

# Stroud Valleys Credit Union Annual Report and Accounts Year to September 2020

2020 was a year like no other. Firstly, I want to recognise the efforts and ingenuity of the team here to ensure we were able to offer a service via phone, email and internet throughout. This involved a good deal of personal sacrifice to adapt systems and processes not designed to work outside of the office.

The reaction of you our members also stood out. Many of you thanked us for our efforts to keep going which gave us the boost we needed. You continued to save regularly. Almost everyone whose income was impacted by the pandemic got in touch and agreed a different repayment schedule. Non-payment of loans was the blight of 2018/19, but things had improved noticeably by the second half of 2019/2020.

Stroud Valleys Credit Union has again proved popular with savers with Shares balances increasing from £558,000 to £615,000. However, like all credit unions, demand for new loans during the first lockdown fell to almost nothing. The result was the total value of all of our loans fell from £132,000 at the start of the financial year to £105,000 at the end. Credit unions rely primarily on interest earned from these loans to pay our operating costs. Fortunately, a government grant for small businesses covered some of our lost income, but we still made a loss of £2,000 for the year.

As a result, we are recommending that no dividend is paid for the 2019/2020 financial year.

Covid also meant we were forced to reduce counter days from five to two when we re-opened in the summer and Berkeley is still closed. In this current lockdown it is now just Mondays. We did have plans for increasing services from the Old Town Hall, but more of you are preferring to deal with us from home currently. We remain grateful to Stroud District Council whose grant allows us to retain an office in town.

Looking forward, we are applying the same creativity and ingenuity to our future as we did to getting through 2019/20. We are contacting selected local organisations about offering a saving and borrowing scheme as a benefit for their staff, volunteers and clients. We have just successfully completed a one week work placement with South Gloucestershire & Stroud College where students worked remotely on a project to make our credit union more relevant to the 16 to 19 age group. Another similar event is scheduled for March.

Finally, many of our longstanding volunteers are still stuck at home so we urgently need more help with finance and marketing as well as customer service. If you, or anyone you know, would like to get involved we would be delighted to talk.

**Stroud  
Valleys  
Credit Union**



## Notes to the accounts - Revenue Account

The Revenue Account is a total of our income and outgoings through the year. We are a not-for-profit organisation, but we do need to earn enough money to cover our expenditure and be sustainable. This means that we intend to operate at a small surplus to cover any losses in future years, to grow membership and to improve service.

### **Loan interest receivable and similar income:**

Because fewer new loans were granted the the pandemic, but existing ones were still repaid, we earned less in loan income in 2019/20. This was a consistent feature across almost all credit unions. SVCU do earn interest on members savings not lent out by putting funds in short notice savings accounts. However, as the typical earnings on savings were around 1% during the year whereas on loans it was around 11%.

### **Other income:**

We are grateful again to Stroud District Council for their grant which enabled us to pay the rent on the Old Town Hall offices. The other major contributor to other income was a Government Covid grant to cover lost income for small business during the first lockdown.

### **Administrative expenses:**

Our administrative expenses were lower than 2018/19 as we went down to one paid staff member. The remainder of the costs are mostly associated with operating Stroud Valleys Credit Union as a stand alone company. These are, for example, audit fees, professional membership subscriptions and insurances.

### **Other operating expenses:**

This is mainly rent on our Stroud Old Town Hall office.

### **Impairment losses on loans to members:**

If members fall behind with their loan repayments or stop paying altogether we have set aside money now as a “provision” against losing some of this money we are owed. We started the 2019/20 year still adding to this provision from loans granted in the previous year, but following a change to loans policy in 2020 new arrears cases have reduced significantly.

### **Taxation:**

As a credit union we have to pay tax on any interest we earn on money deposited with banks and building societies.

### **Deficit for the Financial Year**

We are reporting a deficit for the financial year 2019/20. This deficit is paid for out of retained earnings from previous years.

## Notes to the accounts - Balance Sheet

The Balance Sheet is a snapshot of Stroud Valleys Credit union at the 30th September 2020.

### **Assets**

Members deposit money with us as savings. We lend out some of this money as loans which is shown as **Loans and advances to members**. We deposit the remainder in banks and building societies in instant access or short notice accounts. This is shown as **Loans and advances to banks**. Total assets grew by £50k as members typically saved during the pandemic. Money in SVCU bank accounts increased by £100k as in addition to members saving they have repaid £50k more off their loans than we issued in new loans.

### **Liabilities**

Members savings show as **subscribed capital payable on demand**. During the year, members saved more money than they withdrew, so the value has increased again.

**Retained earning** is the sum total of surplus made in previous years. This should be in excess of 5% of the Total Assets figure to ensure SVCU can operate in challenging times as well as in good. This means the business plan for coming years must target increasing loan interest income without adding to bad debt to ensure we return to operating at a surplus.

## Revenue Account for the year ended 30<sup>th</sup> September 2020

	<b>2020</b>	<b>2019</b>
	£	£
Loan interest receivable and similar income	18,609	27,175
Interest payable	0	0
<b>Net interest income</b>	18,609	27,175
Fees and commissions receivable	992	1,001
Fees and commissions payable	0	0
<b>Net fees and commissions receivable</b>	992	1,001
Other income	22,756	11,859
Administrative expenses	(13,196)	(16,950)
Depreciation and amortisation	(1,374)	(1,160)
Other operating expenses	(13,738)	(13,891)
Impairment losses on loans to members	(15,087)	(23,716)
<b>Deficit before taxation</b>	<b>(1,038)</b>	<b>(15,682)</b>
Taxation	(1,086)	(1,016)
<b>Deficit for the financial year</b>	<b>(2,124)</b>	<b>(16,698)</b>
<b>Total comprehensive expenditure</b>	<b>(2,124)</b>	<b>(16,698)</b>

## Balance Sheet as at 30<sup>th</sup> September 2020

	<b>2020</b>	<b>2019</b>
	£	£
<b>ASSETS</b>		
Loans and advances to banks	581,635	481,811
Loans and advances to members	60,663	102,971
Tangible fixed assets	757	1,490
Prepayments and accrued income	3,782	9,842
<b>Total assets</b>	<b>646,837</b>	<b>596,114</b>
<b>LIABILITIES</b>		
Subscribed capital payable on demand	614,898	558,247
Other payables	8,978	12,782
	623,876	571,029
Retained earnings	22,961	25,085
<b>Total liabilities</b>	<b>646,837</b>	<b>596,114</b>

