

Credit Union for South East Northumberland Limited
T/A Northumberland Community Bank
Financial Statements
For the Year Ended
31 December 2022

Registration Number 214298

**CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK
MANAGEMENT COMMITTEE REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2022**

ACCOUNTING PERIOD

The Financial Statements cover the period 1 January 2022 to 31 December 2022.

RESPONSIBILITY OF MANAGEMENT COMMITTEE

The Rules of the Credit Union and Credit Union Regulations require the Committee of Management to prepare Financial Statements for each accounting period, which give a true and fair view of the state of affairs of the Credit Union and of the surplus or deficit of income over expenditure for the period covered by the Financial Statements. In preparing those Statements, the Committee of Management 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 the going-concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The Committee of Management is also responsible for:-

- keeping proper accounting records, (in accordance with the requirements of section 1(1)(a) FIPSA), 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 legislation;
- ensuring that a satisfactory system of control is maintained over the transactions of the Credit Union in accordance with section (1)(b) FIPSA; and
- safeguarding the assets of the Credit Union and hence taking reasonable steps for the prevention of fraud and other irregularities.

FINANCIAL RESULTS

The net loss for the accounting period was £10,138 (2021 : £3,474 profit). The Committee of Management recommends:

- a transfer from the General Reserve of £10,138 (2021 : £3,474 to the General Reserve)
- a transfer to Lloyds Foundation Credit Union Reserve of £0 (2021 : £0)
- there is no dividend proposed for the year (2021 : £0)

SHARES

At the year end the adult shares were £1,132,820 (2021 : £947,784) and the junior shares were £10,194 (2021 : £10,827).

LOANS

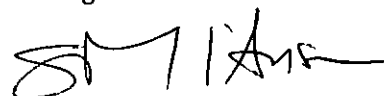
At the year end there were loans of £818,231 (2021 : £667,844) outstanding of which general loans were £818,231 (2021 : £667,844); Repossession Fund loans were £0 (2021 : £0).

AUDITORS

A resolution to re-appoint the Auditors, Azets Audit Services, will be proposed at the Annual General Meeting, under the provisions of Rule 95(e).

By Order of the Committee of Management

Chairman



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK
YEAR ENDED 31 DECEMBER 2022**

OPINION ON FINANCIAL STATEMENTS

We have audited the financial statements of Credit Union for South East Northumberland Limited T/A Northumberland Community Bank, for the year ended 31 December 2022 set out on pages 5 to 9, which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard application 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 31 December 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and with the Co-operative and Community Benefit Societies Act 2014.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISA's (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 small entities, in the circumstances set out in note 2.1 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those 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 committee of management's 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 committee of management with respect to going concern are described in the relevant sections of this report.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the management committee report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the management committee report has been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK
YEAR ENDED 31 DECEMBER 2022**

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 committee of management report.

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

- the credit union has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation;
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the credit union's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

RESPONSIBILITIES OF COMMITTEE OF MANAGEMENT

As explained more fully in the committee of management's responsibilities statement set out on page 1, the committee of management 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 committee of management 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 committee of management 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 committee of management either intend to liquidate the credit union or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 ISA's (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 <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our audit report.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website to detect material misstatements in respect of irregularities, including fraud.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK
YEAR ENDED 31 DECEMBER 2022**

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the credit union through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

USE OF OUR REPORT

This report is made solely to the credit union's members, as a body, in accordance with section 87 of the Co-operative and Community Benefits Societies Act 2014. Our audit work has been undertaken so that we might state to the credit unions' members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Azets Audit Services
32 Brenkley Way
Seaton Burn
Newcastle upon Tyne
NE13 6DS**

Dated:

**CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

INCOME	Notes	<u>2022</u>	<u>2021</u>
Entrance Fees		3,333	935
Income from Loans to Members		153,765	120,995
Grants Received	9	38,504	37,477
Donations and Other Income		8,431	3,740
Bad Debts Recovered		7,995	8,901
Bank Interest Received		1,777	-
TOTAL INCOME FOR THE YEAR		<u>213,805</u>	<u>172,048</u>
EXPENDITURE			
Wages and Salaries	101,644	68,147	
Rent and Rates	2,836	2,800	
Repairs and Renewals	588	2,108	
Printing, Stationery and Telephone	2,368	9,165	
Marketing	7,858	7,683	
Travel and Conference Expenses	316	593	
Professional Fees and Software Licence	48,837	28,109	
Auditors Remuneration	4,920	5,160	
Fidelity Bond Insurance	1,853	1,203	
Bad Debt Provision	691	11,307	
Bad Debts Written Off	28,681	17,327	
Bank Charges	10,627	4,425	
NCC Subordinated Loan Interest	1,296	1,305	
Other Insurances	364	364	
Savings and Loan Insurance	6,353	4,471	
FCA Fees	1,038	287	
Trade Association Dues	1,607	488	
Sundries	2,066	3,632	
TOTAL EXPENDITURE FOR THE YEAR		<u>223,943</u>	<u>168,574</u>
SURPLUS/(DEFICIT) FOR THE YEAR BEFORE TAX		<u>(10,138)</u>	<u>3,474</u>
TAXATION		-	-
SURPLUS/(DEFICIT) FOR YEAR AFTER TAX		<u>(10,138)</u>	<u>3,474</u>
Appropriations:			
To/(From) General Reserve Compulsory Transfer		(2,208)	695
To/(From) General Reserve Voluntary Transfer		(8,110)	2,779
To Lloyds Foundation Credit Union Reserve		-	-
To Dividends Proposed		-	-
TOTAL APPROPRIATIONS		<u>(10,138)</u>	<u>3,474</u>

Note: There are no recognised gains or losses other than those included on the income and expenditure account.

All figures included on the income and expenditure account are from continuing activities.

**CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK**

BALANCE SHEET AS AT 31 DECEMBER 2022

	Notes	<u>2022</u>	<u>2021</u>
ASSETS			
Fixed Assets	3	-	-
CURRENT ASSETS			
Due From Members for Loans	2	818,231	667,844
Less: Provision for Doubtful Debts		(31,819)	(31,128)
Prepayments and Other Debtors		78,998	12,165
Cash at Bank		374,541	415,752
Petty Cash		<u>3,190</u>	<u>3,575</u>
		<u>1,243,141</u>	<u>1,068,208</u>
		1,243,141	1,068,208
LIABILITIES			
Creditors & Accruals		20,866	12,522
Due to Junior Members	2	10,194	10,827
NCC Debit Card Fund		12,000	12,000
Cell Big Local Fund		-	390
Income in Advance		<u>-</u>	<u>2,246</u>
		43,060	37,985
NET ASSETS		<u>1,200,081</u>	<u>1,030,223</u>
CREDIT UNION CAPITAL RESERVES			
General Reserve	4	1,941	12,079
Lloyds Foundation Credit Union Reserve	5	25,000	25,000
NCC Subordinate Loan		40,320	45,360
Members Share Balances	2	1,132,820	947,784
		<u>1,200,081</u>	<u>1,030,223</u>

We hereby approve and adopt the attached accounts for circulation to our members.

Chairman

Secretary



Committee Member

Date :

15/05/2023

**CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK**

NOTES ON THE ACCOUNTS

1 ACCOUNTING POLICIES

a. Accounting Convention

The Credit Union is registered under the Co-operative and Community Benefit Societies Act 2014. The Financial Statements have been prepared under the historic cost convention in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Credit Union Act 1979.

b. Depreciation

Fixed assets are stated at cost. Depreciation of fixed assets is charged by equal instalments commencing in the year of acquisition at rates estimated to write off their cost less any residual value over their expected useful lives as follows:-

Office Furniture and Fittings, Software	5 years
Computers	3 years

c. Income

Income is itemised on the Income and Expenditure account on page 5 and accounted for on an accruals basis.

d. Interest

Interest receivable is accounted for on the basis of amounts receivable or payable in the year covering these accounts.

e. Bad Debt Provision

Bad debt provisions from loans are set aside to ensure at least the minimum requirements of the FCA are met.

f. Juvenile Shares

Juvenile transactions are included within the accounts unless specifically shown otherwise.

g. Grants Receivable

Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred. The balance of grants not spent is deferred to a subsequent period.

h. Taxation

Corporation tax is not chargeable on the Credit Union's ordinary surplus. Liability to corporation tax is on investment income only.

CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK

NOTES ON THE ACCOUNTS (cont)

2 SUMMARY OF MEMBERS SHARES (including Juniors) AND LOAN ACCOUNTS

	SHARES		LOANS	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Balances brought forward from last year	958,611	782,785	667,844	638,942
Shares saved	2,219,566	1,514,895	-	-
Dividends paid	-	-	-	-
Shares withdrawn	(2,035,163)	(1,339,069)	-	-
Loans repaid	-	-	(923,097)	(828,312)
Loans granted	-	-	947,110	753,546
Interest charged - members loans	-	-	153,727	120,995
Loans written off	-	-	(27,353)	(17,327)
Balances carried forward to next year	<u>1,143,014</u>	<u>958,611</u>	<u>818,231</u>	<u>667,844</u>

3 TANGIBLE FIXED ASSETS

COST	Computer & Office Equipment	Software	Office Furniture	Total
	Cost at 1 January 2022	7,897	6,338	9,299
Additions during year	-	-	-	-
Cost at 31 December 2022	<u>7,897</u>	<u>6,338</u>	<u>9,299</u>	<u>23,534</u>
DEPRECIATION				
Depreciation at 1 January 2022	7,897	6,338	9,299	23,534
Charged in these accounts	-	-	-	-
Depreciation at 31 December 2022	<u>7,897</u>	<u>6,338</u>	<u>9,299</u>	<u>23,534</u>
VALUE AT 31 DECEMBER 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
VALUE AT 31 DECEMBER 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

4 GENERAL RESERVE

	<u>2022</u>	<u>2021</u>
As at 1 January	12,079	8,605
Compulsory transfer	(2,208)	695
Voluntary transfer	(8,110)	2,779
As at 31 December	<u>1,761</u>	<u>12,079</u>

5 LLOYDS FOUNDATION CREDIT UNION RESERVE

	<u>2022</u>	<u>2021</u>
Transfer - 2018	<u>25,000</u>	<u>25,000</u>

6 NUMBER OF MEMBERS (including Juniors)

	<u>2022</u>	<u>2021</u>
Number at beginning of year	3,521	2,848
Joined during year	1,091	981
Dormant accounts closed	-	-
Lapsed during year	(503)	(308)
Number at end of year	<u>4,109</u>	<u>3,521</u>

**CREDIT UNION FOR SOUTH EAST NORTHUMBERLAND LIMITED
T/A NORTHUMBERLAND COMMUNITY BANK**

NOTES ON THE ACCOUNTS (cont)

7 RELATED PARTY TRANSACTIONS

During the year 20 members of the board, staff and close relatives have shares with the Credit Union. There are no loans currently held by members of the board, staff or close relatives.

8 GOING CONCERN

The Credit Union must maintain a minimum Capital-To-Total assets ratio of 3% in accordance with PRA Guidelines outlined under CREDS 8.5.1. The relevant ratios are:

	2022	2021
	5.41%	7.72%

9 GRANTS RECEIVED & RELEASED

During the year, the Credit Union received the following grants:

A Trapp	10,000
MINT re Bourn	650
Prudhoe TC	590
ABCUL	2,500
Ashington TC	3,500
R W Mann	<u>2,000</u>
	<u>19,240</u>

During the year, the following grants were drawn down to the Income and Expenditure account:

A Trapp	10,000
Mint re Bourn	650
Prudhoe TC	590
ABCUL	2,500
Ashington TC	3,500
R W Mann	2,000
Northumbria Water - Incentives	<u>2,246</u>
	<u>21,486</u>
Incentive to members accounts	(58)
Debtors	<u>(492)</u>
	<u>20,936</u>
MINT (offset to staff costs)	14,568
Northumberland CC (offset to staff costs)	1,500
Department for Education (offset to staff costs)	<u>1,500</u>
	<u>38,504</u>