



30 September

**2020**

Firm registration number      475226

**Directors'  
Report and  
Financial  
Statements**

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**Trading as Boom! Credit Union****Message from the Chairman**

COVID has loomed large in all our lives since March 2020 and I am pleased to report that Boom Credit Union has managed to survive and prosper despite the traumas inflicted on the economy by lockdown, job loss and the financial uncertainties and hesitations that permeate our community. Boom has also taken pride in the way it has reached out to its borrower-members and helped guide them through such a difficult passage in their lives.

Boom's resilience in these difficult economic circumstances is a testament to the commercial operating standards it has developed over the last four years in order to achieve the rapid growth needed to become a fully sustainable business. Throughout 2019-20, Boom maintained the quality of its underwriting standards, its credit controls and its customer services. It also carefully monitored its operating costs. This strong performance despite COVID recommended Boom for a £103,000 grant award from the Treasury financed Fair4All Trust, which contributed to its second annual operational profit of £148,000. During the year, Boom grew its membership by 5% to 8,567, its loan book by 12% to £4.2 million and its member savings by 20% to £6.2 million. It stabilised its bad debt provisioning and strengthened its reserves.

The Board of Boom are grateful to their hardworking staff for the way in which they have adapted so well to home working and maintained their operational standards despite all this disruption. The Board expect Boom to continue its upward trajectory towards full self-sustainability in 2020-21.

**David Wright OBE**

**Chairman - Boom! Credit Union**

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**Administrative information****Directors**

D Wright  
C Carlisle  
H Ward  
W Ramsdale  
MJ Isted  
D Greenwood  
M Jasper  
J Dennis  
J Goddard  
K Hennings

(Appointed 16 October 2019, resigned 14 January 2020,  
reappointed 11 February 2020)  
(Appointed 28 January 2021)

**Secretary**

A Johnson  
D Greenwood

(Resigned 28 January 2021)  
(Appointed 28 January 2021)

**Registration Number**

740C

**Financial Conduct  
Authority Registration**

475226

**Registered Office**

129 Montague Street  
Worthing  
West Sussex  
BN11 3BP

**Auditors**

MHA 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

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## Directors' Report

for the year ended 30 September 2020

The directors present their report and financial statements for the year ended 30 September 2020.

### Principal activities

The principal activity of the credit union is that of operating a credit union in West Sussex, Surrey and Kingston 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.

### Directors

The following directors have held office since 1 October 2019:

D Wright	
C Carlisle	
H Ward	
W Ramsdale	
MJ Isted	
D Greenwood	
M Jasper	
J Dennis	
J Goddard	(Appointed 16 October 2019, resigned 14 January 2020, reappointed 11 February 2020)
K Hennings	(Appointed 28 January 2021)

### 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 MHA Carpenter Box be reappointed as auditors of the company 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 auditor

So far as the directors are aware there is no relevant audit information of which the company'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 company'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 18 February 2021 and signed on its behalf by:



David Wright (Feb 19, 2021 12:02 GMT)



Mark Jasper (Feb 19, 2021 13:23 GMT)

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 2020 which comprise the revenue account, the balance sheet, the statement of changes in retained earnings, the cash flow 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 2020 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 Accounting (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 the provisions available for audits of small entities, in the circumstances set out in note 19 to the financial statements, 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 union's ability to continue to adopt the going concern basis of accounting for a period of at 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 included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014 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 set out on page 3, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Other matters**

The financial statements of West Sussex and Surrey Credit Union Limited for the year ended 30 September 2019 were audited by another auditor, who expressed an unmodified audit opinion on those statements on 25 February 2020.

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**Independent Auditors' Report - continued****TO THE MEMBERS OF WEST SUSSEX AND SURREY CREDIT UNION LIMITED****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 FCCA (Senior Statutory Auditor)  
for and on behalf of MHA Carpenter Box  
Chartered Accountants  
Statutory Auditors  
Worthing

Date:

  
Christopher Reeves (Feb 19, 2021 16:56 GMT)Feb 19, 2021

MHA Carpenter Box is a trading name of Carpenter Box Limited

**Revenue Account**

for the year ended 30 September 2020

	Note	2020 £	2019 £
Loan interest receivable and similar income	4	994,329	806,675
Interest payable	5	<u>(21,220)</u>	<u>(19,983)</u>
<b>Net interest income</b>		<b>973,109</b>	<b>786,692</b>
Fees and commissions payable		<u>(3,331)</u>	<u>(3,079)</u>
<b>Net fees and commission receivable</b>		<b>(3,331)</b>	<b>(3,079)</b>
Other income		101,067	13,052
Administrative expenses	6a	(554,419)	(493,375)
Depreciation and amortisation	9	(30,093)	(23,027)
Other operating expenses	6b	(39,946)	(46,018)
Impairment losses on loans to members	10e	<u>(298,518)</u>	<u>(130,193)</u>
<b>Surplus/(Deficit) before taxation</b>		<b>147,869</b>	<b>104,052</b>
Taxation	8a	<u>0</u>	<u>0</u>
<b>Surplus/(Deficit) for the financial year</b>		<b><u>147,869</u></b>	<b><u>104,052</u></b>

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

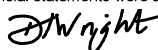


**Balance Sheet**

as at 30 September 2020

	Note	2020 £	2019 £
<b>ASSETS</b>			
Cash, cash equivalents and liquid deposits			
Loans and advances to banks	14	2,306,954	1,543,380
Loans and advances to members	10	4,189,043	3,736,205
Tangible fixed assets	9	61,828	59,110
Other receivables		1,325	1,325
Prepayments and accrued income		22,135	11,654
<b>Total assets</b>		<b>6,581,285</b>	<b>5,351,674</b>
<b>LIABILITIES</b>			
Subscribed capital - repayable on demand	11	5,830,720	4,932,033
Other payables	12	521,943	329,996
		<b>6,352,663</b>	<b>5,262,029</b>
Retained earnings		(91,984)	(239,853)
Other reserves		54,333	20,000
Subordinated debt - over 4 years remaining		127,000	175,000
Subordinated debt - 4 years and fewer remaining		139,273	134,498
<b>Total liabilities</b>		<b>6,581,285</b>	<b>5,351,674</b>

The financial statements were approved, and authorised for issue, by the Board on 18 February 2021 and signed on its behalf by:



David Wright (Feb 19, 2021 12:02 GMT)

D Wright  
Director



Mark Jasper (Feb 19, 2021 13:23 GMT)

M Jasper  
Director



Darrell Greenwood (Feb 19, 2021 12:50 GMT)

D Greenwood  
Secretary

**Statement of changes in Retained Earnings**

for the year ended 30 September 2020

	Retained earnings	Capital Grants	2020 £	2019 £
As at 1 October 2019	(239,853)	20,000	<b>(219,853)</b>	(323,905)
Covid-19 Fair4All grant		34,333	<b>34,333</b>	
Total comprehensive income for the year	147,869	-	<b>147,869</b>	104,052
Transfer	-	-	<b>-</b>	-
<b>As at 30 September 2020</b>	<b>(91,984)</b>	<b>54,333</b>	<b>(37,651)</b>	<b>(219,853)</b>

**Cash flow statement**

for the year ended 30 September 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Surplus/(deficit) before taxation		147,869	104,052
Adjustment for non-cash items:			
Depreciation and loss on disposal	9	30,093	23,962
Impairment losses	10e	313,432	144,863
		<u>343,525</u>	<u>168,825</u>
Movements in:			
Prepayments and accrued income		(10,481)	3,571
Other receivables		-	51
Grants		34,333	-
Other payables		191,949	144,335
		<u>215,801</u>	<u>147,957</u>
<b>Cash flows from changes in operating assets and liabilities</b>			
Cash inflow from subscribed capital	11	3,255,323	2,869,900
Cash outflow from repaid capital	11	(2,356,636)	(2,382,357)
New loans to members	10a	(2,853,207)	(2,790,513)
Repayment of loans by members	10a	2,086,935	1,744,603
Cash inflow from subordinated loans		(43,225)	(8,624)
		<u>89,190</u>	<u>(566,991)</u>
Taxation paid		-	(844)
<b>Net cash flow from operating activities</b>		<u>796,385</u>	<u>(147,001)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(32,811)	(46,232)
Net cash flow from managing liquid deposits		-	177,264
		<u>763,574</u>	<u>(15,969)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>763,574</u>	<u>(15,969)</u>
Cash and cash equivalents at beginning of year		1,543,380	1,559,349
Cash arising on acquisition (net of current assets and liabilities)		-	-
<b>Cash and cash equivalents at end of year</b>	14	<u>2,306,954</u>	<u>1,543,380</u>

**Notes to the financial statements**

for the year ended 30 September 2020

**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 129 Montague Street, Worthing, West Sussex BN11 3BP.

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 £240,000 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 2020

**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.

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 April 2020 the Credit Union received a Covid-19 grant of £103,000 from Fair4All. This is for a period from 1 April 2020 to 1 January 2021. The grant is recognised through the Revenue account in 9 equal instalments, the balance is included in Reserves. 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.**

	2020	2019
	£	£
Loan interest receivable from members	992,435	805,092
Bank interest receivable on cash and liquid deposits	1,894	1,583
<b>Total loan interest receivable and similar income</b>	<b>994,329</b>	<b>806,675</b>

**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	2020	2019
		£	£
<b>Interest paid during the year</b>		<b>-</b>	<b>-</b>
Dividend rate:			
Share accounts		0.00%	0.00%
<b>Interest proposed, but not recognised</b>		<b>-</b>	<b>-</b>
Dividend rate:			
Share accounts		0.00%	0.00%
<b>Interest paid on juvenile accounts during the year</b>			
Rate		2.00%	1.00%
Amount		4,970	3,532
<b>Interest payable on subordinated loans</b>			
0.21% Rate		6.41%-7.21%	6.41%-7.21%
Amount		16,249	16,451

**6 Expenses**

	Note	2020	2019
		£	£
Administrative expenses	6a	554,419	493,375
Depreciation and amortisation	9	30,093	23,027
Other operating expenses	6b	39,946	46,018
		<b>624,458</b>	<b>562,420</b>

**6a Administrative expenses**

	Note	2020	2019
		£	£
Employment costs	7b	439,402	385,519
Staff training		1,063	955
Directors' expenses		-	-
Auditors' remuneration	6c	9,141	7,457
Telephone and broadband		10,221	8,908
Computer maintenance		12,076	13,474
Legal and professional		2,940	700
General expenses		68,301	64,851
Printing, postage and stationery		7,074	7,952
Other insurance		4,201	3,559
<b>Total administrative expenses</b>		<b>554,419</b>	<b>493,375</b>

**Notes to the financial statements**

for the year ended 30 September 2020

**6b Other operating expenses**

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

	2020 £	2019 £
<b>Cost of occupying offices (excluding depreciation)</b>		
Rent and rates	21,520	24,865
Cleaning	3,035	4,546
Repairs and maintenance	185	157
Heating and lighting	8,642	10,278
	<u>33,382</u>	<u>39,846</u>
<b>Regulatory and financial management costs</b>		
Financial Conduct Authority fees	1,109	1,252
UK Credit Unions Limited dues	-	-
Financial Services Compensation Scheme levy	-	-
Fidelity insurance	5,455	4,920
	<u>6,564</u>	<u>6,172</u>
	<u>39,946</u>	<u>46,018</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.

	2020 £	2019 £
Fees payable for the audit of West Sussex and Surrey Credit Union Limited's annual accounts	<u>9,141</u>	<u>7,457</u>
<b>Total auditors' remuneration</b>	<u>9,141</u>	<u>7,457</u>

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

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

	2020 Number	2019 Number
<b>Office staff</b>	<u>18</u>	<u>15</u>

**7b Employment costs**

	2020 £	2019 £
Wages and salaries	399,186	350,434
Social security costs	29,872	26,797
Payments to defined contribution pension schemes	10,344	8,288
<b>Total employment costs</b>	<u>439,402</u>	<u>385,519</u>

**7c Directors' remuneration**

The 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 or incur any related costs.

Aggregate remuneration of key management personnel for the year was £152,068 (2019 - £139,080)

**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% (2019: 19.00%, taking into account marginal relief) comprised:

	Note	2020 £	2019 £
Current tax		-	-
UK Corporation tax	8b	-	-
<b>Total current tax and Total taxation expense recognised in the Revenue Account</b>		<u>-</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.

**Notes to the financial statements**

for the year ended 30 September 2020

**9 Tangible fixed assets**

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

	Leasehold building £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 30 September 2019	20,911	117,953	15,615	154,479
Additions	10,275	22,356	180	32,811
Disposals	-	-	-	-
<b>At 30 September 2020</b>	<b>31,186</b>	<b>140,309</b>	<b>15,795</b>	<b>187,290</b>
<b>Depreciation</b>				
At 30 September 2019	16,666	69,852	8,851	95,369
Charge for the year	4,930	24,121	1,042	30,093
Disposals	-	-	-	-
<b>At 30 September 2020</b>	<b>21,596</b>	<b>93,973</b>	<b>9,893</b>	<b>125,462</b>
<b>Net book value</b>				
<b>At 30 September 2020</b>	<b>9,590</b>	<b>46,336</b>	<b>5,902</b>	<b>61,828</b>
At 30 September 2019	4,245	48,101	6,764	59,110

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

	Note	2020 £	2019 £
As at 1 October 2019		3,992,246	3,137,588
Advanced during the year		2,853,207	2,790,513
Repaid during the year		(2,086,935)	(1,744,603)
<b>Gross loans and advances to members</b>	10b	<b>4,758,518</b>	<b>4,183,498</b>
Impairment losses			
Individual financial assets		(247,747)	(191,252)
Groups of financial assets		(321,728)	(256,042)
	10c	<b>(569,475)</b>	<b>(447,293)</b>
<b>As at 30 September 2020</b>		<b>4,189,043</b>	<b>3,736,205</b>

**10b Memorandum - Total loan assets for regulatory purposes**

	Note	2020 £	2019 £
Gross loans and advances to members		4,758,518	4,183,498
Impairment of individual financial assets		(247,747)	(191,252)
<b>Total loan assets for regulatory purposes</b>	13b	<b>4,510,771</b>	<b>3,992,246</b>

**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.

	2020		2019	
	Amount £	Proportion %	Amount £	Proportion %
<b>Not impaired:</b>				
Neither past due nor impaired	3,493,055	73.41%	3,231,728	77.25%
Up to 3 months past due	456,277	9.59%	400,564	9.57%
Between 3 months and 6 months past due	263,386	5.54%	127,964	3.06%
Between 6 months and 1 year past due	139,439	2.93%	106,696	2.54%
Over 1 year past due	158,614	3.34%	125,294	2.99%
<b>Sub-total: loans not impaired</b>	<b>4,510,771</b>	<b>94.79%</b>	<b>3,992,246</b>	<b>95.43%</b>
<b>Individually impaired:</b>				
Not yet past due, but impaired	-	0.00%	3,742	0.09%
Up to 3 months past due	-	0.00%	4,227	0.10%
Between 3 months and 6 months past due	36,074	0.76%	53,500	1.28%
Between 6 months and 1 year past due	120,404	2.53%	31,330	0.75%
Over 1 year past due	91,269	1.91%	98,553	2.36%
<b>Total loans</b>	<b>4,758,518</b>	<b>100.00%</b>	<b>4,183,598</b>	<b>100.00%</b>
<b>Impairment allowance</b>	<b>(569,475)</b>		<b>(447,293)</b>	
<b>Total carrying value</b>	<b>4,189,043</b>		<b>3,736,305</b>	

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 2020

**10d Allowance account for impairment losses**

	Note	2020 £	2019 £
As at 1 October 2019		256,043	302,433
Increase in allowances during the year	10e	65,685	(46,390)
<b>As at 30 September 2020</b>		<b>321,728</b>	<b>256,043</b>

**10e Impairment losses recognised for the year**

	2020 £	2019 £
Impairment of individual financial assets	247,747	191,252
(Decrease)/Increase in impairment allowances during the year	65,685	(46,389)
Reversal of impairment where debts recovered	313,432	144,863
<b>Total impairment losses recognised for the year</b>	<b>(14,914)</b>	<b>(14,670)</b>
	<b>298,518</b>	<b>130,193</b>

**11 Subscribed capital - financial liabilities**

	Note	2020 £	2019 £
As at 1 October 2019		4,932,033	4,444,490
Received during the year		3,255,323	2,869,900
Repaid during the year		(2,356,636)	(2,382,357)
<b>As at 3 September 2020</b>	13b	<b>5,830,720</b>	<b>4,932,033</b>

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

**12 Other payables**

	2020 £	2019 £
UK Corporation Tax	-	-
Juvenile deposits	346,088	197,441
Other payables	52,320	55,607
Provision for repayment of subordinated debt	76,850	33,624
Accruals and deferred income	46,685	43,324
	<b>521,943</b>	<b>329,996</b>

**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 2020

**13b Interest rate disclosures**

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

	2020		2019	
	Amount £	Average interest rate	Amount £	Average interest rate
<b>Financial assets</b>				
Loans to members	<b>4,510,771</b>	<b>22.00%</b>	3,992,248	20.17%
<b>Financial liabilities</b>				
Subscribed capital				
Savings accounts	<b>5,830,720</b>	<b>0.00%</b>	4,932,033	0.00%

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**

	2020 £	2019 £
Cash and balances with the Bank of England	-	-
Loans and advances to banks	<b>2,306,954</b>	1,543,380
	<b>2,306,954</b>	1,543,380
Less: amounts maturing after three months	-	-
<b>Total cash and cash equivalents</b>	<b>2,306,954</b>	<b>1,543,380</b>

**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:

	2020 £	2019 £
Within one year	<b>15,836</b>	22,405
Between 2 and 5 years	<b>2,931</b>	6,183
	<b>18,767</b>	<b>28,588</b>

Operating lease payments recognised as an expense during the year totalled £22,405 (2019 - £21,660).

**18 Related party transactions**

During the year four members of staff (2019: 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.



30 September

**2020**

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MANAGEMENT INFORMATION

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**Detailed Revenue Account**

for the year ended 30 September 2020

	2020	2020	2019	2019
<b>Income</b>				
Interest on loan to members		992,435		805,092
Grants		101,067		12,400
Bank interest		-		(10)
Other income		-		652
Bad Debts recovered		14,914		14,670
Engage Card		1,894		1,593
		<u>1,110,310</u>		<u>834,397</u>
<b>Administrative expenses</b>				
Wages and salaries	399,186		350,434	
Employer's N.I. contributions	29,872		26,797	
Staff pension costs	10,344		8,288	
Volunteer expenses	-		61	
Recruitment costs	-		4,320	
Severance payment	-		800	
Rent	19,000		18,667	
Rates	2,520		6,198	
General Insurance	561		759	
Fidelity Bond Insurance	5,455		4,920	
Directors liability Insurance	3,640		2,800	
Trade association membership dues	59		360	
Light and heat	8,642		10,278	
Printing, postage and stationery	7,074		7,952	
Promotion and advertising	15,842		20,871	
Telephone	10,221		8,908	
Computer running costs	12,076		13,474	
PayPoint cost	-		-	
Travelling expenses	3,353		5,006	
Legal and professional fees	18,414		11,474	
Audit fees	9,141		7,457	
Due Diligence fees	-		-	
Accountancy charge	1,385		960	
Bank charges	3,331		3,079	
Repairs & Renewals	185		157	
Bad and doubtful debts	313,432		144,863	
PRA Fees	1,109		1,252	
Depreciation on fixture fittings and computers	30,095		23,027	
Loss on disposal of fixed assets	-		935	
Office Cost	7,754		4,874	
Card payment charges	6,557		4,596	
Cleaning	2,481		3,764	
Trade Refuse	554		783	
Debt collection	18,341		11,504	
Junior Savers Interest	4,970		3,532	
Cornerstone	-		-	
AGM costs	25		744	
Staff Christmas party	574		-	
Subordinated loan interest payable	16,249		16,451	
		<u>962,441</u>		<u>730,345</u>
<b>Income over expenditure</b>		<u>147,869</u>		<u>104,052</u>
Dividend		-		-
		<u>147,869</u>		<u>104,052</u>
Taxation		-		-
<b>Expenditure in excess of income</b>		<u>147,869</u>		<u>104,052</u>