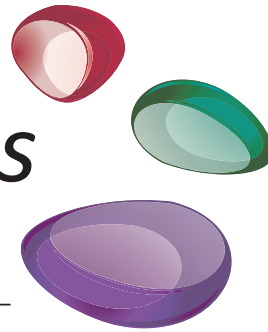


Croydon *Plus*

SAVINGS & LOANS FOR PEOPLE
IN CROYDON, MERTON & SUTTON



**Helping members in Croydon, Merton and Sutton
to own their financial future**



Annual Accounts 2020-21

CREDIT UNIONS

86,451

SERVING



375,160,065

MEMBERS

ON



6

CONTINENTS



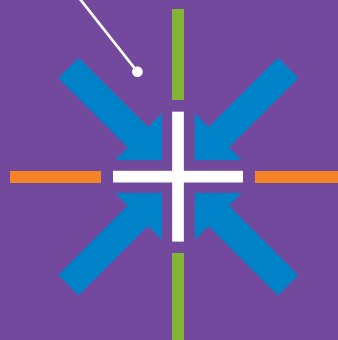
FROM

118

COUNTRIES



WITH A



12.18%

PENETRATION
RATE

- There are 86 credit unions in Haiti with over 1m members.
- There are 847 credit unions in Brazil with over 12m members.
- There are 17 credit unions in the Dominican Republic with over 1m members.
- There are 23 credit unions in Poland with over 1m members.
- There are more than 5,000 credit unions in the United States with over 125m members. They have the highest value of assets and are the country with the largest number of credit unions.
- In India there are 1,935 credit unions with over 91m members.
- In Africa, there are a total of 40,570 credit unions with over 30m members.
- In Asia, there are a total of 33,472 credit unions with over 138m members.
- In the Caribbean, there are more than 300 credit unions with over 8m members.
- In Europe, there are more than 3,000 credit unions with over 8m members.
- There are 2,760 credit unions in Latin America with over 41m members.
- In North America, there are a total of 5,655 credit unions with over 136m members.
- There are a total of 237 credit unions in Oceania with over 5m members.

Croydon, Merton and Sutton Credit Union Limited

Report of the Directors and

Audited Financial Statements

For the Year Ended 30 September 2021

Croydon, Merton and Sutton Credit Union Limited

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Croydon, Merton and Sutton Credit Union Limited

Administrative Information

For the Year ended 30 September 2021

Status: Co-operative and Community Benefit Society and Credit Union

Directors:	Cllr Manju Shahul-Hameed	Chair
	Simon Wales	Vice Chair
	Clive Fraser	Honorary Secretary
	Philip Butlin	Treasurer
	John Tooze	
	Naomi Martin	
	Catherine Black	
	Carlia Kennedy	
	Ranil Perera	
	Enid Mollyneaux	
Daniel Ayeni		

Registered Office: Bernard Weatherill House
8 Mint Walk
Croydon
CR0 1EA

Credit Union

Registration Number: 569C

Prudential Regulation Authority and Financial Conduct Authority

Firm Reference Number: 213603

Auditors: Hartley Fowler LLP
4th Floor Tuition House
27-37 St Georges Road
Wimbledon
London SW19 4EU

Bankers: The Co-operative Bank Plc
Metro Bank Plc
Nationwide Building Society
Arbuthnot Latham & Co Limited
Aldermore Bank Plc

Chair's Report

For the Year ended 30 September 2021

I am pleased to present to you our Annual Report and Accounts for 2021

As with 2020, we encountered numerous obstacles in 2021 as a result of the COVID-19 epidemic. For the most of 2021, we were forced to undertake numerous unanticipated changes to our way of life and work, including quarantining and socially isolating ourselves for the greater good. As financial service providers, credit unions are considered essential businesses by the government, and we have a duty to sustain operations and support for our members. As COVID-19 continued to have an impact on the community, Croydon Plus implemented a variety of safety precautions both on-site and off-site to ensure that we can continue to provide a high quality of care while protecting the health of each member and staff.

The good news is that our credit union is doing quite well and is positioned to continue to provide you with the products and services that you need.

At the end of 2021, we:

- continued to increase the membership and there are over 8000 members. This is 9% increase compared to last year;
- increased the number of loans by value;
- have seen an increase in service requests from members considered "Vulnerable" meaning we are helping to support more of our members through difficult times; and
- started operating from Hill House St. Helier serving the community in Sutton and Merton.

We would not have been able to keep up with the number of requests or achieve this growth in membership without the operational team of staff and the support of our volunteers. Our volunteers have been dedicated in supporting our vision to help our members. In return they gain valuable work experience and skills development. We are fortunate to have some highly motivated volunteers working in our team.

We would like to thank the current Supervisory Committee who help to ensure that the Credit Union are able to treat members fairly and provide an excellent service.

An important priority for the Directors is to develop the capacity of the Credit Union on all level. As volunteers themselves, the Directors are aware of the contribution our volunteers make.

We are looking for more people who can give a few hours of their time to enhance the skills and capacity of various committees and support the staff. If you think you can help, please get in touch.

As the current Chair, I would like to thank the team in the office for their hard work, and our volunteers and members for continuing to support us. I would also like to thank all the Directors that have supported the Credit Union over the last year and those that continue to do so. Together, we are looking forward to growth in the coming and future years.

At Croydon Plus, there is always room for improvement. If you have any ideas for improving the credit union, please contact anyone on the staff or the board. We are dedicated to earning your trust each and every day. Thanks for being a member.

Priorities

Increase presence across all three boroughs

- Offer continued support to our communities through Covid-19
- Maintain financial stability
- Promote the importance of "saving for future"
- Deliver a high standard of customer service to members
- Extend digital capabilities
- Further strengthen the Board and Supervisory Committee



.....
Manju Shahul-Hameed
Chair of Croydon Plus

25 January 2022

Report of the Directors

For the Year ended 30 September 2021

The Directors present their report and financial statements of the Credit Union for the year ended 30 September 2021.

Principal Activities

The principal activity of the credit union is the provision of savings and loans facilities.

Results

The surplus for the year ended 30 September 2021 was £57,717 (2020 £19,928 deficit). The General Reserves are stated at £390,288 (2020 £332,571).

A Dividend payment will be voted upon at the Annual General Meeting.

Board Membership and Directors

Current

- Manju Shahul-Hameed - Chair (Corporate Director)
- Simon Wales – Vice Chair (re-elected 2019 AGM)
- Clive Fraser - Secretary (re-elected 2019 AGM)
- Philip Butlin - Treasurer (re-elected 2020 AGM)
- John Tooze - (re-elected 2020 AGM)
- Carlla Kennedy (appointed 30/06/2020 - elected 2020 AGM)
- Naomi Martin (re-elected 2020 AGM)
- Ranil Perera (appointed 30/06/2020 - elected 2020 AGM)
- Catherine Black (Corporate Director)
- Enid Mollyneaux (elected 2020 AGM)
- Daniel Ayeni (elected 2020 AGM)

Previous

- Dilly Dokubo (resigned 2020 AGM)
- Steve Triner (resigned 2020 AGM)
- Julia Pitt (resigned September 2021)

Review of the Year

After a year of uncertainty for all, 2020/21 started in a positive way for Croydon Plus. We started to see a return to levels of pre-pandemic activity. It was pleasing to see an upturn in lending with an increase of 30% in terms of loans allocated by value (£2.1m v £2.7m), with total loan volumes increasing by 13% (2,044 v 2,303).

New members averaged approximately 75 per month, with a much welcome increase in members joining from Merton and Sutton. This was helped by getting back out into the community and having access to facilities at Hill House which borders both boroughs.

We saw an increase in member activity with previously used accounts being re-activated after some time.

We were delighted also to see a 60% increase in Junior members joining Croydon Plus throughout the year. For us it reflects the increased efforts that we have put in to attract and encourage good saving habits for future generations.

Report of the Directors

For the Year ended 30 September 2021

Our online offer continued to grow with more and more members utilising our online services to access their funds, view balances and make loan applications.

Some staff members continued to work from home, but we continued to meet the service requirements of our more vulnerable members by ensuring that the office was adequately staffed 5 days a week. We received exceptional support from Croydon Council Security and Corporate Reception Teams and we could not have achieved what we did without their valued support and assistance.

The whole CroydonPlus Staff Team sends them a massive thank you.

Staff & Volunteers

Throughout the challenging year, the Credit Union staff team has continued to develop and show its ability to adapt and meet the changing needs of our member base.

The team is supported by a dedicated group of volunteer members who give their time to ensure that the needs of our members are met on a daily basis.

The Directors would like to express their appreciation for the commitment and enthusiasm of all our staff and volunteers.

We would like to recognise their commitment as key workers and those who remained office based throughout the pandemic to ensure member needs were met wherever possible.

Staff Team

- Michael Wilson – Chief Executive Officer
- Peter Robinson – Operations Manager
- Annie Bassey
- Chelsea Dash
- Emma Duncanson
- Enio Akinosho
- Hayden Brenen
- Kavitha Kumaresan
- Steph Hunt
- Stevan Obigbesan
- Tracy Wager

Staff Team Leavers

- Robert Crofts
- Tai Lamard
- Niyi Osilaja

Volunteers 2020-2021

- Jentine Nelson
- Michael Jennett
- Russell Makin
- Isaac Robinson
- Lailani Wilson

Report of the Directors

For the Year ended 30 September 2021

Special Thanks

Ruby Begum and team at Croydon Council

Digital

During the year, online membership, and members who 'Self-serve' through our website and other online facilities has continued to increase, reflecting the importance of having a relevant digital and mobile presence. The CroydonPlus Mobile App became a vital and pivotal tool to ensure members could interact with the Credit Union for balance requests, loan applications, withdrawals, and upkeep of static data.

Website

4,426 members have successfully registered to access the members area within our website www.CroydonPlus.co.uk and therefore are able to download the CroydonPlus Mobile App.

Mobile App - Provided by CU Apps

4,160 downloads.

The average user logged in at least once a month.

- 79,000 balance views
- 44,142 statement views
- 3,380 loan applications viewed
- 8,697 withdrawals
- 18,500 loan calculations
- 11,568 news feed views
- 2,571 update info views
- 310 x 5-star reviews in the app stores

We also introduced access to a new online facility 'Nivo'. This app enables members to complete and sign documentation online as well as to make simple service requests. During 2020-21 over 2200 Loan Agreement Forms were completed via this channel.

We hope our enhanced and increased digital offerings improve member satisfaction and that transacting with the Credit Union is much simpler, time saving, and pressure free.

We aim to continue to invest further in our technology and telephony as this remains key to growing the capabilities of CroydonPlus Credit Union and improve our all-around service to our members.

Supervisory committee

Due to Covid-19 restrictions, the committee has been limited in terms of activities that could be carried out. However, some internal control checks were possible with particular focus on digitally signed loan agreements via Nivo.

Committee members this year have been:

- Emilia Larceda
- Lucidia Norbrega
- Michael Jennett

Report of the Directors

For the Year ended 30 September 2021

Future aims

- Invest further and improve our technology and telephony
- Increase outreach capabilities of the Credit Union – Mobile Credit Union
- Improve service and accessibility to our more vulnerable members to remain inclusive for all
- Promote the benefits of the Credit Union – increased digital marketing
- Continue to support and grow membership from all the boroughs that we serve
- Review our existing products to become more competitive
- Provide a safe financial environment for all members
- Improve financial resilience within the communities we serve

Performance

2020/2021 continued from 2019/2020 in terms of the challenges that Covid-19 forced upon us. However, it is very pleasing to still see us return a surplus which is a good indication for the future.

- Surplus decreased from a deficit in 2019/20 of £19,928 to a surplus of £57,717.
- Retained earnings increased from £332,571 to £390,288 (17% increase)
- Membership rose from 7,581 to 8,260 (9% increase)
- Member shares increased from £4,974,339 to £5,376,839 (8% increase)
- Number of loans decreased from 1,873 to 1,767 (0.6% decrease)
- Total value of stock of loans to members at year end increased from £2,564,149 to £2,937,278 (14% increase)
- Annual revenue decreased from £503,910 to £485,318 (4% increase)
- Annual expenditure decreased from £523,838 to £427,601 (18% decrease)
- Bad debt provisioning (impairment allowance) increased from £255,861 to £264,739 (3% increase)
- Interest from loans issued decreased from £442,576 to £424,250 (4% decrease)

Supporting Communities

We would like to thank the many organisations that we have worked with and that have supported the Credit Union and the local communities over the last year, these include:

- Croydon Council – especially Security and Corporate Reception Teams
- Merton Council
- Sutton Council
- Purley Cross Job Club
- Illegal Money Lending Team (IMLT)
- Croydon Jobcentre
- London Capital Credit Union
- Lewisham Plus Credit Union
- Sutton Housing Partnership (SHP)
- Credit Union foundation
- Fair Banking Foundation
- Money and Pension Service (MaPS)
- Fair 4 All Finance
- CU Apps
- Hill House
- Sutton Community Action
- Nivo
- Sercle
- Voip Studio
- Good Choice IT
- Just Borrow
- ABCUL
- Citizens Advice Bureau

Feedback

We value the views of our members and welcome any suggestions for improvement.

Report of the Directors

For the Year ended 30 September 2021

Statement of 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.

This report was approved by the Board of Directors on 25 January 2022 and signed on its behalf by:



.....
Philip Butlin (Treasurer)



.....
Manju Shahul-Hameed (Chair)



.....
Clive Fraser (Secretary)

Report of the Independent Auditors to the Members of

Croydon, Merton and Sutton Credit Union Limited

Opinion

We have audited the financial statements of Croydon, Merton and Sutton Credit Union Limited for the year ended 30 September 2021 which comprise the Revenue Account, the Balance Sheet, the Statement of Reserves, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the credit unions ability to continue to adopt the going concern basis of accounting for a period of a least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the report of the directors, but does not include the financial statements and our Report of the Auditors thereon.

In our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Report of the Independent Auditors to the Members of

Croydon, Merton and Sutton Credit Union Limited

Opinion on other matters prescribed by the Cooperative and Community Benefits Societies Act 2014

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

- the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors 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 during the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- 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 the law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, 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 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 company'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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but it is not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. We identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

Report of the Independent Auditors to the Members of

Croydon, Merton and Sutton Credit Union Limited

- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in. The key laws and regulations we considered in this context included the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

In addition we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

As a result of performing the above, we did not identify any key matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provision of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing minutes of meetings of those charged with governance, reviewing internal reports and reviewing correspondence with Bank of England, and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale for any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indication of fraud or non-compliance with laws and regulations throughout the audit.

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

Jonathan Askew (Senior Statutory Auditor)
for and on behalf of Hartley Fowler LLP
Statutory Auditors & Chartered Accountants
4th Floor Tuition House
27/37 St George's Road
London
SW19 4EU

11 February 2022



Croydon, Merton and Sutton Credit Union Limited

Revenue Account

For the Year ended 30 September 2021

	Note	2021 Total £	2020 Total £
Loan interest receivable	5	424,250	442,576
Interest payable	5.1	-	(16,896)
Net interest income		424,250	425,680
 Fees receivable		 5,951	 6,281
		430,201	431,961
 Other operating income	6	 55,117	 55,053
Administrative expenses	8.1	(358,819)	(351,381)
Other operating expenses	8.2	(17,994)	(13,212)
Impairment losses on loans to members	12.4	(50,117)	(140,700)
Surplus / (Deficit) before taxation		58,388	(18,279)
Taxation	9	(671)	(1,649)
Surplus / (Deficit) for the financial year		57,717	(19,928)
Other comprehensive income		-	-
Total comprehensive income		57,717	(19,928)

Croydon, Merton and Sutton Credit Union Limited

Balance sheet

As at 30 September 2021

	Note	2021 £	2020 £
ASSETS			
Tangible Fixed Assets	11	16,879	9,219
Loans to members	12	2,937,278	2,564,149
Other debtors		6,385	13,303
Loans and advances to banks	19	2,375,635	2,196,504
Cash and cash equivalents	19	564,621	661,162
Total assets		5,900,798	5,444,337
LIABILITIES			
Members' Share Capital	15	5,376,839	4,974,339
Subordinated Loans	14	105,000	105,000
Other creditors	13	28,671	32,427
		5,510,510	5,111,766
RESERVES			
Retained earnings	17	390,288	332,571
Total liabilities		5,900,798	5,444,337

The financial statements were approved, and authorised for issue, by the board on 25 January 2022 and signed on its behalf by:



Philip Butlin (Treasurer)



Manju Shahul-Hameed (Chair)



Clive Fraser (Secretary)

Croydon, Merton and Sutton Credit Union Limited

Statement of changes in Retained Earnings

As at 30 September 2021

	2021 £	2020 £
As at 1 October 2020	332,571	352,499
Total comprehensive income for the year	57,717	(19,928)
As at 30 September 2021	<u><u>390,288</u></u>	<u><u>332,571</u></u>

Croydon, Merton and Sutton Credit Union Limited

Statement of Cash Flows

For the Year ended 30 September 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Surplus/(deficit) before taxation		58,388	(18,279)
Adjustments for non-cash items:			
Add: Depreciation	11	5,669	2,036
Provision for impairment losses	12.4	69,923	160,042
Less: Impairment of individual financial assets	12.4	<u>(61,045)</u>	<u>(85,974)</u>
		14,547	76,104
Movements in:			
Debtors		6,918	16,997
Creditors		<u>(2,778)</u>	<u>11,576</u>
		4,140	28,573
Cash flows from changes in operating assets and liabilities			
Cash inflow from members' deposits	15	6,328,343	5,710,060
Cash outflow from repaid members' deposits	15	(5,925,843)	(4,604,115)
New loans to members	12.1	(3,097,305)	(2,508,599)
Repayment of loans by members	12.1	<u>2,715,298</u>	<u>2,730,518</u>
		20,493	1,327,864
Corporation tax paid	10	(1,649)	(1,429)
Net cash flows from operating activities		<u>95,919</u>	<u>1,412,833</u>
Net cash flows from investing activities			
Purchase of office equipment	11	(13,329)	(9,230)
Net cash flow from managing liquid deposits	19	96,541	(7,659)
Cash and cash equivalents at 1 October 2020	19	<u>2,196,504</u>	<u>800,560</u>
Cash and cash equivalents at 30 September 2021	19	<u><u>2,375,635</u></u>	<u><u>2,196,504</u></u>

Croydon, Merton and Sutton Credit Union Limited

Notes to the financial statements

For the Year ended 30 September 2021

1. Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

2. Legal and regulatory framework

Croydon, Merton and Sutton Credit Union Limited is an organisation established under the Co-operative and Community Benefit Societies Act 2014 whose principal activity of the society is to operate as a credit union within the meaning of the Credit Unions Act 1979. Croydon, Merton and Sutton Credit Union Limited 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.

In accordance with the regulatory environment for credit unions, deposits from members can be made by subscription for redeemable shares, deferred shares and interest-bearing shares. At present Croydon, Merton and Sutton Credit Union Limited has only issued redeemable shares.

3. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with FRS102 The Financial Reporting Standard applicable in the UK and Republic Ireland. The financial statements are prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the credit union. Monetary amounts in these financial statements are rounded to the nearest pound.

Going Concern

The financial statements are prepared on a going concern basis.

Income recognition

Interest on members' loans

Interest on loans to members is recognised on an accrual basis using the effective interest method

Dividends

Dividends are paid to members based on then actual deposits held with the credit union.

Fee receivable

Fees receivable comprise entrance fees.

Grant income

Revenue Grant income is recognised in the Revenue account in the period to which it relates. Grant income relating to future periods is credited to deferred income.

Investment income

Investment income comprises interest on funds held on deposit and is included when receivable and the amount can be measured reliably; this is normally upon notification of the interest paid or payable by the bank.

Other income

Other income predominately comprises bad debts recovered. Other income is recognised when the criteria have been performed that enable the credit union to claim the income concerned.

Croydon, Merton and Sutton Credit Union Limited

Notes to the financial statements

For the Year ended 30 September 2021

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. Croydon, Merton and Sutton Credit Union Limited is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income. As a result of the limited activities of Croydon, Merton and Sutton Credit Union Limited from which profits are chargeable to corporation tax, it is unlikely that deferred tax will arise.

Tangible fixed assets

Tangible fixed assets comprises items of office 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 the office equipment, less its estimated residual value, on a straight line basis over its estimated useful life. Office equipment is depreciated over 3 years.

Loans and advances to banks

Loans and advances to banks comprises loans and advances to banks (ie cash deposited with banks) with a maturity of more than 8 days.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and loans and advances to banks (ie cash deposited with banks) with a maturity of less than or equal to 8 days.

Financial assets - loans 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 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

Impairment losses on loans to members are provided in accordance with the guidelines issued by the Prudential Regulatory Authority. Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the loan and the net present value of the expected cash flows. The credit union 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.

Financial liabilities - members deposits

Members' shareholdings in Croydon, Merton and Sutton Credit Union Limited are redeemable and therefore are 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).

Employee Benefits

Defined contribution plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by Croydon, Merton and Sutton Credit Union Limited for the relevant period. Other employee benefits: Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

Croydon, Merton and Sutton Credit Union Limited

Notes to the financial statements

For the Year ended 30 September 2021

Reserves

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

Pensions

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

4. 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 Croydon, Merton and Sutton Credit Union Limited'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

This is made by the judgement of the Directors in accordance with the guidance issued by the Prudential Regulation Authority.

5. Loan interest receivable	2021	2020
	£	£
Loan interest receivable from members	<u>424,250</u>	<u>442,576</u>

The loan interest receivable from members is derived from the area within its common bond

5.1 Interest payable	2021	2020
	£	£
Dividends paid on members' shares in the year	<u>-</u>	<u>16,896</u>

The distributions on member's shares represents distributions paid in the year.

6. Other operating income	2021	2020
	£	£
Investment income	2,712	8,343
Bank interest received	819	339
London Borough of Sutton Grant	10,000	10,000
Fair4All Finance Grant	28,370	-
Coronavirus Job Retention Grants	8,915	10,217
Other income	4,301	26,154
	<u>55,117</u>	<u>55,053</u>

Croydon, Merton and Sutton Credit Union Limited

Notes to the financial statements

For the Year ended 30 September 2021

7. Operating surplus/(deficit)		2021	2020
		£	£
This is stated after charging:			
Depreciation of owned assets		5,669	2,036
Auditors' remuneration for audit services		<u>4,150</u>	<u>4,150</u>
8. Expenses		2021	2020
	Note	£	£
Administrative expenses	8.1	358,819	351,381
Other operating expenses	8.2	17,994	13,212
		<u>376,813</u>	<u>364,593</u>
8.1 Administrative expenses			
Employment costs	9.2	292,310	290,554
Recruitment costs		-	118
Travel and meetings		100	1,946
Auditors' fees		4,150	4,150
Accountancy		1,700	1,700
Volunteer expenses		37	263
Training costs		3,692	4,761
Computer maintenance		26,280	15,808
Advertising and promotion		3,758	5,426
Printing, stationery and postage		2,264	8,957
Bank charges		8,926	7,014
Depreciation		5,669	2,036
Telephone and internet		4,404	3,882
Legal and professional fees		1,078	1,218
Directors' and officers' insurance		775	750
Office expenses		2,576	1,698
Interest on subordinated loans		1,100	1,100
		<u>358,819</u>	<u>351,381</u>

Croydon, Merton and Sutton Credit Union Limited

Notes to the financial statements

For the Year ended 30 September 2021

8.2 Other operating expenses

Other operating expenses comprise regulatory and financial management costs.

	2021	2020
	£	£
Regulatory and financial management costs		
Financial Conduct Authority and Prudential Regulation Authority fees and Financial Services Compensation Scheme levy	1,328	1,400
Association of British Credit Unions Limited dues	6,007	5,139
Fidelity bond insurance	2,840	2,939
Credit agency fees	7,819	3,734
	<u>17,994</u>	<u>13,212</u>

9. Employees and employment costs

9.1 Number of employees

The average monthly number of employees during the year were:

	2021	2020
	Number	Number
Office staff	<u>13</u>	<u>13</u>

9.2 Employment costs

	2021	2020
	£	£
Wages and salaries	264,869	268,708
Social security costs	16,396	15,330
Payments to defined contribution pension schemes	5,134	4,958
Staff benefit insurance	4,100	-
Payroll bureau costs	<u>1,811</u>	<u>1,558</u>
Total employment costs	<u>292,310</u>	<u>290,554</u>

9.3 Key Management Remuneration

The Directors of Croydon, Merton and Sutton Credit Union Limited do not receive any remuneration.

The key management personnel is considered to be the Chief Executive Officer and the Operations Manager. Total remuneration paid to key management during the year was £87,708 (2020: £86,465).

Croydon, Merton and Sutton Credit Union Limited

Notes to the financial statements

For the Year ended 30 September 2021

10. Taxation

10.1 Recognised in the Revenue Account

The taxation charge for the year, based on the small profits rate of Corporation tax of 19% (2020: 19%) comprised:

	Note	2021 £	2020 £
Current tax			
UK Corporation tax	10.2	671	1,649
Underprovision prior years		-	-
Total current tax and total taxation expense recognised in the Revenue Account		<u>671</u>	<u>1,649</u>

10.2 Reconciliation of taxation expense

Croydon, Merton and Sutton Credit Union Limited is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as trade. However, corporation tax is payable on investment income. As a result, the tax charge for the year differs from the standard rate of Corporation tax. The differences are explained below:

	2021 £	2020 £
Surplus / (deficit) before taxation	<u>58,388</u>	<u>(18,279)</u>
Surplus / (deficit) before taxation multiplied by small profits rate of corporation tax in the UK of 19% (2020: 19%)	11,094	(3,473)
Effects of:		
Non-taxable surplus / (deficit) on transactions with members	(10,423)	5,122
Total tax charge for the year	<u>671</u>	<u>1,649</u>

Croydon, Merton and Sutton Credit Union Limited

Notes to the financial statements

For the Year ended 30 September 2021

11. Tangible fixed assets

Tangible fixed assets comprise office equipment:

	Office Equipment £	Total £
Cost		
At 1 October 2020	44,219	44,219
Additions	<u>13,329</u>	<u>13,329</u>
At 30 September 2021	<u>57,548</u>	<u>57,548</u>
Depreciation		
At 1 October 2020	35,000	35,000
Charge for the year	<u>5,669</u>	<u>5,669</u>
At 30 September 2021	<u>40,669</u>	<u>40,669</u>
Net book value		
At 30 September 2021	<u>16,879</u>	<u>16,879</u>
At 30 September 2020	<u>9,219</u>	<u>9,219</u>

Croydon, Merton and Sutton Credit Union Limited

Notes to the financial statements

For the Year ended 30 September 2021

12. Loans to members - financial assets

12.1 Loans to members	Note	2021 £	2020 £
At 1 October 2020		2,820,010	3,041,929
Advanced during the year		3,097,305	2,508,599
Repaid during the year		<u>(2,715,298)</u>	<u>(2,730,518)</u>
Gross loans to members	12.2	3,202,017	2,820,010
Impairment losses			
Individual financial assets		(233,683)	(231,338)
Groups of financial assets		<u>(31,056)</u>	<u>(24,523)</u>
	12.2	<u>(264,739)</u>	<u>(255,861)</u>
At 30 September 2021	12.2	<u><u>2,937,278</u></u>	<u><u>2,564,149</u></u>
Memorandum - Total loan assets for regulatory purposes		2021	2020
		£	£
Gross loans to members		3,202,017	2,820,010
Impairment of individual financial assets		<u>(233,683)</u>	<u>(231,338)</u>
Total loan assets for regulatory purposes	15.2	<u><u>2,968,334</u></u>	<u><u>2,588,672</u></u>

12.2 Credit risk disclosures

Croydon, Merton and Sutton Credit Union Limited does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding.

	2021 £	2020 £
Not impaired:		
Neither past due nor impaired	1,349,678	1,301,352
Up to 3 months past due	<u>1,552,821</u>	<u>1,224,251</u>
	2,902,499	2,525,603
Individually impaired:		
Between 3 and 6 months past due	73,104	69,984
Between 6 and 9 months past due	45,268	44,129
Between 9 and 12 months past due	37,272	54,264
Over 12 months past due	<u>143,874</u>	<u>126,030</u>
	3,202,017	2,820,010
Impairment allowance	<u>(264,739)</u>	<u>(255,861)</u>
Total carrying value as at 30 September 2021	<u><u>2,937,278</u></u>	<u><u>2,564,149</u></u>

Croydon, Merton and Sutton Credit Union Limited

Notes to the financial statements

For the Year ended 30 September 2021

12.3 Allowance account for impairment losses

	Note	2021 £	2020 £
At 1 October 2020		255,861	181,793
Allowances (reversed) / made during the year		<u>8,878</u>	<u>74,068</u>
At 30 September 2021		<u><u>264,739</u></u>	<u><u>255,861</u></u>

12.4 Impairment losses recognised for the year

	2021 £	2020 £
Impairment of individual financial assets	61,045	85,974
Allowances (reversed) / made during the year	<u>8,878</u>	<u>74,068</u>
Total impairment losses recognised for the year	69,923	160,042
Reversal of impairment where debts recovered	<u>(19,806)</u>	<u>(19,342)</u>
Total impairment recognised for the year	<u><u>50,117</u></u>	<u><u>140,700</u></u>

13. Other creditors

	2021 £	2020 £
UK Corporation tax	676	1,655
PAYE and National Insurance	-	2,290
Sundry Creditors	<u>27,995</u>	<u>28,482</u>
	<u><u>28,671</u></u>	<u><u>32,427</u></u>

Croydon, Merton and Sutton Credit Union Limited

Notes to the financial statements

For the Year ended 30 September 2021

14. Subordinated loans	Note	2021	2020
		£	£
London Borough of Croydon subordinated loans	14.1	100,000	100,000
Related party subordinated loans	14.2	<u>5,000</u>	<u>5,000</u>
		<u><u>105,000</u></u>	<u><u>105,000</u></u>

14.1 During the year ended 30 September 2015 the credit union received an unsecured subordinated loan from London Borough of Croydon of £100,000. The rate of interest on this loan is 1% per annum.

The loan will be repaid in the following instalments:	£
Year ended 30 September 2022	20,000
Year ended 30 September 2023	20,000
Year ended 30 September 2024	20,000
Year ended 30 September 2025	20,000
Year ended 30 September 2026	<u>20,000</u>
	<u><u>100,000</u></u>

Only 60% of this subordinated loan can be treated as capital under the capital assets ratio in accordance with PRA rule 8.4.

14.2 During the year ended 30 September 2015 the credit union received two unsecured subordinated loans from two directors. One has been repaid. The remaining loan is for £5,000 with a rate of interest of 2% per annum.

The loans will be repaid in the following instalments:	£
Year ended 30 September 2022	1,000
Year ended 30 September 2023	1,000
Year ended 30 September 2024	1,000
Year ended 30 September 2025	1,000
Year ended 30 September 2026	<u>1,000</u>
	<u><u>5,000</u></u>

Only 60% of this subordinated loan can be treated as capital under the capital assets ratio in accordance with PRA rule 8.4.

15. Members' deposits	2021	2020
	£	£
At 1 October 2020	4,974,339	3,868,394
Received during the year	6,328,343	5,710,060
Repaid during the year	<u>(5,925,843)</u>	<u>(4,604,115)</u>
At 30 September 2021	<u><u>5,376,839</u></u>	<u><u>4,974,339</u></u>

Croydon, Merton and Sutton Credit Union Limited

Notes to the financial statements

For the Year ended 30 September 2021

16. Additional financial instruments disclosures

16.1 Financial risk management

Croydon, Merton and Sutton Credit Union Limited manages its members' deposits and loans to members so that it earns income which is adequate to meet the overheads of the credit union and to provide a reasonable return to members on shares.

The main financial risks arising from Croydon, Merton and Sutton Credit Union Limited'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 Croydon, Merton and Sutton Credit Union Limited, resulting in financial loss to the credit union. In order to manage this risk the Board approves the 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:

The 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 the 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. Croydon, Merton and Sutton Credit Union Limited conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore the credit union is not exposed to any form of currency risk or other price risk.

Interest rate risk:

Croydon, Merton and Sutton Credit Union Limited'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. Croydon, Merton and Sutton Credit Union Limited maintains its members shares in non-interest bearing accounts. The credit union considers rates of interest receivable when deciding on the dividend rate payable on member's deposits. Croydon, Merton and Sutton Credit Union Limited does not use interest rate options to hedge its own positions.

Croydon, Merton and Sutton Credit Union Limited

Notes to the financial statements

For the Year ended 30 September 2021

16.2 Interest rate risk disclosures

The following table shows the average interest rates applicable to relevant financial assets and financial liabilities.

	2021	Average	2020	Average
	Amount	Interest	Amount	Interest
	£	rate	£	rate
Financial assets				
Loans to members	<u>2,968,334</u>	<u>14.3%</u>	<u>2,588,672</u>	<u>17.1%</u>
Financial liabilities				
Members shares	<u>5,376,839</u>	<u>0%</u>	<u>4,974,339</u>	<u>0%</u>

The interest rates applicable to loans to members are fixed and range from 5% to 42%.

Any interest payable in the form of dividends is determined after the end of the relevant financial year, as a result, the surplus or deficit for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

16.3 Liquidity risk disclosures

Excluding short-term other creditors, Croydon, Merton and Sutton Credit Union Limited's financial liabilities are mainly repayable on demand.

16.4 Fair value of financial instruments

Croydon, Merton and Sutton Credit Union Limited does not hold any financial instruments at fair value.

17. Reserves

Retained earnings represent the base capital of the credit union. It consists of the retained surpluses and deficits which have not been distributed as dividends.

18. Capital

The credit union classes all of its reserves as capital. Additionally capital comprises the subordinated debt that qualifies as capital. The credit union manages its reserves through its financial policies and procedures. The Prudential Regulation Authority (PRA) sets out the requirements for regulatory capital which the credit union must maintain. The credit union's compliance with the requirements at the year end is set out below:

	2021	2020
	%	%
Regulatory capital as % of total assets	<u>7.68</u>	<u>7.57</u>
Minimum threshold stipulated in Rule 8.5a (PRA rulebook)	<u>5.00</u>	<u>5.00</u>

Croydon, Merton and Sutton Credit Union Limited

Notes to the financial statements

For the Year ended 30 September 2021

19. Cash and cash equivalents	2021	2020
	£	£
Loans and advances to banks and cash and cash equivalents	2,940,256	2,857,666
Less: Loans and advances to banks - amounts maturing after 8 days	<u>(564,621)</u>	<u>(661,162)</u>
Total cash and cash equivalents	<u>2,375,635</u>	<u>2,196,504</u>

20. Post balance sheet events

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

21. Contingent liabilities

Croydon, Merton and Sutton Credit Union Limited 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. The Financial Conduct Authority (FCA) had provided details of how the calculation of next year's contribution towards the FSCS will be calculated and full provision has been included for this liability. However this is subject to future changes in interest rates and levels of deposits held by UK deposit takers. Therefore there is inherent uncertainty regarding the totality of the levy that Croydon, Merton and Sutton Credit Union Limited will have to pay.

22. Related party transactions

Balances held by directors and their close family members in the credit union are set out below. Loans to directors and their close family members are on the same terms as those on offer to other members.

	2021	2020
	£	£
Loans to directors and their close family	4,789	2,744
Shares held by directors and their close family	4,253	3,947

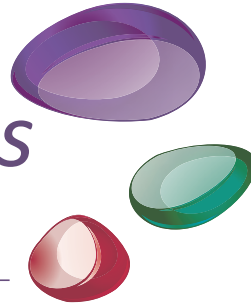
Balances held by members of key management and their close family members in the credit union are set out below. Loans to key management are provided at a discounted rate of 25% of the normal rate for the relevant loan product. Loans to close family members of key management are on standard terms.

	2021	2020
	£	£
Loans to directors and their close family	16,021	17,276
Shares held by directors and their close family	12,185	12,056

During the year ended 30 September 2015 the credit union received a subordinated loan of £5,000 from a now former director with a rate of interest of 2% per annum (see note 13.2).

Croydon *Plus*

SAVINGS & LOANS FOR PEOPLE
IN CROYDON, MERTON & SUTTON



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