



30 September

2022

Firm registration number 475226

**Directors'
Report and
Financial
Statements**

Message from the Chairman

The political, social and economic headlines remain dominated by inflation and dramatic rises in the cost of living and energy prices. The resulting unexpected and unplanned-for demands on the household budgets of our members has become the major focus of Boom Community Bank in the Financial Year 2021-22. I am proud to report that despite these severe economic headwinds, Boom has managed to support its members and minimise the impact on their economic wellbeing.

Boom has continued to grow. During FY 2021-22, Boom grew its membership by 30% to 12,052, its loan book by 23% to £5.9 million and its member savings by 25% to £8.3 million. These substantial increases were in part due to the merger with Berkshire Credit Union in June 2022 which was achieved smoothly following 12 months of careful planning and close cooperation. The associated financial support of a grant from Fair4All is enabling Boom to refine its IT platform and streamline its procedures in order to absorb Berkshire's 2,000 members without adding to its staffing levels.

The source of Boom's financial resilience remains the dedication of its well trained staff and its firm commercial operating standards which despite the severe socio-economic pressures continues to deliver a consistent if modest annual operational surplus. The quality of Boom's underwriting, credit control and customer services is proving itself during testing and troubled times and we will work hard to ensure it remains fit for purpose. There is much more to be done to penetrate Boom's 3 million potential market by expanding its marketing outreach.

David Wright OBE
Chairman
Boom Community Bank

Administrative information

Directors	D Wright C Carlisle H Ward W Ramsdale MJ Isted D Greenwood M Jasper K Hennings R Kullar	(Resigned 17.11.2022) (Appointed 14.04.2022)
Secretary	D Greenwood R Kullar	(Resigned 20.10.2022) (Appointed 20.10.2022)
Registration Number	740C	
Financial Conduct Authority Registration	475226	
Registered Office	17 Liverpool Gardens Worthing West Sussex BN11 1RY	
Auditors	Carpenter Box Amelia House Crescent Road Worthing West Sussex BN11 1RL	
Bankers	National Westminster Bank 27 South Street Worthing West Sussex BN11 3AR The Co-Operative Bank PO Box 101 Manchester M60 4EP Contis Financial Services Navigation House Belmont Wharf Skipton BD23 1RL Santander 100 - 101 Broad Street Reading RG1 2AX Cambridge Building Society 51 New Market Road Cambridge CB5 8EQ Cambridge & Counties Bank Charnwood Court 5b New Walk Leicester LE1 6TE	

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Directors' Report

for the year ended 30 September 2022

The directors present their report and financial statements for the year ended 30 September 2022.

Principal activities

The principal activity of the credit union is that of operating a credit union in West Sussex, Surrey, Kingston and Berkshire for the mutual benefit of its members.

During the year, the West Sussex and Surrey Credit Union Limited was fortunate to receive financial assistance from a number of bodies. Where funds have been received directly by the credit union, the income has been recognised within these financial statements. We would like to thank all of our funding partners for their assistance.

On 27th June, West Sussex & Surrey Credit Union Limited acquired Community Savings & Loans (Berkshire) Credit Union Limited. Fair value was applied to the debtors and members loans introduced by the acquisition.

Dividends

The Directors recommend the payment of a 0.40% dividend (2021: 0.30%). This will be voted upon at the Annual General Meeting and if approved will be included in the following year's financial statements.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Wright
C Carlisle
H Ward
W Ramsdale (Resigned 17.11.2022)
MJ Isted
D Greenwood
M Jasper
K Hennings
R Kullar (Appointed 14.04.2022)

Directors' interests

All of the directors are members of the West Sussex and Surrey Credit Union Limited. All transactions are undertaken on the credit union's standard commercial terms.

Auditors

A resolution proposing that Carpenter Box be reappointed as auditors of the credit union will be put to the Annual General Meeting.

Directors' responsibilities

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

Legislation requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under 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 surplus or deficit 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 accounting 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 company will continue in business.

The directors are responsible for keeping proper accounting records which 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 and the Credit Unions Act 1979. 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.

Statement of disclosure to the credit union's auditors

So far as the directors are aware there is no relevant audit information of which the credit union's auditors are unaware. Additionally, the directors have taken all necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the credit union's auditors are aware of that information.

COVID-19 assessment

The directors have undertaken a robust assessment of the credit union's future trading prospects, and have concluded that the credit union remains a going concern. See the accounting policy on going concern under note 2 to the financial statements for further detail.

The Directors' Report was approved by the Board of Directors on 16 February 2023 and signed on its behalf by:



D Wright



M Jasper

Independent Auditors' Report

TO THE MEMBERS OF WEST SUSSEX AND SURREY CREDIT UNION LIMITED

Opinion

We have audited the financial statements of West Sussex and Surrey Credit Union Limited (the 'credit union') for the year ended 30 September 2022 which comprise the Revenue Account, the Balance Sheet, the Statement of Changes in Retained Earnings, the Cashflow statement, and notes to the financial statements, 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 FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, and the Credit Union 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 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 relating 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 annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 and the Credit Union Act 1979

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

- the information given in the directors' report for the financial year for which the financial statements are 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 where the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979 require 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 of 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 misstatements, 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.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- obtaining an understanding of the legal, FCA and PRA regulatory frameworks in which the credit union operates, focusing on those laws and regulations that had a direct effect on the financial statements and operations;
- obtaining an understanding of the credit union's policies and procedures on fraud risks, including knowledge of any actual, suspected or alleged fraud;
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud through our knowledge and understanding of the credit union and our sector-specific experience.

As a result of these procedures, we considered the opportunities and incentives that may exist within the credit union for fraud. We are also required to perform specific procedures to respond to the risk of management override. As a result of performing the above, we identified the following areas as those most likely to have an impact on the financial statements: compliance with the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

Independent Auditors' Report - continued**TO THE MEMBERS OF WEST SUSSEX AND SURREY CREDIT UNION LIMITED**

In addition to the above, our procedures to respond to risks identified included the following:

- Making enquiries of management about any known or suspected instances of non-compliance with laws or FCA and PRA regulations and fraud;
- Reviewing minutes of meetings of the board and senior management;
- Reading correspondence with regulators;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to provisions for irrecoverable debts; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the credit union's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014 and 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 the 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.

Christopher Reeves ACA, FCCA (Senior Statutory Auditor)
For and on behalf of Carpenter Box
Chartered Accountants
Statutory Auditors
Worthing

Date:



Christopher Reeves (Feb 20, 2023 17:43 GMT)

Feb 20, 2023

Carpenter Box is a trading name of Carpenter Box Limited

Revenue Account

for the year ended 30 September 2022

	Note	2022 £	2021 £
Loan interest receivable and similar income	4	1,258,142	1,083,805
Interest payable	5	<u>(26,597)</u>	<u>(24,507)</u>
Net interest income		1,231,545	1,059,298
Fees and commissions payable		<u>(5,967)</u>	<u>(4,123)</u>
Net fees and commission receivable		(5,967)	(4,123)
Other income		28,605	46,209
Administrative expenses	6a	(732,010)	(650,159)
Depreciation and amortisation	9	(30,987)	(37,806)
Other operating expenses	6b	(42,166)	(32,106)
Impairment losses on loans to members	10e	<u>(399,277)</u>	<u>(206,891)</u>
Surplus before taxation		49,743	174,422
Taxation	8a	<u>(1,648)</u>	<u>0</u>
Surplus for the financial year		<u>48,096</u>	<u>174,422</u>

There are no items of other comprehensive income. West Sussex and Surrey Credit Union Limited has chosen the single-statement approach to the Revenue Account.

Balance Sheet

as at 30 September 2022

	Note	2022 £	2021 £
ASSETS			
Cash, cash equivalents and liquid deposits			
Loans and advances to banks	14	3,477,658	2,743,365
Loans and advances to members	10	5,936,577	4,839,991
Tangible fixed assets	9	56,334	34,930
Other receivables		3,823	1,325
Prepayments and accrued income		72,764	5,264
Total assets		9,547,156	7,624,875
LIABILITIES			
Subscribed capital - repayable on demand	11	8,323,683	6,662,736
Other payables	12	770,520	639,252
		9,094,203	7,301,988
Retained earnings		161,058	82,438
Other reserves		68,071	20,000
Subordinated debt - over 4 years remaining		150,000	114,000
Subordinated debt - 4 years and fewer remaining		73,824	106,449
Total liabilities		9,547,156	7,624,875

The financial statements were approved, and authorised for issue, by the Board on 16 February 2023 and signed on its behalf by:



D Wright
Director



M Jasper
Director

Richenda Kullar

R Kullar
Secretary

Statement of changes in Retained Earnings

for the year ended 30 September 2022

	Retained earnings	Capital Grants	2022 £	2021 £
As at 1 October 2021	82,438	20,000	102,438	(37,651)
Covid-19 Fair4All grant - Transferred to Revenue account	-	-	-	(34,333)
Fair4All acquisition grant On acquisition	48,245	48,071	48,071	-
Total comprehensive income for the year	48,096	-	48,096	174,422
Dividend paid for previous year	(17,721)	-	(17,721)	-
As at 30 September 2022	161,058	68,071	229,128	102,438

Cash flow statement

for the year ended 30 September 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Surplus before taxation		49,743	174,422
Adjustment for non-cash items:			
Depreciation and loss on disposal	9	33,041	37,806
Impairment losses	10e	420,990	224,978
		<u>454,031</u>	<u>262,784</u>
Movements in:			
Prepayments, accrued income and other receivables		(67,616)	16,871
Grants		48,071	(34,333)
Other payables		84,442	117,309
		<u>64,897</u>	<u>99,847</u>
Cash flows from changes in operating assets and liabilities			
Cash inflow from subscribed capital	11	4,494,207	3,746,218
Cash outflow from repaid capital	11	(4,141,326)	(2,914,202)
New loans to members	10a	(3,580,326)	(3,195,821)
Repayment of loans by members	10a	2,579,211	2,319,895
Cash outflow from repayment of subordinated loans		(46,625)	(45,824)
		<u>(694,859)</u>	<u>(89,734)</u>
Taxation paid		-	-
Net cash flow from operating activities		<u>(126,188)</u>	<u>447,319</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(45,772)	(10,908)
Net cash flow from managing liquid deposits		(1,885,896)	-
Cash flows from financial activities			
Dividends paid		(17,721)	-
Net decrease in cash and cash equivalents		<u>(2,075,577)</u>	<u>436,411</u>
Cash and cash equivalents at beginning of year		2,743,365	2,306,954
Cash arising on acquisition (net of current assets and liabilities)		923,974	-
Cash and cash equivalents at end of year	14	<u>1,591,762</u>	<u>2,743,365</u>

Notes to the financial statements

for the year ended 30 September 2022

1 Legal and regulatory framework

West Sussex and Surrey Credit Union Limited is a society established under the Industrial and Provident Societies Act 1965, whose principal activity is to operate as a credit union, within the meaning of the Credit Unions Act 1979. West Sussex and Surrey Credit Union Limited has registered with the Financial Conduct Authority under the provisions of the Financial Services and Markets Act 2000. The registered office address is 17 Liverpool Gardens, Worthing, West Sussex BN11 1RL. 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 West Sussex and Surrey Credit Union Limited has issued redeemable shares and deferred shares.

2 Accounting policies**Basis of preparation**

These financial statements have been prepared 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. 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 £.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the credit union's operations. In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty in relation to the appropriateness of continuing to adopt the going concern basis in preparing the annual report and accounts.

Income

Loan interest receivable and similar income: Interest on both loans to members and loans to banks (i.e. 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 monthly 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 transaction is recognised when the transaction is completed.

Other income: Other income is recognised when it falls due or is received and is comprised primarily of grants and other investment income.

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. West Sussex and Surrey 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 West Sussex and Surrey 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 comprise items of computer equipment, fixtures, fittings and equipment and leasehold buildings, which are 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 computer equipment, fixtures, fittings and equipment and leasehold buildings, less its estimated residual value over its expected useful life as follows:

Computer equipment	33.3% straight line
Fixtures, fittings & equipment	15% written down value
Leasehold improvements	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the revenue account.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and with the bank and loans and advances (i.e. cash deposits with banks) with maturity of less than or equal to three 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 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. [In accordance with relevant regulations] West Sussex and Surrey Credit Union Limited does not transfer loans to third parties.

Impairment of financial assets

West Sussex and Surrey 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, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

Financial liabilities - subscribed capital

Members' shareholdings in West Sussex and Surrey Credit Union Limited are redeemable and therefore are classified as financial liabilities, and described as subscribed capital. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

In addition to the above ordinary shares, deferred shares to the value of £280,720 have been issued. These shares qualify for dividends in the same way as ordinary shares, and only one vote is permitted per shareholder regardless of the amount of deferred shares held.

Notes to the financial statements

for the year ended 30 September 2022

Employee benefits

Defined contribution plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by West Sussex and Surrey Credit Union Limited for the relevant period.

Termination benefits are recognised immediately as an expense when the Credit Union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Other employee benefits: Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

Reserves

Subordinated debt represents fixed term loans provided to West Sussex and Surrey Credit Union Limited for the sole benefit of its members.

Other reserves brought forward represent one off non repayable grants from certain Housing Associations for their tenants to gain access to affordable credit. The grants will be utilised as required by West Sussex and Surrey Credit Union Limited. In August 2022, the Credit Union received the first tranche grant of £35,000 from Fair4All for the acquisition of Community Savings & Loans (Berkshire) Credit Union Limited, and the development of the Credit Union's computer systems. The second tranche is for a further £34,900 and is due to be received in January 2023 and has been accrued for as at the reporting date within prepayments and accrued income.

The amount of the grant unspent at the reporting date, being £30,691, is held within other reserves on the Balance Sheet.

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

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease assets are consumed.

3 Use of 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 West Sussex and Surrey 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, is disclosed below:

Impairment losses on loans to members

West Sussex and Surrey Credit Union Limited conducts impairment reviews on a weekly basis to assess each loans outstanding repayments, where it is judged that a loan is no longer recoverable then a loss is recognised in the revenue account and the loans book value is written down accordingly.

When a loan is significantly in arrears and there are some repayments being received by West Sussex and Surrey Credit Union Limited then it is not written off.

All loans are provided for at various percentages based on the weeks the loans are in arrears.

4 Loan interest receivable and similar income.

	2022	2021
	£	£
Loan interest receivable from members	1,246,512	1,081,661
Bank interest receivable on cash and liquid deposits	11,630	2,144
Total loan interest receivable and similar income	1,258,142	1,083,805

5 Interest expense

Interest expense is the dividend paid to members for the prior year. 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.

Interest paid during the year also relates to interest payable on juvenile accounts and subordinated loans.

Interest and dividend payments are shown within interest payable in the accounts.

	Note	2022	2021
		£	£
Interest paid during the year		-	-
Dividend rate:			
Share accounts		0.30%	0.00%
Interest proposed, but not recognised		-	-
Dividend rate:			
Share accounts		0.40%	0.30%
Interest paid on juvenile accounts during the year			
Rate		2.00%	2.00%
Amount		10,288	8,198
Interest payable on subordinated loans			
Rate		6.41%-7.21%	6.41%-7.21%
Amount		16,309	16,309

6 Expenses

	Note	2022	2021
		£	£
Administrative expenses	6a	732,010	650,159
Depreciation and amortisation	9	30,987	37,806
Other operating expenses	6b	42,166	32,106
		805,163	720,071

6a Administrative expenses

	Note	2022	2021
		£	£
Employment costs	7b	544,418	514,831
Staff training		1,484	1,185
Directors' expenses		776	-
Auditors' remuneration	6c	9,910	9,540
Telephone and broadband		14,737	15,117
Computer maintenance		31,281	14,691
Legal and professional		0	746
General expenses		100,922	88,350
Acquisition costs		21,160	-
Printing, postage and stationery		5,332	3,285
Other insurance		1,990	2,414
Total administrative expenses		732,010	650,159

Notes to the financial statements

for the year ended 30 September 2022

6b Other operating expenses

Other operating expenses comprise the costs of occupying offices and regulatory and financial management costs:

	2022 £	2021 £
Cost of occupying offices (excluding depreciation)		
Rent and rates	21,905	15,284
Cleaning	1,048	1,409
Repairs and maintenance	4,300	-
Heating and lighting	9,290	7,762
	<u>36,543</u>	<u>24,455</u>
Regulatory and financial management costs		
Financial Conduct Authority fees	1,630	1,256
Financial Services Compensation Scheme levy	-	-
Fidelity insurance	3,993	6,395
	<u>5,623</u>	<u>7,651</u>
	<u>42,166</u>	<u>32,106</u>

6c Auditors' remuneration

West Sussex and Surrey Credit Union Limited voluntarily presents an analysis of its auditors' remuneration in accordance with the Companies (Disclosure of Auditor Remuneration and Liability Limited Agreements) Regulations 2008.

	2022 £	2021 £
Fees payable for the audit of West Sussex and Surrey Credit Union Limited's annual accounts	9,910	9,540
Total auditors' remuneration	<u>9,910</u>	<u>9,540</u>

7 Employees and employment costs**7a Number of employees**

The average monthly number of employees (excluding directors) during the year were:

	2022 Number	2021 Number
Office staff	<u>22</u>	<u>19</u>

7b Employment costs

	2022 £	2021 £
Wages and salaries	494,168	470,583
Social security costs	38,242	32,936
Payments to defined contribution pension schemes	12,008	11,312
Total employment costs	<u>544,418</u>	<u>514,831</u>

7c Directors' remuneration

The Executive and Non-Executive Directors' and the Senior Management Team of West Sussex and Surrey Credit Union Limited are its key management personnel. The Non-Executive Directors' of West Sussex and Surrey Credit Union Limited act on a volunteer basis and hence are not paid a salary and do not incur any related costs. The Executive Directors' remuneration is as follows:

	2022 £	2021 £
Remuneration for qualifying services	26,166	13,993
Payment to defined contribution pension schemes	960	320
	<u>27,126</u>	<u>14,313</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021: 1)

Aggregate remuneration of key management personnel, which includes Executive Directors' remuneration, totals £154,666 (2021: £174,654). Included within this figure are payments to defined contribution pension schemes of £3,426 (2021: £2,648).

8 Taxation**8a Recognised in Revenue Account**

The taxation charge for the year, based on the small profits rate of Corporation Tax of 19.00% (2021: 19.00%, taking into account marginal relief) comprised:

	Note	2022 £	2021 £
Current tax		-	-
UK Corporation tax	8b	1,648	-
Total current tax and Total taxation expense recognised in the Revenue Account		<u>1,648</u>	<u>-</u>

8b Reconciliation of taxation expenses

West Sussex and Surrey 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, the tax charge for the year differs from the standard rate of corporation tax.

	2022 £	2021 £
Surplus before taxation	49,743	174,422
Surplus before taxation multiplied by applicable rate of 19% (2021: 19%)	9,451	33,140
Effects of: Non-taxable surplus on transactions with members	(7,803)	(33,140)
Total tax charge for the year	<u>1,648</u>	<u>-</u>

Notes to the financial statements

for the year ended 30 September 2022

9 Tangible fixed assets

Tangible fixed assets comprise the following property, plant and equipment:

	Leasehold building £	Computer equipment £	Fixtures and fittings £	Total £
Cost				
At 30 September 2021	33,395	148,248	15,534	197,177
Additions	7,403	37,969	400	45,772
Disposals	(33,395)	(72,423)	(8,503)	(114,321)
On acquisition		8,673		8,673
At 30 September 2022	7,403	122,467	7,431	137,301
Depreciation				
At 30 September 2021	31,656	120,074	10,517	162,247
Charge for the year	2,416	27,764	807	30,987
Disposals	(33,395)	(72,423)	(6,449)	(112,267)
At 30 September 2022	677	75,415	4,875	80,967
Net book value				
At 30 September 2022	6,726	47,052	2,556	56,334
At 30 September 2021	1,739	28,174	5,017	34,930

10 Loans and advances to members - financial assets**10a Loans and advances to members**

	Note	2022 £	2021 £
As at 1 October 2021		5,224,755	4,510,771
Advanced during the year		3,580,326	3,195,821
Repaid during the year		(2,579,211)	(2,319,895)
On acquisition		631,294	
Gross loans and advances to members	10b	6,857,164	5,386,697
Impairment losses			
Individual financial assets		(294,270)	(161,942)
Groups of financial assets	10c	(626,317)	(384,764)
		(920,587)	(546,706)
As at 30 September 2022		5,936,577	4,839,991

Included in gross loans and advances to members, £5,924,108 (2021: £4,318,526) is receivable in more than one year.

10b Memorandum - Total loan assets for regulatory purposes

	Note	2022 £	2021 £
Gross loans and advances to members		6,857,164	5,386,697
Impairment of individual financial assets		(294,270)	(161,942)
Total loan assets for regulatory purposes	13b	6,562,894	5,224,755

10c Credit risk disclosures

West Sussex and Surrey 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. The maximum loan amount is £15,000.

The carrying amount of the loans to members represents West Sussex and Surrey Credit Union Limited's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2022		2021	
	Amount £	Proportion %	Amount £	Proportion %
Not impaired:				
Neither past due nor impaired	4,819,313	70.28%	4,148,500	77.01%
Up to 3 months past due	734,209	10.71%	451,862	8.39%
Between 3 months and 6 months past due	361,626	5.27%	229,666	4.26%
Between 6 months and 1 year past due	308,309	4.50%	203,366	3.78%
Over 1 year past due	339,437	4.95%	191,361	3.55%
Sub-total: loans not impaired	6,562,894	95.71%	5,224,755	96.99%
Individually impaired:				
Not yet past due, but impaired	-	0.00%	-	0.00%
Up to 3 months past due	18,839	0.27%	28,452.00	0.54%
Between 3 months and 6 months past due	23,419	0.34%	20,588	0.38%
Between 6 months and 1 year past due	98,076	1.43%	59,305	1.10%
Over 1 year past due	153,936	2.25%	53,597	0.99%
Total loans	6,857,164	100.00%	5,386,697	100.00%
Impairment allowance	(920,587)		(546,706)	
Total carrying value	5,936,577		4,839,991	

Factors that are considered in determining whether loans are impaired are discussed in note 3.

Notes to the financial statements

for the year ended 30 September 2022

10d Allowance account for impairment losses

	Note	2022 £	2021 £
As at 1 October 2021		384,764	321,728
Introduced on acquisition		114,832	-
		<u>499,596</u>	<u>321,728</u>
Increase in allowances during the year	10e	126,720	63,036
As at 30 September 2022		<u>626,316</u>	<u>384,764</u>

10e Impairment losses recognised for the year

		2022 £	2021 £
Impairment of individual financial assets		294,270	161,942
Increase in impairment allowances during the year		126,720	63,036
		<u>420,990</u>	<u>224,978</u>
Reversal of impairment where debts recovered		(21,713)	(18,087)
Total impairment losses recognised for the year		<u>399,277</u>	<u>206,891</u>

11 Subscribed capital - financial liabilities

	Note	2022 £	2021 £
As at 1 October 2021		6,662,736	5,830,720
Received during the year		4,494,207	3,746,218
Repaid during the year		(4,141,326)	(2,914,202)
On acquisition		1,308,066	-
As at 3 September 2022	13b	<u>8,323,683</u>	<u>6,662,736</u>

Deposits from members may only be made by way of subscription for shares

12 Other payables

		2022 £	2021 £
UK Corporation Tax		2,694	-
Juvenile deposits		488,230	423,268
Other payables		51,120	51,134
Provision for repayment of subordinated debt		169,298	122,674
Accruals and deferred income		59,178	42,176
		<u>770,520</u>	<u>639,252</u>

13 Additional financial instruments disclosures**13a Financial risk management**

West Sussex and Surrey Credit Union Limited manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable.

The main financial risks arising from West Sussex and Surrey Credit Union Limited's activities are credit risk, liquidity risk, market 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 West Sussex and Surrey Credit Union Limited, resulting in financial loss to West Sussex and Surrey Credit Union Limited. In order to manage this risk the Board approves West Sussex and Surrey Credit Union Limited'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: West Sussex and Surrey Credit Union Limited'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 West Sussex and Surrey Credit Unions Limited'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. Note 2 provides further details about the impact of the maturity mismatch on the going concern status of West Sussex and Surrey Credit Union Limited.

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

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

Notes to the financial statements

for the year ended 30 September 2022

13b Interest rate disclosures

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

	2022		2021	
	Amount £	Average interest rate	Amount £	Average interest rate
Financial assets				
Loans to members	6,562,894	18.99%	5,224,756	20.70%
Financial liabilities				
Subscribed capital				
Savings accounts	8,323,683	0.40%	6,662,736	0.30%

The interest rates applicable to loans to members are fixed and range from 1% to 3% per month. The interest payable on subscribed capital is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and interest payable. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

13c Liquidity risk disclosures

Excluding short-term other payables, as noted in the balance sheet, West Sussex and Surrey Credit Union Limited's financial liabilities, the subscribed capital, are payable on demand.

13d Fair value of financial instruments

West Sussex and Surrey Credit Union Limited does not hold any financial instruments at fair value.

14 Cash and cash equivalents

	2022 £	2021 £
Cash and balances with the Bank of England	-	-
Loans and advances to banks	3,477,658	2,743,365
	3,477,658	2,743,365
Less: amounts maturing after three months	(1,885,896)	-
Total cash and cash equivalents	1,591,762	2,743,365

15 Post balance sheet events

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

16 Contingent liabilities

West Sussex and Surrey 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) has 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 West Sussex and Surrey Credit Union Limited will have to pay.

**17 Operating lease commitments
Lessee**

At the reporting end date the credit union had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	25,828	8,381
Between 2 and 5 years	95,254	28,800
Over 5 years	74,000	-
	195,082	37,181

Operating lease payments recognised as an expense during the year totalled £26,449 (2021 - £22,964).

18 Related party transactions

During the year three members of staff (2021: three members) had a loan with West Sussex and Surrey Credit Union Limited. Any loans are approved on the same basis as loans to other members of West Sussex and Surrey Credit Union Limited. None of the directors, staff or their close family members have any preferential terms on their loans.

West Sussex and Surrey Credit Union Limited does not have an ultimate controlling party.

19 Auditors' Ethical Standards

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

20 Transfer of engagement

During the year, the credit union took over the engagements of Community Savings & Loans (Berkshire) Limited (BRK). All the assets and liabilities of BRK were transferred to the credit union. This included members' shares of £1,308,066, loans to members (gross of impairment provisions) of £631,294 and bank balances of £923,974. Net assets transferred amounted to £48,245.



30 September

2022

MANAGEMENT INFORMATION

Detailed Revenue Account

for the year ended 30 September 2022

	2022	2022	2021	2021
Income				
Interest on loan to members		1,246,512		1,081,661
Grants		28,566		46,533
Bank interest		8,671		-
Other income		39		675
Bad Debts recovered		21,713		18,087
Engage Card		2,959		2,144
		<u>1,308,460</u>		<u>1,149,100</u>
Administrative expenses				
Wages and salaries	494,168		442,333	
Employer's N.I. contributions	38,242		32,936	
Staff pension costs	12,008		11,312	
Severance payment	-		28,250	
Rent	18,125		13,584	
Rates	3,780		1,700	
General Insurance	984		566	
Fidelity Bond Insurance	3,993		6,395	
Directors liability Insurance	1,006		1,848	
Trade association membership dues	767		1,125	
Light and heat	9,290		7,762	
Printing, postage and stationery	5,332		3,285	
Promotion and advertising	47,540		44,982	
Telephone	14,737		15,117	
Computer running costs	31,281		14,691	
Donations	-		100	
Travelling expenses	1,429		1,201	
Legal and professional fees	19,224		16,550	
Audit fees	9,910		9,540	
Accountancy charge	3,354		1,142	
Bank charges	5,967		4,123	
Repairs & Renewals	4,300		-	
Relocation expenses	2,696		-	
Bad and doubtful debts	420,991		224,978	
PRA Fees	1,630		1,256	
Depreciation on fixture fittings and computers	30,987		37,806	
Office Cost	12,575		7,349	
Card payment charges	12,039		9,430	
Cleaning	1,048		1,337	
Trade Refuse	-		72	
Debt collection	1,504		8,401	
Junior Savers Interest	10,288		8,198	
AGM costs	-		-	
Loss on disposal of fixed assets	2,054		-	
Acquisition cost	21,160		-	
Subordinated loan interest payable	16,309		16,309	
		<u>1,258,717</u>		<u>973,678</u>
Income over expenditure		<u>49,743</u>		<u>175,422</u>
Dividend		(17,721)		-
		<u>32,022</u>		<u>175,422</u>
Taxation		(1,648)		-
Income in excess of expenditure		<u>30,374</u>		<u>175,422</u>