



Hoot Credit Union Ltd

Annual Report and Summary of Accounts

For the year ended 30 September 2016

hoot
wise with money

Introduction

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Staff team at 30 September 2016

| | |
|-----------------|--------------------------|
| David Batten | Chief Executive Officer |
| Chris Canham | Assistant Manager |
| Falak Arshad | Member Service Assistant |
| Pietro Colombi | Member Service Assistant |
| Cheryl Brinklow | Credit Control Officer |
| Deborah Chin | Credit Control Officer |
| Ian Knowles | Credit Control Officer |
| Lorraine Pardon | Finance Assistant |

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www.wisewithmoney.org.uk

Hoot Credit Union offers mutual financial services for the people of Bolton and Bury and aims to be the first point of call for ethical financial services in the area.

Hoot's offers:

- The promotion of a savings habit
- An ethical and affordable source of credit
- A share of the profits with member-owners
- Education and information on good money management

As a member-owned co-operative Hoot is available to any individual who lives, works or studies in Bolton, Bury and some surrounding areas.

Membership is also open to employees of any employer registered in credit union rules no matter where they live or work.

Employers currently offering a Hoot Payroll Savings scheme include Bolton Council, Bolton at Home, Greater Manchester Mental Health NHS Foundation Trust and Bolton College.

Hoot offers savings accounts to individuals, both adults and children, plus corporate and community savings accounts for organisations in the borough. Hoot also offers a range of loan products based on eligibility of applicants in regard to credit history and affordability.

Responsible lending

Hoot is proud to be among a small number of financial institutions that have achieved 5 stars from the Fairbanking Foundation for its loans. The mark has been awarded for the fair and responsible way that Hoot treats its members when they apply for and manage their loans.

Loans from £200 to £15,000 are available to members at an interest rate appropriate for the member's affordability, income and credit rating.

A community benefit business

We estimate that we save our members up to £424,000 per year in loan interest, had they taken comparable loans from other lenders. This community dividend enables our members to support each other whilst at the same time getting a good deal.

As a community-oriented business Hoot has a very strong relationship with businesses, community groups and local government organisations and collaborates on a number of projects aimed at promoting fair finance and money management skills.

FRN 400120, Registered no: IP00716. Hoot Credit Union Ltd. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. ©Hoot Credit Union 2017



Message from the Board of Directors

2015-2016 has been a busy and interesting year for Hoot Credit Union as we have continued to develop our services, make contact with new partners and continue to meet our strategic goals.

The Square

In our first full year at our new premises in The Square we have received very positive feedback from members on the much improved environment and facilities available. Having such a high profile presence in the Town Centre has helped us to increase awareness of the benefits of credit union membership as well as building relationships with Town Centre businesses.

The branch has also provided a central attraction linked to activities such as the Bolton Food and Drink Festival, Macmillan Coffee Morning and the Bolton CVS Volunteer Fair.

We have continued to think of new ways to utilise the space by holding our Special General Meeting and our Annual General Meeting there.

Continuing to Grow

Our membership has continued to grow steadily maintaining a growing savings pot and a healthy loan book.

We have calculated that in the financial year of this report we have saved our members over £424,000 in loan interest, had they gone to comparative alternative lenders. That is nearly half a million pounds retained and recycled in the Bolton economy.

Partnerships

The continued support and direct involvement of Bolton at Home has continued to bring a range of benefits including support for partnership development, strategic planning, stakeholder development and marketing.

Bolton Council has continued to provide support to the credit union to enable us to continue our work to combat financial exclusion.

Both Bolton at Home and Bolton Council also continue to support the delivery of member services by providing accommodation for collection and information points, raising the profile of the credit union to their tenants and residents and providing information on good money management.

The Board of Directors would like to thank Bolton at Home, Bolton Council, and our other partners for their continued support of our work.

During the year we secured a new payroll partner in the Greater Manchester Mental Health NHS Foundation Trust.

There is more detail on how we worked with partners later in this report.



£3000 for just £104 mor

example: £3000 of £104.00 No late

Savings up by 12.8%

Loan Book up by 4.3%

2 new payroll partners



Key Priorities and Strategic Goals 2015-2018

Improving Access and Member Experience

Existing paper-based access channels for services act as a barrier to attracting those who have a choice about what they do with their money as they fail to meet the needs of today's consumer, add delay to processing times, and limit the range of services we are able to provide

Strategic Goals

Introduce new system for delivery of products and services aimed at increasing membership transactions and product participation. This will enable members and potential members to access services online and via mobile technology in addition to telephone and face to face delivery.

Develop staff skills in customer service and communications to enable them to adapt to new channels of delivery, improve the customer experience and reduce member complaints.

Targets

Implementation of new IT platform by July 2016

Reduce process times for membership and loan applications to 1 working day by September 2016.

Complete delivery of training and document ongoing programme of delivery by July 2016.

Reduce member complaints to 1 per 100,000 transactions by September 2016.

Diversifying Membership and Loan Portfolio

Membership of the credit union currently consists of 87.3% financially challenged members who are predominantly take out low value, high-cost loans with low rates of retained savings. At present 87% of loans by number are to the financially challenged, resulting in increased delivery cost and higher rates of delinquency and bad debt.

Strategic Goals

Increase awareness of the service that Hoot provides, advertise for financially able and financially managing member and loan business and become more visible in the business community to engage with prospective new members.

Increase penetration in existing employer partners, and engage new partners in promoting save as you earn schemes.

Increase and develop the loan book to serve a wider range of member demographic, particularly middle income.

Targets

Develop a Marketing and Communication strategy by October 2015.

Implement strategy from January 2016 onwards.

Increase the proportion of financially managing and financially able members to 16% by September 2016 and 20% by September 2018.

Increase penetration in existing partners by 10% per year

Engage 9 new partner employers by September 2018.

Increase the ratio of core business loans (loans over £1,500) from 13% by number (at Sep 2015) to 25% by September 2018.

Reducing Dependency on Grant Income

At present the credit union meets 27.3% of its operating expenses from earned income, with the balance being provided in grant from Bolton at Home and Bolton Council in recognition of the services provided to the financially excluded. Hoot strives for sustainability and has a long-term plan in place to achieve this by 2020.

Strategic Goals

Increase loan income, particularly from higher values loans from new managing and financially able members.

Increase the return on the loan book by making better loan decisions and reducing levels of delinquency

Reduce operating expenditure by introducing automated processes and operational efficiencies.

Targets

Increase income from loan interest by 85% by September 2018.

Reduce overall level of delinquency by 5% year on year to September 2018.

Increase percentage of expenses covered by earned income to 45% by September 2018.



Progress

Whilst the implementation of the new IT platform has been rescheduled to Spring 2018, work continues to develop and prepare for the new channels that will become available for members. This includes the development of a new website due for launch in April 2017.

- 85% applications usually processed within 1 working day
- Directors and staff registered on online credit union academy
- Board development programme commenced
- Complaints in the year: 1 per 89,500 transactions

Progress

During the past year we have run a number of marketing campaigns aimed at encouraging larger loans and increasing the number of members who borrow. The delay in IT implementation has meant we have not grown at the rate we would have liked. However we still continue to grow in a difficult lending market.

In the year new payroll partnerships were forged with Greater Manchester Mental Health NHS Foundation Trust and Salvation Army Housing Association.

- 10.2% members financially managing or financially able
- 21% members on payroll deduction
- 2 new payroll partners engaged in year
- Core business loans represent 79.8% of total loans at Sep 2016

Progress

We continue to manage income and expenses well and have introduced further measures to decrease the levels of loan delinquency, our second largest expense. We expect further efficiencies to kick in in the next financial year. Thanks is due to both Bolton at Home and Bolton Council for their continued support enabling the credit union to continue to meet its objects and social goals.

- 29% income from loan interest at September 2016
- 5.7% loan delinquency at September 2016
- 34% expenses covered by earned income at September 2016



**Zero
reportable
complaints**

**Ave. 96%
customer
service
scores**

**Increase in %
of earned
income**



Our Vision

Our vision is to unite our community for a fairer financial future

Mission

Hoot's mission commits to serving members by:

- Providing you with a range of affordable loans and accessible savings
- Helping you to be wise with your money
- Providing information and services that help you to manage your money better
- Valuing and rewarding you by sharing our profits
- Listening to you – online, mobile or in person, treating you as an individual
- Considering your interests in every decision we make

Values

As a co-operative financial enterprise, Hoot Credit Union strives to be:

- Ethical
- Professional
- Honest
- Fair
- Innovative
- Inclusive

Our Objects

The promotion of thrift among its members of the society by the accumulation of their savings.

The creation of sources of credit for the benefit of its Members at a fair and reasonable rate of interest.

The use and control of members' savings for their mutual benefit.

The training and education of members in the wise use of money and in the management of their financial affairs.

Our Social Goals

To contribute towards the alleviation of poverty within the community.

To contribute towards the economic regeneration of the community.

Serving our members

During the year 532 new members joined Hoot. Many of those who joined were as a result of marketing campaigns aimed at letting people know that they had choices about where to access ethical financial services.

Our corporate/community members rose to 35. These accounts give small community groups access to manageable accounts that also help them to contribute to the financial well-being of the community.

As part of our commitment to improving our service to members we introduced a set of customer service standards. All Hoot staff have enthusiastically implemented the new standards and we have received positive feedback.

We continue to work towards the implementation of the new member account system that will enable online and mobile access to products, services and account management plus the ability to offer a broader range of products developed to meet the needs of members. This includes the launch of our new website due in March 2017.

- 35 corporate/community group members
- New customer service standards
- Savings rose by £135,000 to £1.29 million
- Loans rose by £34,400 to £834,766

Loans and savings

We have continued to promote the benefits of saving and borrowing with Hoot through events, promotions and advertising.

Our 3-2-1 January loan sale brought in some new members who had not considered Hoot for their borrowing before and, as in previous years, our Christmas Savings Accounts have proved to be a vital help to members who have struggled previously to pay for Christmas.

We are immensely proud to say that in 2016 Hoot was awarded 5 stars by the Fairbanking Foundation for our Handy, Budget and Premier loans.

In the year we made 743 loans totalling £875,847 meeting our business plan target by 98.8%. This is particularly pleasing when the loan market generally is experiencing a slump.

The increase in the savings pot brought total savings to 107.5% of business plan targets.



Financial well-being

Hoot has continued to help the community access financial services that contribute to financial well-being.

Many members have benefited from affordable loans and have managed to start saving, often for the first time.

In July, with support from Barclays we developed and launched a range of leaflets and tools to help members manage their money better. We also introduced new information to help de-mystify the loan agreement or to give further explanation as to why we might have turned someone down for a loan.

In the latter part of the year we introduced the Payments Direct account making it easier for people to set up an account for the payment of benefits and offering a pre-paid card for easy access to funds.

In the year 2015-2016 85% of loans granted (33% of loans by value) were for less than £1,000. This demonstrates that Hoot continues to support the most financially challenged in the community by offering affordable loans and helping them to avoid high cost lenders.

- New financial capability tools
- Introduction of the Payments Direct account
- Increase in Furniture4U loans
- Engagement with community partners

Partnerships

During the year we developed a new payroll partner in the Greater Manchester Mental Health NHS Foundation Trust. Now employees of the Trust, no matter where they live or where their work location is can join Hoot and take advantage of savings and loans.

We have continued to build on existing partnerships such as Bolton at Home and Bolton Council to increase access to affordable financial services. We have also developed the partnership with Furniture4U and Bolton Moneyskills to continue the white goods/furniture offer via Hoot loans.

New partnerships have evolved including working with BRASS, The Destitution Project, Bolton Young Persons' Housing Scheme and House. Our work with these projects has enabled us to increase the number of financially challenged members helped.

Hoot took part in many events including the Bolton Food Festival, The Bolton CVS Volunteer Fair, Student Money Week. Staff and volunteers also attending many community events and meetings to promote the credit union.



**£1.28m
in savings**

**532 new
members**

**Up to £424,181
saved in loan
interest in the
community**



Board of Directors

“The committee of management should be competent to control the affairs of a credit union, and have an appropriate range of skills and experience having regard to the activities carried on by the credit union. It is the responsibility of each member of the committee of management to understand, and ensure that the credit union complies with, the requirements of all the relevant Acts, Regulations and Rules.”
Financial Conduct Authority

Hoot Credit Union has a Delegated Authorities and Executive Limitations policy which reserves the following key responsibilities to the Board of Directors:

- The overall system of governance in Hoot Credit Union
- Determination of the vision, mission and values of Hoot Credit Union
- Determination of the common bond of Hoot Credit Union
- Determination of the operations of the board and its committees
- Determination of matters and documents of board policy
- The job description, appointment and termination of employment of the CEO
- The remuneration and terms and conditions of service of the CEO
- The appointment of an internal auditor, on recommendation of the Audit Committee
- Decisions on the attendance of directors at events outside the business of the board, e.g. at conferences or with commercial partners
- Approval of the rolling strategic plan and annual budget
- The policy setting the authority and executive limitations of the CEO

The desired outcome from a regulatory standpoint is an effective board, which is one that:

- establishes a sustainable business model and a clear strategy consistent with that model;
- articulates and oversees a clear and measurable statement of risk appetite against which major business options are actively assessed; and
- meets its regulatory obligations, is open with the regulators and sets a culture that supports prudent management.

Prudential Regulation Authority Supervisory Statement SS5/16 Corporate Governance: Board Responsibilities March 2016

Governance of the credit union

Directors of the Hoot Board are elected by members to represent their interests and to oversee the strategic direction of the credit union. The Board meets monthly to discuss and make decisions on matters of strategy, business development and regulatory compliance.

The Board also determines policy and has maintained an ongoing schedule of policy review.

During the year Directors met with the Chief Executive Officer to review, develop and determine the ongoing strategic and business plan.

The governance and development plan is now integrated in the Board meeting cycle and is reviewed at quarterly board meetings. This plan ensures that the Board monitors progress on governance and compliance obligations recommended as part of the evaluation or required by regulators

Together with staff, members of the Board have maintained links with other credit unions and have attended events such as training, seminars, and the Credit Unions for Greater Manchester consortium, to share and benchmark with other credit unions to share good practice and have continued to improve in partnership with auditors, our trade association, suppliers and regulators.

Board members in year to 30 September 2016

| | |
|-----------------|--------------------------------|
| Steve Bottrill | Chair |
| Malcolm Ngouala | Vice Chair |
| Gwen Crawford | Secretary |
| Bob Beedham | Director (until May 2016) |
| Doug Hearn | Director |
| Kerry McKeivitt | Director (Until April 2016) |
| Ben Lawton | Director (Until November 2016) |
| Kate Lewis | Director |
| Jack Speight | Director |
| Frank White | Director |

Board Meeting attendance

| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Bob Beedham | P | P | P | P | P | P | A | A | | | | |
| Steve Bottrill | P | P | P | P | A | P | P | P | P | A | P | P |
| Gwen Crawford | P | P | A | A | A | P | P | P | P | A | P | P |
| Doug Hearn | P | P | P | P | P | A | P | P | P | P | A | P |
| Ben Lawton | A | A | | | | | | | | | | |
| Kate Lewis | A | A | A | P | P | A | P | P | P | P | P | A |
| Kerry McKeivitt | A | P | A | P | A | A | A | | | | | |
| Malcolm Ngouala | A | P | A | P | A | P | P | P | P | P | A | P |
| Jack Speight | P | P | P | P | P | P | P | P | P | P | P | P |
| Frank White | P | P | A | P | P | P | A | P | P | P | A | P |

P = Present A = Apologies



Development

During the year Directors embarked on a programme of training aimed at broadening expertise on the board.

Board members participated in sessions on:

- Governance
- Delegated Authorities
- Strategy and Purpose
- Evaluating Performance
- Culture and Values
- Risk
- Member Engagement
- Team-working and Ethics

Board members spent time shadowing staff in the credit union to understand how the credit union operates and the challenges faced by staff on a day to day basis.

In addition Board and Staff members embarked on a programme of on-line learning in the ABCUL Academy.

The Board and CEO have continued to encourage participation in credit union democracy by seeking out individuals who think they can make a contribution, particularly those with skills in financial and strategic management or regulatory compliance.

Appreciation

During the year Bob Beedham, Ben Lawton and Kerry McKeivitt left the Board. Fellow Directors wish to thank these members for their contribution to the Board, particularly to Bob Beedham for his hard work as Treasurer.

The Board of Directors also wishes to thank staff and volunteers for their continued and dedicated work during the year.

Internal Audit Assessment on Conduct Rules

| PRA/FCA Principles for Business | |
|----------------------------------|---|
| Integrity | █ |
| Skill, care, diligence | █ |
| Management and control | █ |
| Financial Prudence | █ |
| Market Conduct | █ |
| Customers' interest | █ |
| Communication with clients | █ |
| Conflicts of interest | █ |
| Customers relationships of trust | █ |
| Clients' assets | █ |
| Relationship with regulators | █ |

Risk: High Moderate Low/Satisfactory



New training programme

75% attendance at board meetings

3,500 hours of volunteer time



Audit Committee

The Audit Committee is a sub-committee of the Board of the credit union. Membership of the committee is:

| | |
|-------------------|---------------------------------------|
| Jack Speight | Board Director and Compliance Officer |
| Malcolm Ngouala | Board Director and Vice Chairperson |
| David Batten | Chief Executive Officer |
| Neil Colley FMAAT | Internal Auditor |

The Committee is responsible for monitoring the credit union's outsourced internal and external audit functions and regulatory reporting, ensuring that they are performed in accordance with prescribed terms of reference. The Committee reports to the meetings of the Board of Directors and make recommendations to the Board on these matters.

The Annual Internal Audit Report that follows is to explain the overall scope and objectives of the Internal Audit review over the course of 2015/16, carried out in accordance with an agreed internal audit programme, and highlight the main concerns and conclusions drawn from the review.

Auditor's Conclusion

Overall, the fundamental systems of control are operating properly and are compliant with regulatory and statutory guidelines. It was pleasing to see how much effort and improvement there had been in the last quarter as interim recommendations from earlier reviews had been introduced, which is testament to the dedication of the management team.

Considerable resource and effort has clearly been afforded during 2015/16 in enhancing systems of control and governance and the improvements are clear to see and testament to the Board and Management for treating this as a business priority, whilst at the same time dealing with both the Credit Union Expansion Project (CUEP) and changes in funding arrangements with strategic partners going forward.

Compliance statement

The Board of Directors confirms that, in accordance with the requirements of the Regulator:

The credit union is complying with its Single Customer View requirements

The credit union has maintained adequate insurance

The credit union is carrying out additional activities and is in compliance with the rules around those activities.

Key Controls

Bank Reconciliation

Standard required: Standard met

The bank reconciliation is maintained on a timely and adequate basis.

Outstanding items are promptly investigated and corrective action initiated.

The bank reconciliation is verified independently at least on a quarterly basis in line with regulatory standards.

Observation/Evaluation

Standard is being met. It was pleasing to note that the small unreconciled balances have now been successfully resolved and the bank reconciliation now balances.

Business Planning & Strategy

Standard required

A 3 to 5 year strategic business plan is maintained and regularly reviewed.

Observation/Evaluation

Testing demonstrated compliance with standard. The business plan is a live document, therefore it will be critical going forward to utilise the management information to manage the business effectively, particular given the challenges and changes in CUEP and funding arrangements with strategic partners. It is acknowledged that despite best efforts on behalf of the Board and Management, the recent challenges have been beyond their control and have taken necessary action.

Observation/Evaluation

Testing demonstrated 100% compliance with standard

Financial Management & Key Ratios

Standard required: Standard met

That the Management Accounts have been compiled correctly in accordance with the Credit Unions accounting records and in accordance with the requirements of generally agreed accounting principles and those required by CREDS.

The collaborative work carried out to enhance the financial reporting appears to meet the standard required and will be subject to further testing in 2016/17.

It will be critical going forward to utilise the management information to manage the business effectively, particular given the challenges and changes in CUEP and funding arrangements with strategic partners.

Observation/Evaluation

Testing demonstrated 100% compliance with standard



Loans Administration

Standard required:

The loans policy is compliant with appropriate legislation and regularity requirements in terms of maximum value and repayment period.

That all loans have been properly administered and accounted for in accordance with current Credit Union Policy.

Adequate division of duties has been maintained when transacting loan payments and to provide an opportunity for transactions to be independently checked and authorised before payment is made.

Observation/Evaluation

Testing demonstrated 100% compliance with standard, with all loans granted being in accordance with the existing policy and loan matrix. Adequate division of duties are maintained and managerial checks have been introduced.

Governance – Conduct of Board Meeting

Standard required: Standard Met

Board meetings are conducted in accordance with the CU's own rules and appropriately recorded

The regulatory standards of the Senior Management Regime have been applied and roles and responsibilities are properly understood and observed.

Adequate reporting arrangements are in place to apprise the board of performance, risk and key decision required to properly direct and drive the business forward.

Observation/Evaluation

Standard is being met, however it should be noted there is significant reliance placed upon the CEO for financial oversight with the CEO under the new SMR arrangements, particularly given that there is currently no Treasurer appointed to provide further strategic input, which is also a requirement of the governance arrangements outlined in the Credit Union rule book.

Whilst the delegation of authority is in place, this does not negate the responsibility and accountability of the Board under the credit unions own rules and governance arrangements.

Regulatory Returns

Standard required: Standard met

The relevant regulatory returns have been correctly completed in accordance with CREDS and in line with the Credit Unions accounting records and submitted to the PRA/FCA on a timely and adequate.

Observation/Evaluation

Testing demonstrated compliance with standard

Money Laundering Prevention

Standard required

Appropriate photographic identification and proof of address to be obtained for all members in accordance with Money Laundering Regulations 2007.

Members' accounts are monitored accordingly for unusual transaction and any suspicions are reported to the MLRO.

Observation/Evaluation

Testing demonstrated compliance with standard.

Regulatory Compliance

Standard required

An appropriate framework is in place to monitor and report whether the credit union is meeting strategic compliance obligations.

Observation/Evaluation

A Risk Appetite Statement has now been produced which would appear to more than satisfy regulatory requirements and will now be an integral part of the board's agenda and performance management arrangements.

Delinquency

Standard required

Systems of control exist to identify all loans in default and are robust, efficient, economic and effective for the management of the business.

Minimum evidential provision for doubtful debt is being met in accordance with regulatory standards.

Observation/Evaluation

Testing demonstrated 100% compliance with standard.

New Members

Standard required: Standard met

That appropriate photographic identification and proof of address is obtained for each new member opening accounts, in accordance with Money Laundering Regulations 2007.

Observation/Evaluation

Testing demonstrated 100% compliance with standard

Risk: **High** Moderate Low/Satisfactory



Financial Report

Introduction

This report is based upon the Audited Accounts for the year ended 30 September 2016.

We are pleased to report that our External Auditors, Beever and Struthers provided an Unqualified Audit confirming that:

- Proper accounts have been kept.
- Satisfactory controls have been maintained.
- The reports are in agreement with the books of account.
- They received all the information and explanations necessary to complete the audit.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and these are the first statements prepared in accordance with FRS 102.

Balance Sheet

Net assets have risen to £1,721,578 and our cash balances and liquid deposits remain very strong at £1.1m an increase of £240k. Debtors has decreased by £183,295 because of receipt of grant from Bolton Council for development of new premises and an adjustment of £15,000 from the previous year's accounts.

Growth in members' shareholdings continues to be strong with a growth in Shareholders funds of 11.7% to £1.29m

Income and Expenditure Account

The interest on loans has grown slightly by 0.3% to £117.4k. Grants from our strategic partners Bolton at Home and Bolton Council has increased by 8.6% representing 72% of the total income. This is due in part to the Bolton Council's contribution to the development costs of The Square.

Overall, our administration expenses have increased by £4.1k (1.1%) with the following key movements:

| | | |
|---------------------|--------|--------|
| Salary and Pension | +£2.3k | +1.01% |
| Computer Costs | -£3.7k | -7.7% |
| Training/Conference | -£5.5k | -51.2% |
| All-pay charges | -£2.5k | -37.5% |
| Telephone costs | -£3.6k | -30.5% |
| Credit agency fees | +£0.7k | +17.5% |

We are therefore able to report a small surplus after tax of £1,718.

Reserves

We have transferred £8.4k from the DWP Capital Reserve to cover the costs of writing off bad debts which had been underwritten as part of the DWP Growth Fund initiative which helped our expansion some years ago.

Of the surplus, £1,374 was transferred to the Unappropriated Reserve and £344 to the General Reserve.

The Board of Directors have a policy of maintaining a balance of 5% of the total assets in the General Reserve. Our total reserves currently stand at slightly over 10 months of our annual gross expenditure.

Provision has been made within these accounts for a dividend of £5,844 for the year.

Key Ratios

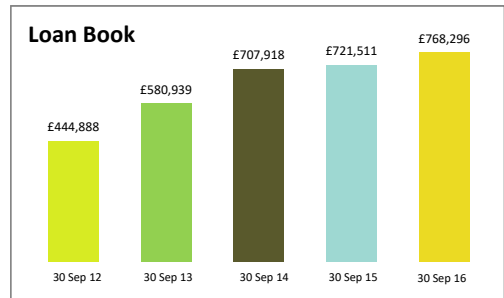
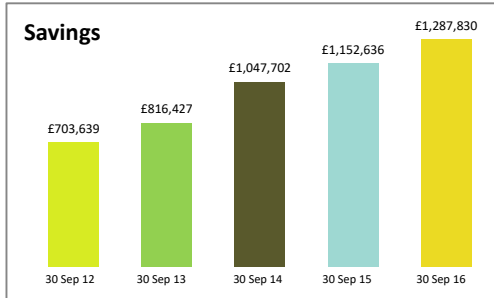
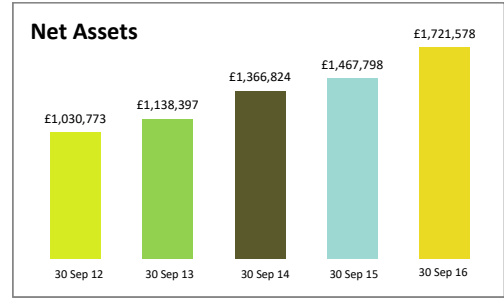
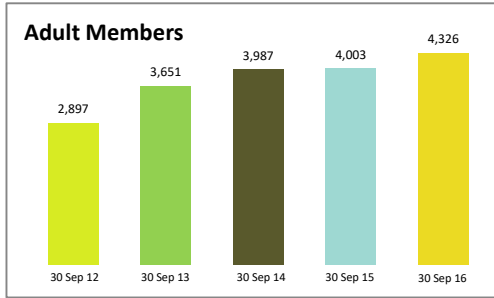
The Board of Directors use a number of key ratios throughout the year as indicators of the financial health of the credit union.

| As at September 2016 | Target | Actual |
|--|--------|--------|
| Solvency measures the degree of protection for members' savings | > 103% | 123% |
| Liquidity measure our ability to meet short-term obligations | > 15% | 82% |
| Capital/Asset measures the credit union's protection against bad debt | > 5% | 15% |
| Loan/Asset measures the percentage of assets invested in the loan portfolio | 70-80% | 36% |
| Delinquency measures loans in excess of three months in arrears | < 5% | 6% |

Summary

The accounts show this has been another positive year, under challenging conditions, with the move to The Square and our continued participation in the Credit Union Expansion Project. We are looking forward to the year 2016-2017 in a confident position.





532
new
members

Total
deposits
£2.48m

Savings
£1.23m



Average savings up
from £342 to £391

740 loans totalling £875,847

Xmas 19.0%

Home Improvement 14.5%

Holiday 14.1%

Debt Consolidation 10.2%

Furniture 9.7%

Car 9.5%

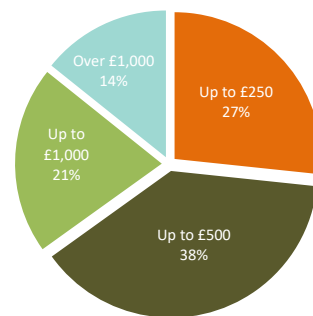
Electrical 8.2%

Wedding 2.3%

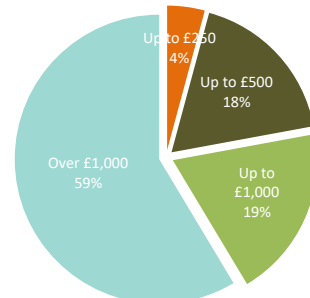
Other 12.5%

71%
approval
rate

Loans by number



Loans by value



Revenue Account

For the year ended 30th September 2016

| | 2016 £ | 2015 £ |
|---|---------------------|-----------------------|
| Loan interest and similar income receivable | 117,447 | 113,793 |
| Interest payable | <u>(5,078)</u> | <u>(4,393)</u> |
| Net interest income | 112,369 | 109,400 |
| | | |
| Fees and commissions receivable | <u>21</u> | <u>124</u> |
| | 21 | 124 |
| | | |
| Other income | <u>292,132</u> | <u>294,175</u> |
| Total net income | 404,522 | 403,699 |
| | | |
| Administration expenses | (310,645) | (323,038) |
| Other operating expenses | (40,338) | (38,467) |
| Depreciation and amortisation | (26,549) | (11,841) |
| Impaired losses on loans to members | <u>(24,958)</u> | <u>(33,989)</u> |
| Surplus before taxation | 2,032 | (3,636) |
| | | |
| Taxation | (314) | (324) |
| | | |
| Total comprehensive (deficit) | <u>1,718</u> | <u>(3,960)</u> |



Balance Sheet

As at 30th September 2016

| | 2016 | 2015 |
|---|------------------|------------------|
| | £ | £ |
| ASSETS | | |
| Cash, cash equivalents and liquid deposits: | | |
| Loans and advances to banks | <u>1,110,040</u> | <u>869,229</u> |
| Loans and advances to members | 768,296 | 721,511 |
| Tangible fixed assets | 179,558 | 206,107 |
| Debtors and prepayments | 23,542 | 206,837 |
| Total assets | <u>2,081,436</u> | <u>2,003,684</u> |
| LIABILITIES | | |
| Subscribed capital - repayable on demand | 1,287,830 | 1,152,636 |
| Other payables | <u>433,748</u> | 491,585 |
| | <u>1,721,578</u> | 1,644,221 |
| Other loan capital | 42,978 | 44,301 |
| Retained earnings | | |
| General reserve | 316,880 | 315,162 |
| Total liabilities | <u>2,081,436</u> | <u>2,003,684</u> |

Detailed accounts

The detailed financial accounts were approved, and authorised for issue, by the Board and signed on its behalf by:

Steve Bottrill - Director

Doug Hearn - Director

Gwen Crawford - Secretary

Date of approval: 22 March 2017

A copy of the detailed Hoot Credit Union Report and Financial Statements of the credit union for the year are available to members on request by calling 01204 365024 or emailing enquiries@wisewithmoney.org.uk



