorough review of our accounts and processes and helped us resolve several outstanding queries. The accounts are now laid out as they would be for a business so have more detail which is helpful when applying for grants and the board when making financial decisions.

We have appointed another part time member of staff during the year whose role is focussed on the accounts and finance. This has freed up some of my time to focus on developing our service and ensures that our accounts are kept in good order however busy we are. As anticipated spending has been higher than last year, this is because of our office move that ended up costing more than expected with the purchase of new IT equipment and an increase in loan arrears arising from old loans that we have not been able to recover. We have also moved to using Office 365 and updated our telephone system which meant that when we closed our office we were able to set up working from home. The Credit Committee have taken a firmer line on lending decisions and the loans that are in default would not be made today. However, loan interest income has remained broadly the same. General income has increased as a result of the housing work carried out for Hastings Borough Council.

We had signed contracts with Rother District Council to carry out work for them collecting housing payments, but this did not materialise last year (and has been delayed again this year). This led to a lower than forecast income. A review of fees for the work for Hastings Borough Council has been carried out since the end of the 2018-19 financial year and subsequently increased as they were not sufficient to cover the external costs of processing payments and time spent administering the payments.

The number of shares held by members has increased slightly by 2.4% to £310,085. This enabled the board to increase the limit a single member can hold to £15,000 which will help us build our capital. It also helps community group account holders who often obtain large one off grants to get established.

Looking forward the income earned continues to increase as a result of the current housing crisis; not a situation we would want but we would rather people did this than turn to loan sharks or pay exorbitant rates for a payday loan. We have been successful in obtaining various grants and funding

to support lending during the Covid-19 crisis as we rapidly adapt to the situation. Plans are progressing to change our back office banking system which is over twenty years old to one that will enable members us to use TransUnion credit checking and open banking to better risk assess loan application and give people the opportunity to open and manage an account online. The cost of this change is likely to exceed £20,000 and grant applications are progressing with two local funders and we are optimistic we can make the upgrade in the next year.

Finally, I would like to thank all the staff and volunteers including board members for their hard work and support over the last year. We have gained several new volunteers over the last year who have brought a wide range of skills to the Credit Union and helped us improve our service. Without our volunteers we would not be able to operate and if any members would like to volunteer please let us know and we can tell you more about the opportunities we have.

**Summarised accounts to 30<sup>th</sup> September 2019**

<b>Income / Expenditure</b>		<b>2019</b>	2019
		<b>£</b>	£
Income:	Interest on members loans	<b>13243</b>	13246
	Fees and commissions receivable	<b>27347</b>	20897
	Fees and commissions payable	<b>-5658</b>	-4399
	Grants, donations and misc. income	<b>13125</b>	8190
	<b>Total Income</b>	<b>48057</b>	37934
Expenditure:	Administration costs	<b>43181</b>	28418
	Other operating expenses	<b>3752</b>	3681
	Losses on loans to members	<b>2453</b>	-648
	Depreciation	<b>663</b>	316
	<b>Total expenditure</b>	<b>50049</b>	31767
	<b>Profit/(loss) for year</b>	<b>-1992</b>	<b>6167</b>
	Taxation	<b>-537</b>	-250
	Proposed Dividend to Members	<b>0</b>	0
	<b>Transfer to Reserves</b>	<b>-2529</b>	5917