

## **Directors Report and Accounts**

The Directors are pleased to present their annual report, the auditors' report and financial statements of Swan Credit Union Ltd for the financial year ending 30<sup>th</sup> September 2020.

### **Principal Activities**

The principal activities are those of a Credit Union: to promote and encourage regular savings and prudent borrowing as part of supporting members in developing a culture of thrift and sound financial management, whilst providing credit for their members' benefit at a fair and reasonable rate of interest.

### **Finances and operations for the year 2019-20** [Figures quoted below are provisional]

From the start of the year we changed both our back and front office systems. Instead of an outsourced back office we employed our own staff and we also switched to a new software platform offered by Incuto Ltd. This process of change was fraught with many difficulties, especially in the first 3 months of operations, and has led to some residual data problems for this year's audit.

Nevertheless, the end result was a very successful expansion of our activities during the year. The outstanding stock of loans increased by 55% (September 2019 to September 2020) to £774,000. Members' shares or savings increased by 10% to £1,165,000; and our membership increased by 9% to 2,220.

We had budgeted for a deficit during the year of £15,000, due to the transition costs of the new system and new staff. The end result would have been an even bigger loss of £27,000; mainly due to much higher bad debt provision than had been anticipated. In the event, a very generous donation from one of our Directors, reduced our end of year deficit to just £2,400. The donation was used to pay off many long standing bad debts where the cost of legal recovery was uneconomic, or not possible, and this reduced our provisions for bad debts (debt impairment) to £55,000.

Bad debts remain a significant problem for the continuing success of our operations and to our long term ability to provide a sustainable financial service to the communities we operate in. As of September 2020, 10.5% of our loans were in arrears by 3 months or more. This compares to the national credit union average of 8%. With the impact of coronavirus affecting members from late March, this issue remains a high priority for the Board.

We would like to take this opportunity of thanking our hard-working staff for their dedication over what was a very difficult and trying year. Free office accommodation was generously provided by Milton Keynes Council for the first 6 months of our new operations, and we would also like to thank them for their support. Subsequently we switched to home working due to the COVID pandemic restrictions. This process was a success and is well-liked by our staff, and we may decide to make it a permanent feature of our operations for the future.

### **Current year 2020-21**

An oral report on progress during the current financial year will be presented by the Chair and Treasurer at the AGM on 25 March 2021.

### **Directors and Board Members 2019-20**

The Directors during the year were:

Steve Eyre - Chair

Philip Turnbull – Treasurer

Alan Garratt – Secretary  
Gary Brant – Deputy Chair  
Philip Stratton – IT Director  
Charlie Robertson-Wu - Marketing Director

### **Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Co-operative and Community Benefit Act law and Credit Union law require the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the excess income over expenditure of the Credit Union for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a 'going concern' basis, unless it is inappropriate to presume that the Credit Union 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 to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Credit Union, and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Credit Union's auditors are unaware. They have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Credit Union's auditors are aware of that information.

### **Auditors**

PWH Accountancy Ltd prepared the audited accounts for 2019-20.

*Signed on behalf of the Directors of Management*

*Steve Eyre – Chair*

*Alan Garratt – Secretary*

*Philip Turnbull – Treasurer*

*Date*

*Date*

*Date*