



I'm getting tired of  
being part of a major  
historical event.

---

**Joe Franklin**



# Contents

Page 3	Company information
Page 4-5	Report from the Board of Directors
Page 6-9	Financial summary
Page 10	Internal audit
Page 11-15	COVID-19 the Credit Union response
Page 17-21	Strategic report year ending December 2020
Page 22-23	Directors report for the year ending 31st December 2020
Page 24-25	Independent Auditor's report
Page 26-29	Cash flow statements
Page 30-40	Notes to the accounts
Page 41-43	Our playground
Page 44	Interviews from our members



# Annual report and financial statements at 31<sup>st</sup> December 2020

## Company information – year ended 31<sup>st</sup> December 2020

### Members of the Board

Phil Lillywhite	Natalie Ashworth	Amanda Taylor
Rosemary Cody	Syed Maqsood	Steve Faragher
Mark Hughes	Philip Stephenson	Eileen Halligan

### Registered Office

141 Park Street  
Liverpool  
L8 6QF

### Registrations:

Industrial & Provident Society No IP00133C  
FCA Firm Registration Number FRN 213251

### Auditors

Ashurst Accountancy Ltd  
17 Duke Street  
Formby  
L37 4AN

### Bankers

The Co-operative Bank plc  
PO Box 101  
1 Balloon Street  
Manchester  
M60 4EP

### Regulation

Central Liverpool Credit Union Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.



## Report from the Board of Directors

**Welcome to our annual report for the year ending December 2020.**

In 2019, concepts such as 'lockdowns', 'mask mandates', and 'social distancing' were unknown to most of us. Today they are part of our everyday language as the COVID-19 pandemic continues to impact all aspects of our lives. We would like to offer sincere commiserations to our members who have been adversely impacted by this dreadful virus.

With the advent of the COVID-19 crisis, our credit union's work is more crucial than ever to help members create financial resilience and alleviate poverty in the community. Our Board are extremely proud of the credit union and its staff for rising to the challenge of assisting as many members as possible during 2020. It wishes to express its gratitude to all of our loyal and enthusiastic staff for their tireless efforts throughout these difficult times. Pages 11-15 documents some of the ways the credit union reacted to the COVID crisis.

2020 events meant we were not able to engage socially with our members as much as we like to so there is little to report on that front. We decided instead to document how some of our members dealt with 2020 and you can see that report on pages 44 and 45. However, we still managed to enable COVID safe visits to the playground in family or nursery support bubbles. We share their photos and details on how you can book the playground for your family or event on page 41.

As we reported last year, COVID meant we accelerated our technological plans, and we continue to improve our digital access as well as remain committed to our growth plan as reported in the strategic report, starting on page 17.

More than one year after the World Health Organization declared COVID-19 a pandemic, optimistic signs are appearing on the health and economic fronts, at least for people in the UK. Although these indicators are promising, there is still plenty of work ahead. Thousands of small businesses are struggling and tens of thousands permanently closed their doors last year. Reduced income, food and housing concerns, and childcare needs continue to challenge households across the country. For credit unions, these challenges present opportunities to build on member and community investments made in 2020.

### Which is the Green Goddess?

Becky, dressed to blend with our Wo/man sculpture.



### A Rare Moment!

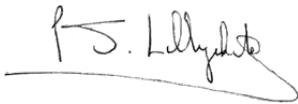
Our CEO, Eileen, (on the left) having a chat with Kathy under our rose pavilion.



We would like to remind members that the best way to help the credit union is to take out a loan, as this produces the necessary revenue to keep our operations running.

The esteemed children's author Dr. Seuss believed that when something bad happens you have three choices. "You can let it define you, destroy you, or you can let it strengthen you." Central Liverpool Credit Union's commitment to you is that, as a community-based organization, we will strive to achieve that third choice.

**Phil Lillywhite,**  
Chairperson on behalf of the  
Board of Directors.



“

**Difference is of  
the essence of  
humanity.**

**John Hume**  
1937 - 2020

Hume, a founder member of Derry Credit Union, became the youngest ever President of the Irish League of Credit Unions at age 27. He served in the role from 1964 to 1968. He once said that "all the things I've been doing, it's the thing I'm proudest of because no movement has done more good for the people of Ireland, north and south, than the credit union movement.

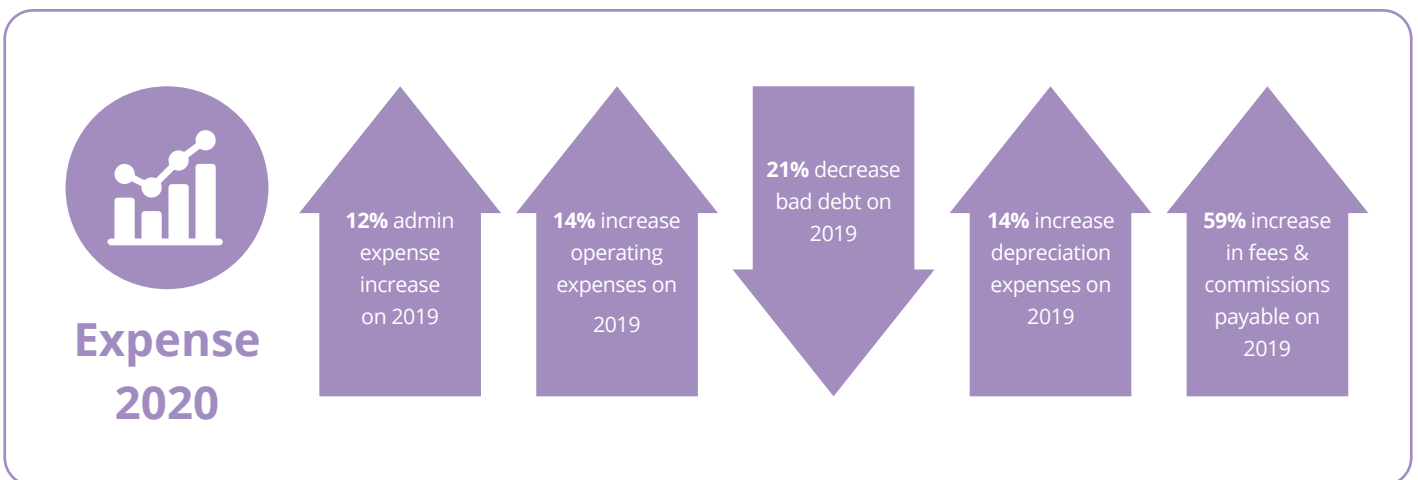
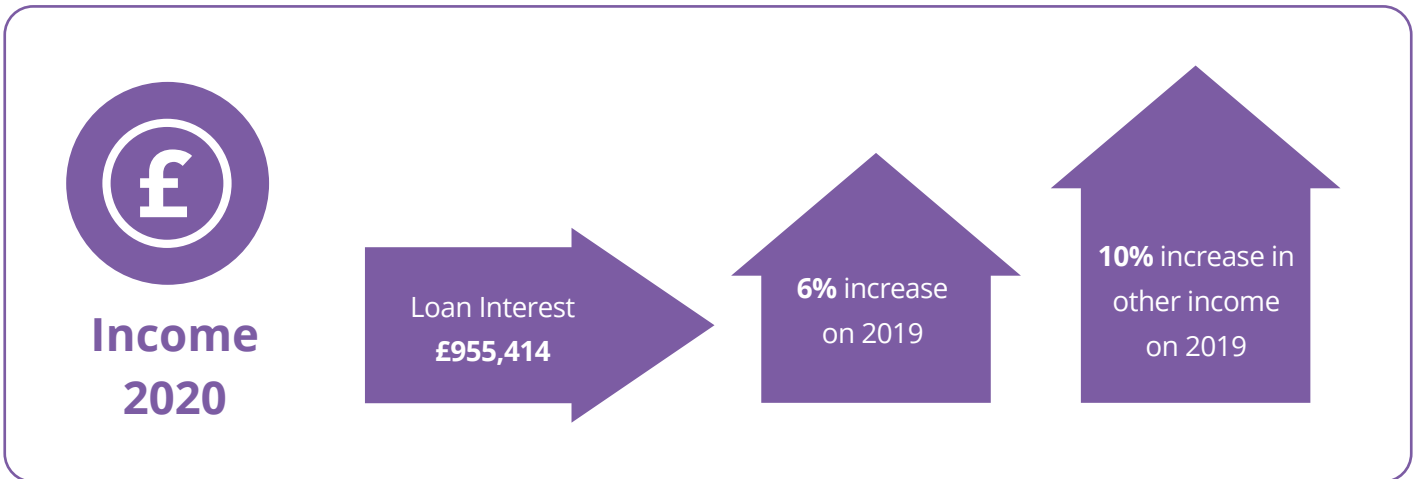
**RIP John Hume**



## Financial summary 2020

Summary of the financials for the year ended 31st December 2020 in comparison to the year ended 31st December 2019.

### Revenue accounts 2020





Expense increases are consistent with the growth in income.



**Profit for the year was £156,905**  
an increase of £191,348 on 2019 when we had a loss of -£34,443 after dividends.

# Financial summary 2020

## Balance Sheet Summary 2020

Balance Sheet	Balance at 2020	Balance at 2019
Loan Book	£8,422,207	£7,945,747
Shares	£8,693,244	£7,394,572
Reserves	£1,825,346	£1,668,441



The capital to assets ratio is **16%** FCA require this to be 10% so again we are in a very strong capital position even given the significant growth over the last 2 and a half years.

## Key Performance Indicators

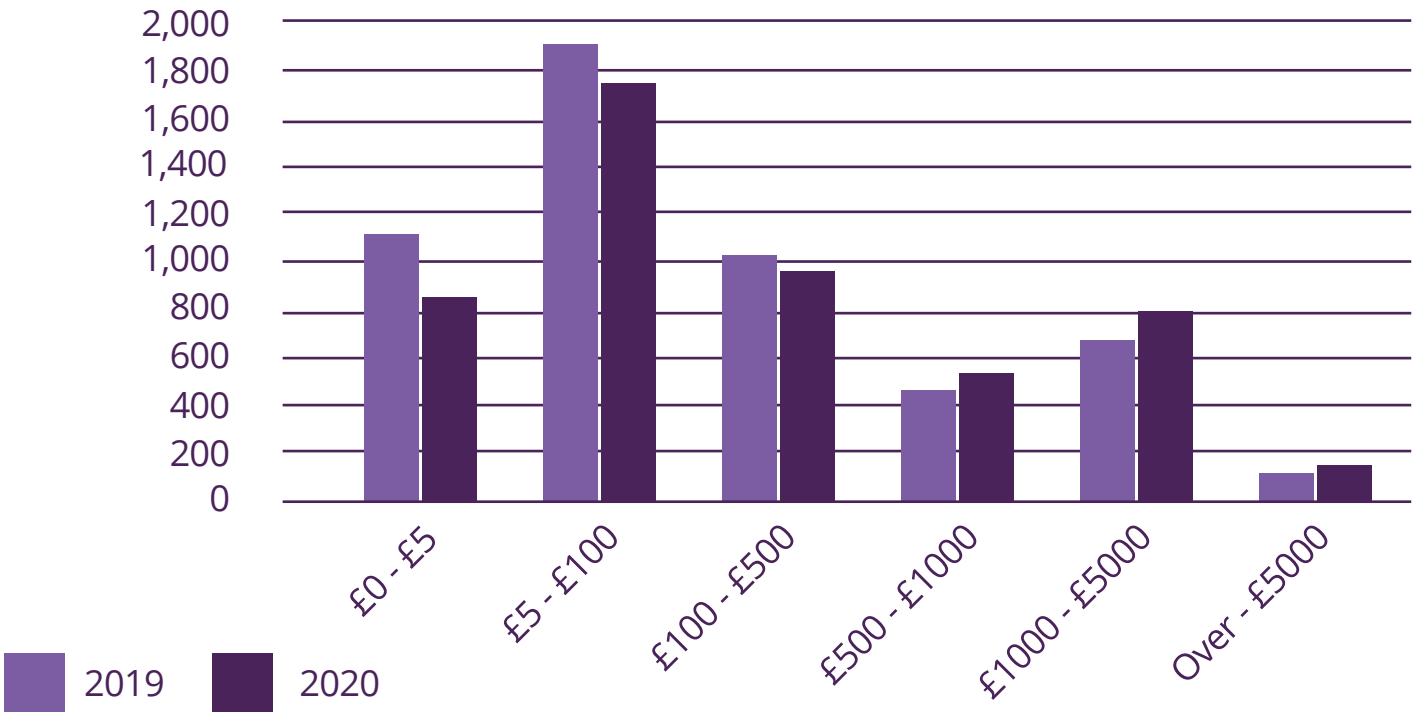
< = less than    > = greater than

Indicator of:	Indicator	2020	2019	Target
Effective financial structure	Capital to Total Assets	16%	17%	>10%
	Total Shares to Total Assets	77%	77%	70-90%
	Net Loans to Total Assets	75%	82%	>40%
Protection	Bad Debt Written Off to Total Loans	4%	7%	>10%
Returns	Loan income to Total Loans	12%	10%	>6%
Efficiency	Operating Expenses to Total Assets	7%	9%	<10%

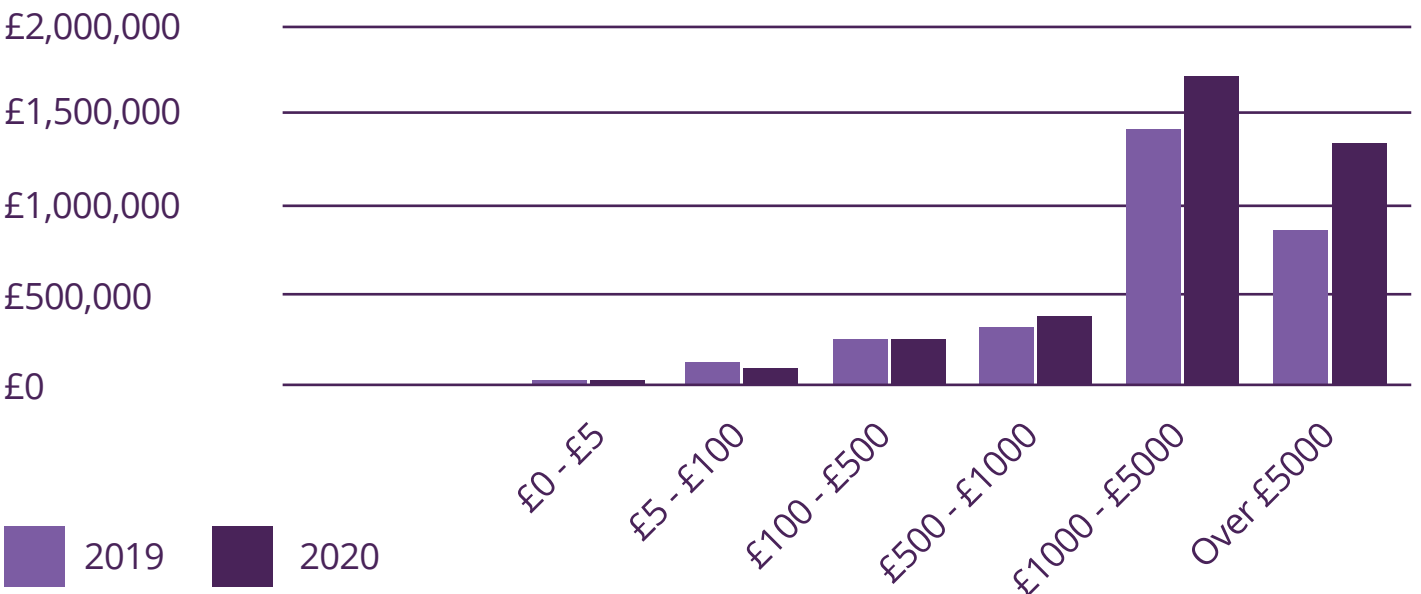
It is proposed that we maintain our current Auditors for the year ending December 2021.

Ashurst Accountancy Limited  
17 Duke Street, Formby  
Liverpool, L37 4AN

## Number of members with unattached shares



## Value of unattached shares



### Unattached shares definition

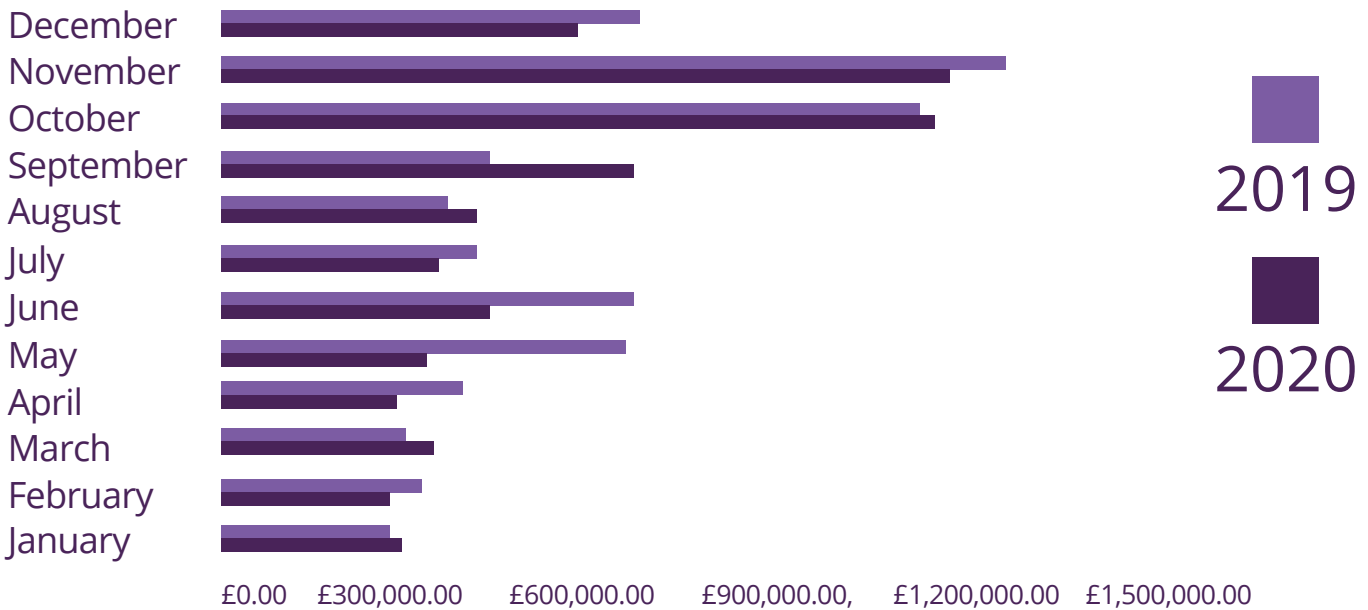
A "share", in relation to a credit union, means each sum of £1 that a member has in savings in the credit union.

Unattached Shares means those total savings which are not attached to loans. For instance; if you have £100 in savings but no loan that is £100 unattached shares. If you have £100 in savings but owe £50 off your loan then £50 will be unattached shares.

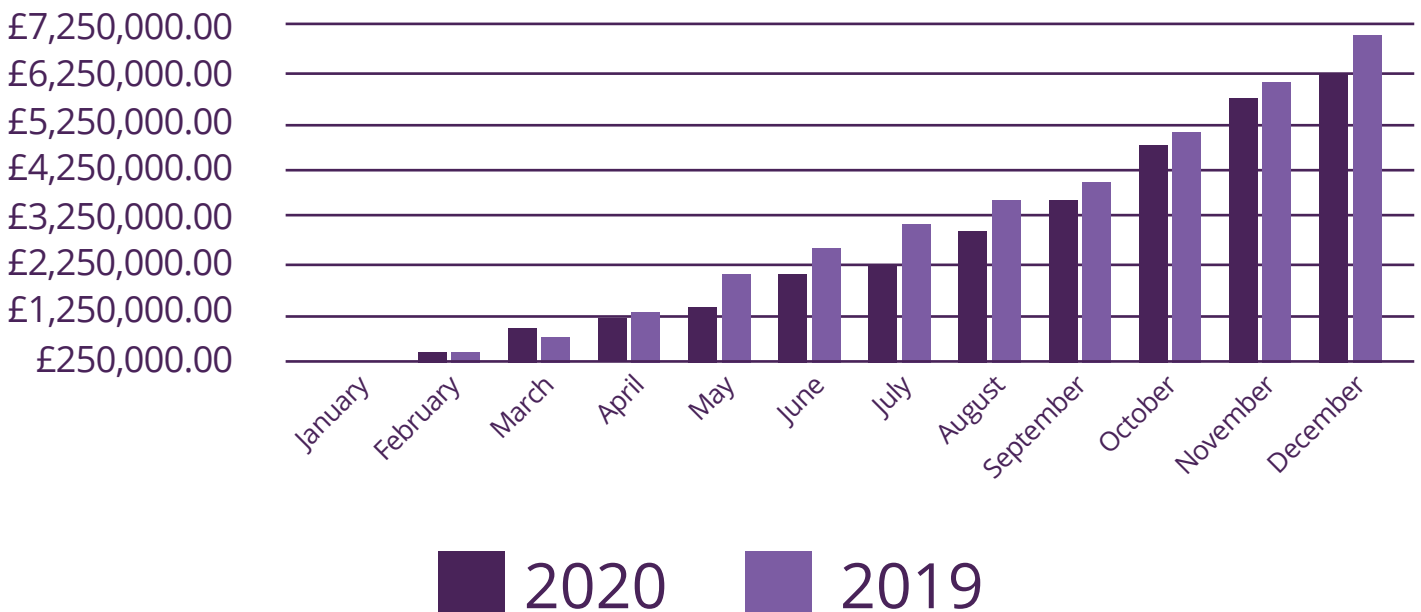


## Loans issued 2020

### Value of loans issued by month



### Value of loans issued cumulative



## Internal audit

The Internal Audit Team reviews operational procedures of the Credit Union and makes applicable recommendations to the Board of Directors.

### The audits are designed to determine that:

- 1 Accounting records and financial statements are promptly and accurately prepared and present fairly the financial condition of the Credit Union.
- 2 Internal controls are established and maintained.
- 3 Plans, policies, and controls are properly administered.
- 4 Practices and procedures are sufficient to safeguard members' assets.

The opinion which they have rendered certified that the financial statements present fairly the financial performance of the Credit Union and the resulting financial position at December 2020.

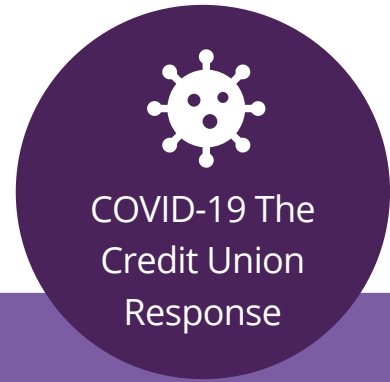
In summary, the Committee believes, based on the report of the certified public accounting firm and a review of the Credit Union's operations, Central Liverpool Credit Union is in sound financial condition and is operating under sound management procedures.

“ During the audit process, we have found the controls in the credit union to be robust. **The systems in place are well designed and strong, protecting the members interests.** ”

---

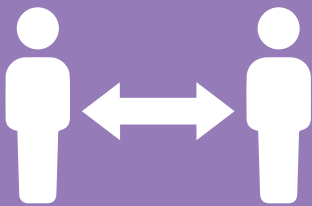
**Colin Fazakerley FCCA**  
Ashurst Accountancy Limited

# Lockdown was introduced



## Branch closure

- Closed two branches
- Many staff furloughed, took holidays, or worked from home
- All volunteers were told to stay home



## Safety measures

- Introduced hand sanitising stations, 2m floor markings and hourly cleaning of public areas
- Only two members allowed into the building at a time
- The first hour each day was for vulnerable members only
- Separate entrance for staff was made available

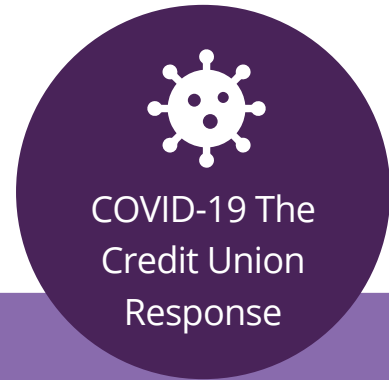


## Most staff work from home

- Head office remained open with fewer staff & shorter working hours
- Staff working in head office were dispersed across unoccupied parts of the building
- Staff working from home provided with the necessary technology



# Acceleration of digital transformation



## Online access improved

- Improved online loan applications
- Transact on their accounts at home
- Smoother onboarding process
- Introduced e-signatures
- Introduced Direct Debits



## Mobile App 1 NestEgg

Rolled out a public beta version of a mobile app built for the Affordable Credit Challenge. This provides unsuccessful loan applicants with precise advice to turn their application into an approval, **increasing accept rates by 10%**.



## Mobile App 2 cuOnline+

With cuOnline+ members can:

- View all balances
- Make transfers
- Set up direct debits
- Make online payments.
- Update their personal details
- Change their PIN/password
- Manage and add new Payees



## All together now!

We are currently having both apps merged into one using APIs. This will also enable Digital Member Onboarding, including automatic ID verification to be integrated with our software platform, Scion.



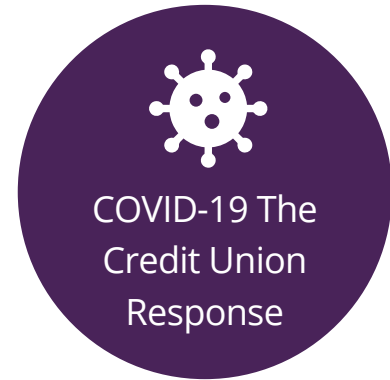
## And there's more

We are introducing policy and procedure management software, PolicyTech. Which will:

- Stay Audit Ready
- Reduce Corporate Risk
- Help with compliance
- Simplify Reporting
- Automate Key Tasks
- Test staff knowledge

## Supporting members during COVID-19 IMPACT REPORT 19 June 2020

To assess how effectively we supported our members during the pandemic and the effect COVID-19 was having on our membership the credit union took a snapshot survey from the beginning of Lockdown in 2020 until the end of May 2020.



**1,300 loan applications** were considered during the period

**50%** of loans went towards living expenses or paying bills

**£800k** of loans were issued between 23 March and 31 May

**82% of applicants** used some of their loan towards Covid-19 related expenses

**62% of applicants** think they will have to borrow as the lockdown continues

### Health deprivation

Covid-19 hits unhealthy communities harder. Overall, in the Riverside ward where the Credit Union is located, **1/3 of people over 40** have a pre-existing health condition that **require self-isolation**. Respiratory mortality is the highest in Liverpool.



**64%**

of members with more than **£100 in savings** live in the top 10% most deprived areas

**86%**

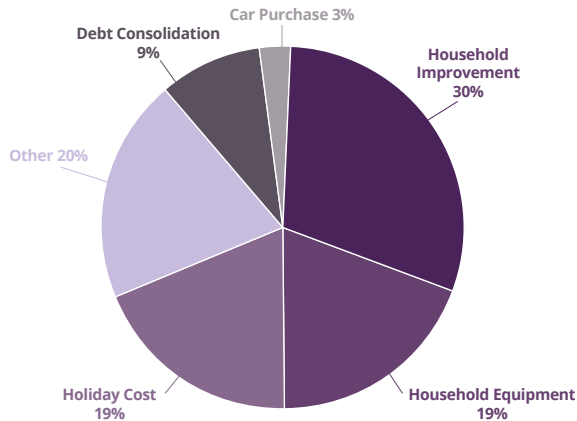
of all loans since lockdown went to members living in the top 20% most deprived areas

**78%**

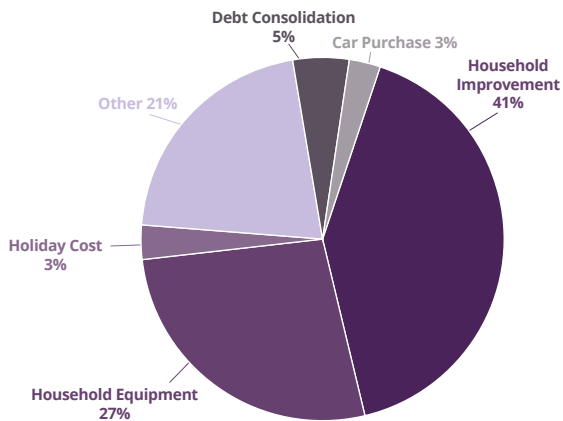
of all loans during 2019/20 went to members living in the top 20% most deprived areas

# Loans issued during lockdown

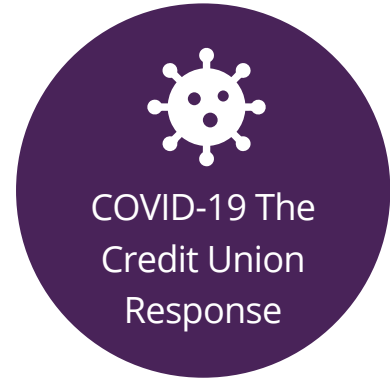
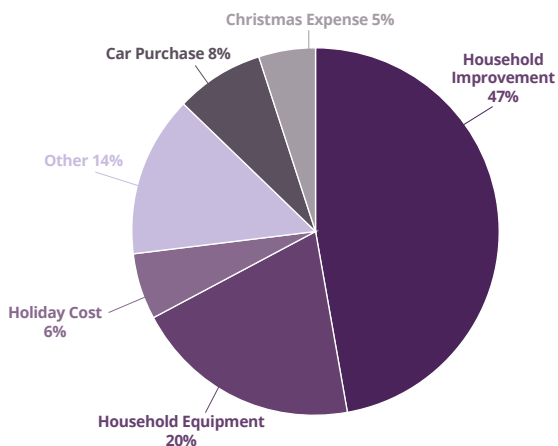
23 Feb to 22 march



23 March to 22 may



23 May to 22 july



**1**

As the time in lockdown has increased the desire to Improve the household environment has increased.

**2**

Debt consolidation was a concern at beginning of lockdown but not by the end of July.

**3**

Holiday Costs are usually much higher at this time of year.

**4**

Not even a pandemic Stops Christmas.

## Building resilience

Central Liverpool Credit Union is a successful community development credit union. Our anti-poverty work, in one of the poorest areas in the UK, has helped residents save millions of pounds.

Every time a member borrows, they use our Save as You Borrow Scheme. A proportion of the loan repayment is allocated to a savings account, so at the end of the term, the borrower has built a safety net.

**Members with five years' membership have 45p in savings for every £1 borrowed.**

# 20%

2 years membership saving to loan ratio: 20p: £1

# 45%

5 years membership saving to loan ratio: 45p: £1



**COVID-19 The  
Credit Union  
Response**

**"I am confident  
managing money"**

Respondents who agree:  
UK average: 58%  
CLCU members: 65%

**"Its very important to  
save for a rainy day"**

Respondents who agree:  
UK average: 40%  
CLCU members: 55%

**8/10 Members**  
said that the  
credit union had  
encouraged them  
to save more

Borrowing from a high cost lender costs 1.65 times the amount borrowed.

Borrowing from Central Liverpool Credit union costs 1.08 times the amount borrowed.

## £2.8m saved every year compared to high cost credit

### Helping the financially excluded

75% of members have a credit score in the bottom 20% of the population. They are susceptible to high cost lenders. Using the Credit Union saves them £295 for every £500 borrowed.

### Calculating savings

So far, during Covid-19 we lent £800k. Compared to high cost lenders, 75% of our borrowers have saved £354,000 in excess interest payments.

Over the last 12 months we have lent £6.5m which equates to savings of £2.8m.

With Covid-19 adversely affecting family finances, **the Credit Union is more relevant than ever.** As some members told us during 2020.



I would most definitely be more than happy in recommending the Credit Union. How could I not be when you have been and continue to not only help me but also the whole of the Liverpool Community, you truly are god sent in times of need.



Great help for my little girls birthday during lockdown.



Due to the coronavirus I have not been able to work as usual so I was not able to pay for all the bills and living expenses.



I borrowed for art supplies for the Children's home schooling. The lockdown has cost me a fortune.



We stocked up due to social distancing and borrowed so we could buy in bulk.



## Strategic report year ending December 2020

### 1. Report in context

During the Financial year ending December 2020, Central Liverpool Credit Union (CLCU) like the rest of the world has had to accommodate the impact of the COVID-19 pandemic. Additionally, many businesses in the UK were further impacted by Brexit. In most cases, the regions and sectors most affected by COVID-19's economic impact will not be the same as the areas and sectors most exposed to Brexit (though there are some exceptions), but both crises together will have a greater impact on the UK than either would have had separately.

Both the coronavirus's and Brexit's economic effects are anticipated to exacerbate regional inequality. London, the North East, Wales, the South East, and the West Midlands are the most vulnerable to Brexit-related threats, but tourism-dependent coastal areas and hospitality-dependent cities like Manchester, Liverpool, Glasgow, and substantial areas of London are also at risk.

**By all accounts, both the economic effects of the coronavirus and the impact of Brexit are highly likely to:**

- Exacerbate regional disparities
- Have an influence on certain groups such as blue-collar, male workers who are concentrated in some of the 'left behind' areas such as the Northern regions
- Have an influence on various sectors and cumulatively have a wider effect on the economy overall

In the Liverpool City Region COVID-19 has hit key sectors of our local economy – hospitality, leisure and the visitor economy – particularly hard. COVID-19 posed an even larger threat to the Liverpool City Region in 2020 than it did to the rest of the country. Infection and mortality rates were significantly higher in the City Region than elsewhere, most likely due to a higher prevalence of COPD and higher levels of impoverishment.

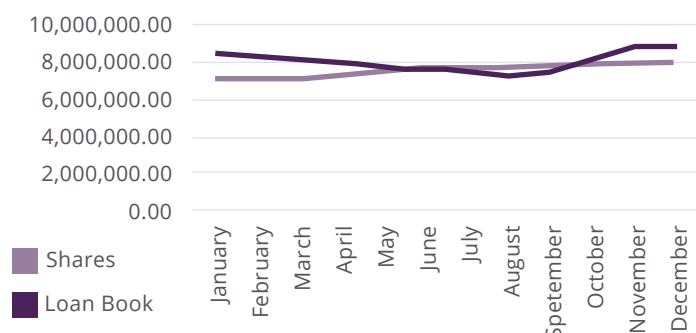
While the health consequences have been severe, so have the financial and economic consequences. The government recognises that the pandemic has resulted in an unprecedented rise in Universal Credit claims across the UK, with this trend evident in the Liverpool City Region, putting direct pressure on our communities and local economy. Despite this, the lockdowns introduced to try and help control the virus, along with many of those who have remained in full-time employment working from home for the majority of the year, has resulted in higher levels of savings deposits. Since the beginning of the coronavirus pandemic, official statistics show that total household savings have increased and total household debt remains mostly unchanged, largely due to a fall in spending on non-essential items over lockdown.

While on the whole, household savings have risen and debt has decreased, there is evidence to suggest that some households, particularly those with low incomes, have run down savings and increased debt since the start of the pandemic.

The Office for National Statistics' Opinions and Lifestyle Survey found that by July, 13.3% of people said they have had to borrow money or use credit more than usual since the coronavirus pandemic. The Resolution Foundation found that 54% of adults in families from the lowest income quintile borrowed more in March-June to cover everyday costs like food and housing. Groups which are more likely than average to have taken on more debt since the start of the coronavirus pandemic include renters, people from minority ethnic groups, parents and carers, disabled people and those who are shielding, and young people.

CLCU also saw different pattern emerging as a result of lockdown, for the first time in our history savings growth overtook loan growth from June to September 2020.

### CLCU Share and Loans for 2020



## Strategic report year ending December 2020 (continued)

### 2. Extending the benefits of credit union membership

During 2021 we will be opening a new branch in Breck Road, Liverpool 5, which is currently under refurbishment. These premises are half way between our current Kensington and Walton Road branches (which have been closed since the first lockdown) which we currently lease.

We will not be re-opening these two branches as they both needed substantial refurbishment and, as CLCU were tenants, it was not economically prudent to invest in them. Instead, we have purchased Breck Road and a Mobile Office which will be available to travel around our common bond area towards the end of 2021.

The mobile office allows us to have a presence on different days across the Liverpool City Region. Making our credit union available to those who can't get to our branches, have not got Payroll deduction or are digitally excluded and cannot access us on line.

Our extended work as a community development credit union will be made easier with the purchase of the mobile office where our service will be delivered face to face with pop-up shops and engagement with partners, to help us strengthen the financial resilience of a new generation of members.

**Our presence at 23 different schools has been held back throughout lockdown, with some of the plans for 2020 being put on hold. Once we are released from lockdown restrictions we will accelerate our work with the schools, which includes:-**

- Ongoing work via LifeSavers
- A partnership between CLCU, The City of Liverpool College and the schools to design and construct a friendship bench in each of our school that wants one
- The implementation of the Eileen K Halligan award for extraordinary acts of kindness amongst the schoolchildren

### 3. Continual development in IT capacity

The Credit Union has developed IT capabilities significantly since it began its transformation in July 2018. A new core system has been introduced (Wellington) and new features continue to be rolled out. These include online accounts for which more than 2,000 members have signed up (representing 25% of the active membership). They can now obtain balances online and send staff secure messages.

An automated decision engine was introduced to the back office in 2018 and this was connected to an online application process, including Open Banking, for automated online decisions a few months later.

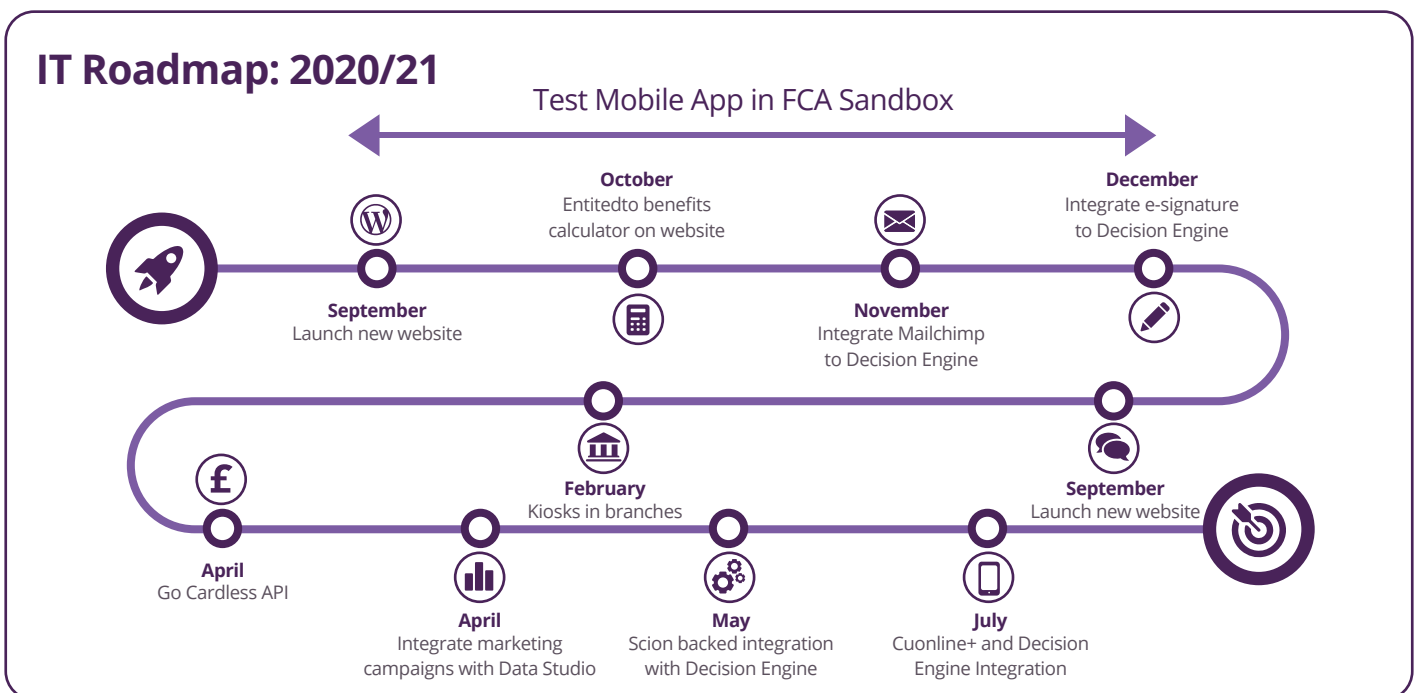
#### In the coming 12 months there are several priorities:

- Our key challenge is to better manage applications once they are received in the back office. A lot of time could be saved by introducing automated email follow up once new member accounts are set up and new loans issued. This is planned for early 2021.
- The Credit Union is working with Wellington (and other credit unions) to integrate the decision engine and core system, Scion. This reduces re-keying; new member details are sent straight to the core system. This was scoped out more fully with Wellington in August 2020.
- Open Banking is being used to provide an online alternative to bank statements so that loan applicants can show affordability. We need to drive more people to provide their affordability information in this way. By integrating Mailchimp we can create landing pages to easily provide applicants who have not provided Open Banking to provide it on a second round.



# Strategic report year ending December 2020 (continued)

- Improving the online account experience. Enabling automated share withdrawals will further reduce pressure on front-line operations. Two factor authentication will improve security for member account access. This involves reviewing CuOnline (supplied by Wellington) to consider an upgrade to CuOnline+. The mobile app enables members to make share withdrawals on the move. We were able to purchase CuOnline+ with Covid funding from Fair4All.
- In January 2021, we'll promote our community forum. Listening to and learning from our members, we'll ensure that we design and run services as they are needed. The Credit Union will use Discourse (as used by the Monzo-Community). The opportunities for co-design are far reaching.
- Introduce a kiosk in the office so members can apply online but at a branch, once online applications have been thoroughly tested.



## 4. Marketing

Having developed a comprehensive marketing plan during 2020 with the intention of appointing a trainee marketing officer in 2021 we instead opted to outsource our Marketing on a trial six month basis to Yellow Marketing based in Liverpool. Yellow will commence in April 2021.

## 5. Restructuring

The loss of a long-serving CEO, or other key members of staff would present challenges. A strategy has been developed to reduce succession risk over the next 12 - 18 months. A key appointment will be Head of Growth, who will work with the CEO to ensure our growth strategy is realised. This supports long-term CEO succession planning.

At the same time as we appoint the Head of Growth, we will also be appointing a Community Development Officer to realise some of plans to engage the broader community in our activities.

## Strategic report year ending December 2020 (continued)

During 2021 we will be reforming our staffing structure to provide identifiable salary scales and career paths for our staff, providing the opportunity for staff to develop different areas of expertise and attain additional professional qualifications.

Paramount in this restructuring will be the development of a dedicated member service arm. To this end, we have signed up to membership of The Institute of Customer Service (ICS). Over the next couple of years we will be working with ICS to obtain ServiceMark.

ServiceMark is a national standard, independently recognising an organisation's achievement in customer service and its commitment to upholding those standards.

ServiceMark is awarded based on customer satisfaction feedback and an assessment of employee engagement with your organisation's customer service strategy. It helps organisations understand the effectiveness of their customer service strategy and identifies areas for improvement.

Undergoing ServiceMark accreditation is an opportunity for organisations – of all sizes and sectors – to demonstrate the high quality of their customer service.

### Achieving ServiceMark will help CLCU:

- Identify strengths and areas for improvement
- Enable service improvement action planning
- Improve member retention, trust and loyalty
- Increase our efficiency
- Motivate and engage our employees
- Demonstrate to our members, employees and wider stakeholders our commitment to service 1.5 Finance

## 6. Financial plan

finance, though we are still finalising the contract. The programme is designed to provide a package of tailored support to sustainably scale affordable credit as part of the wider transformation of financial services and to help the sector develop a sustainable model for serving people in vulnerable circumstances.

As part of the bid we submitted long-term financial growth plans. Our baseline financial plan has the Credit Union starting 2021 with just under £14m of assets, including £12m on loan and £8m in savings. This rises so that by 2025 the Credit Union will have assets of £46m with £40m on loan and £18m in savings. Our reserves will be just under £4m by 2025.

Fair4All Finance was founded to support the financial wellbeing of people in vulnerable circumstances. With an ambition is to increase access to fair, affordable and appropriate financial products and services.

They are funded by dormant assets money for financial inclusion.

Their first focus area is improving access to affordable credit by building capacity in the affordable credit sector with a combination of financial support, capability development and ecosystem development programmes.

### This plan shows a:

- Need to increase the savings above current trends. To achieve an already high 95% loans to share ratio we will need to raise an additional £22m in deposits over and above current trends.
- Requirement to raise more institutional capital. To achieve a 12% capital to assets ratio (10% requirement plus 2% buffer) there is a cumulative shortfall of £1.5m over the first three years.



# Strategic report year ending December 2020 (continued)

## In order to meet the savings targets, the Credit Union will:

- Increase corporate deposits. We already handle the deposits of several housing associations. By 2025 we would be able to accept £4m in total deposits from corporate entities
- Increase the average deposit size. By 2025 the deposit limit on individual shareholdings for both corporate and non-corporate depositors will increase to £600k.
- Attract savings through interest-bearing deposits, potentially with an ISA wrapper. We have included payment of interest in the profile and loss account. It is likely that the Credit Union can increase deposits from payroll deduction companies if we are able to quote an interest rate over and above previous dividends.
- Introduce Cash ISA's. By offering Cash ISA accounts, to both adults and junior savers, we will be able to attract investors who may not previously have considered the Credit Union sector as suitable for them. We have built into our forecasts proposed interest rates in excess of the best currently on offer in the UK ISA marketplace. This will also help to attract new investment.

We've made a profit for many years. However, our proposed growth investment leads to a £170k deficit. This deficit includes the cost of a new Head of Growth and Community Development Worker posts, outsourcing of marketing and investment in software. Growth in loan book income should cover this cost by year two as we return to profit.

There are two big pressures on the balance sheet; raising enough shares to fund lending and maintaining a capital ratio with a modest buffer. Over the first three years there is a £1.5m shortfall in institutional capital. An initial investment by Fair4All may help persuade others to contribute in the form of subordinated debt, deferred shares and grants.

The gap between shares and loans is relatively large. By year 3 the Credit Union will need £8m in additional deposits.

By this 2023 the individual deposit limit will increase to £300k. We have several housing co-operatives on standby to make corporate deposits, as we will be able to accept £2m in shares from corporate entities.

## 7. Key performance indicators

Indicator of:	Indicator	2020	2019	Target
Effective financial structure	Capital to Total Assets	16%	17%	>10%
	Total Shares to Total Assets	77%	77%	70-90%
	Net Loan to Total Assets	75%	82%	>40%
Protection	Bad Debt Written Off to Total Loans	4%	7%	<10%
Returns	Loan Income to Total Loans	12%	10%	>6%
Efficiency	Operating Expenses to Total Assets	7%	9%	<10%

## Directors report for the year ended 31st December 2020

The Directors present their report and the financial statements for the year ended 31st December 2020.

### Principal activity

The principal activity of the Credit Union continues to be that defined in the Credit Union Act 1979. The Credit Union's common bond covers people living or working in the Liverpool City Region.

### Directors of the Credit Union

The directors who held office during the year were as follows:

#### Rosemary Cody

**Margaret Putt** (left March 2020)

**Mark Hughes**

**Phil Lillywhite**

**Peter Kearns** (left November 2020)

**Cath Morton** (left December 2020)

**Eileen Halligan**

**Natalie Ashworth**

**Syed Maqsood**

**Philip Stephenson**

**Amanda Taylor** (Appointed March 2020)

**Steve Faragher** (Appointed March 2020)

### Compliance statement

Under the Prudential Regulation Authority rulebook, the Board of Directors must report to the members at the Annual General Meeting on certain areas of compliance within the credit union. The credit union is therefore pleased to report that during the year the credit union has been in compliance with: Depositor Protection Rules 11, 12, 14 and the requirements of rule 15 that relate to rule 11; and PRA Credit Union Rule 2.10 (fidelity bond insurance requirements); and: The requirements of compliance under the PRA "additional activities".

### Principal risks and uncertainties

The main financial risks arising from the Credit Union's activities are credit risk, liquidity risk and interest rate risk.

#### Credit risk

The Credit Union is exposed to the risk of default on loans and bank balances. All loans are required by the Credit Union to be assessed against the Credit Union's lending policy.

#### Liquidity risk

The Credit Union's policy is to maintain sufficient funds in liquid forms at all times to be able to meet its liabilities as they fall due and to meet the regulator's liquidity requirements.

#### Interest rate risk

The main interest rate risk arises from differences between interest rate exposures on assets and liabilities that form an integral part of the Credit Union's activities. The Credit Union considers interest rates when setting the level of proposed dividends each period.



## Directors report for the year ended 31st December 2020

### Disclosure of information to the Auditors

Each Director has taken steps that they ought to have taken as a Director 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. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

### Statement of Directors responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Credit Union 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 Credit Union legislation 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 apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards has 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 Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Credit Union's transactions and 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 Credit Union Act 1979 and 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 prevention and detection of fraud and other irregularities.

### Reappointment of Auditors

A resolution for the re-appointment of Ashurst Accountancy Limited as auditors of the Credit Union is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 23rd June 2021 and signed on its behalf by:

E Halligan  
Director



## Independent Auditor's report

### Opinion

We have audited the financial statements of Central Liverpool Credit Union Ltd (the "Credit Union") for the year ended 31st December 2020 set out on pages 26 to 40. These are comprised of the Revenue Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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. 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 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.

### In our opinion the financial statements:

Give a true and fair view of the state of the Credit Union's affairs as at 31st December 2020 and of its profit 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 Benefits Societies Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (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 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 as 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 company'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 statement 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.

### Matters on which we are required to report by exception

In the light of our 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 requires us to report to you if, in our opinion: proper books of account have not been kept by the Credit Union in accordance with the requirements of the legislation; or a satisfactory system of controls over transactions has not been maintained by the Credit Union in accordance with the requirements of the legislation; or the Revenue Account and Balance Sheet are not in agreement with the books of account of the Credit Union; or we have not received all the information and explanations we require for our audit



## Independent Auditor's report (continued)

### Responsibilities of Directors

As explained more fully in the Director's Responsibility Statement (set out on page 10), 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 controls 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 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 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 financial statements. As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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. 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Credit Union audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kevin Guy BA FCA (Senior Statutory Auditor)  
for and behalf of Ashurst Accountancy Ltd  
Accountants and Statutory Auditors

17 Duke Street,  
Formby, Merseyside,  
L37 4AN

## Revenue account for the year ended 31st December 2020

	Note	2020	2019
		£	£
Loan interest receivable and similar income	3	995,414	942,175
Interest payable and similar charges	4		(85,274)
Net interest income		995,414	856,901
Fees and commissions receivable	5	83,453	72,282
Fees and commissions payable	6	(13,710)	(8,613)
Net fees and commissions		69,743	63,669
Other operating income	7	117,675	
Administrative expenses	8	(652,497)	(580,931)
Depreciation and amortisation	10	(69,171)	(60,631)
Other operating expenses	9	(186,163)	(163,661)
Impairment on loans for bad and doubtful debts		(118,096)	(149,787)
(Deficit) / surplus before tax		156,905	(34,440)
Corporation Tax	13		3
(Deficit) / surplus for the financial year		156,905	(34,443)
Other comprehensive income		0	
Total comprehensive income for the year		156,905	(34,443)

The notes on pages to form an integral part of these financial statements.

Other operating income of £117,675 was received as a result of COVID-19 business support grants consisting of:

- Fair4all grant
- Furlough grant
- Rates grant

## Balance sheet at the year ended 31st December 2020

	Note	2020	2019
		£	£
<b>Assets</b>			
Cash and balances at central banks		2,014,256	989,104
Loans and advances to banks			
Loans and advances to customers	14	8,422,207	7,945,747
<b>Other</b>			
Tangible fixed assets	16	741,717	695,939
Prepayments and accrued income		84,433	16,625
<b>Total assets</b>		11,262,613	9,647,415
<b>Liabilities</b>			
Customer accounts	17	8,693,244	7,394,572
Other liabilities	18	716,230	559,399
Accruals and deferred income	18	27,793	25,003
<b>Other reserves</b>		668,892	668,89
LCC Fund			
Capital reserve	20		
General reserve	19	1,156,454	999,549
Total reserves		1,825,346	1,668,441
Total liabilities		11,262,613	9,647,415

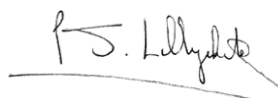
The notes on pages 30 to 40 form an integral part of these financial statements

Approved and authorised by the Board on 23rd June 2021 and signed on its behalf by:

E Halligan



P Lillywhite



## Statement of changes in equity for the year ended 31st December 2019

	Members Shares	Capital and Other Reserves	General Reserve	Total
	£	£	£	£
At 1 January 2020	7,394,572	668,892	999,549	9,063,013
Surplus for the year	1,298,672	0	156,905	1,455,577
Other reserve movements	0	0	0	0
At 31 December 2020	8,693,244	668,892	1,156,454	10,518,590

The notes on pages 30 to 40 form an integral part of these financial statements

# Statement of cash flows for the year ended 31st December 2020

	Note	2020	2019
		£	£
<b>Cash flows from operating activities</b>			
(Deficit) / Surplus for the year		156,905	(34,443)
Depreciation and amortisation		69,171	60,631
Surplus on disposal of property plant and equipment 1		0	0
Corporation tax expense		0	3
(Increase) / decrease in other receivables and prepayments		(544,268)	(616,600)
Increase / (decrease) in trade and other payables		159,621	(39,287)
<b>Cash flows from changes in operating assets &amp; liabilities</b>			
Movement on funds on deposit		1,298,672	717,145
Movement on other reserves		0	0
Income taxes paid		0	0
<b>Net cash flow from operating activities</b>			
Cash flow from operating activities		(114,949)	(126,790)
Acquisitions of property plant and equipment			
Net cash flows from investing activities			
Net (decrease) / increase in cash and cash equivalents		1,025,152	(39,341)
Cash and cash equivalents as 1 January 2020		989,104	1,028,445
Cash and cash equivalents at 31 December 2020		2,014,256	989,104

The notes on pages 30 to 40 form an integral part of these financial statements

## Notes to the accounts

### 1 – General information

We have audited the financial statements of Central Liverpool Credit Union Ltd is registered in the UK as a society under the Co-operative and Community Benefit Societies Act 2014, whose principal activity is to operate as a Credit Union, within the meaning of the Credit Union Act 1979. The Credit Union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

**The address of its registered office is: 141 Park Street, L8 6QF**

### 2 – Accounting policies

**Summary of significant accounting policies and key accounting estimates.** The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The accounts are presented in UK Sterling and rounded to the nearest pound.

#### Key sources of estimation uncertainty

**Impairment of Financial Assets:** The Credit Union assess at each reporting date, if there is objective evidence that any of its loans to customers are impaired. The loans are assessed collectively in groups that share similar credit-risk characteristics. 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.

**Depreciation:** Depreciation is an estimate that allocates the depreciable cost of fixed assets over their useful lives. The Credit Union's depreciation rates are set out in the accounting policies. The Credit Union regularly reviews its depreciation rates to ensure that they are appropriate.

#### Grants

Grants are credited to deferred income. Grants for capital expenditure are released to the Revenue Account over the expected useful life of the asset. Grants for revenue expenditure are released to the Revenue Account as the expenditure is incurred.

#### Finance income and costs policy

Interest receivable on loans to members and banks interest is recognised using the effective interest rate basis and is calculated and accrued on a daily basis.

#### Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the reporting date in the countries where the company operates and generates taxable income.

#### Tangible fixed assets

Tangible fixed assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

# Notes to the accounts

## Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method & rate
Land & Buildings	2% reducing balance method
Computer equipment	15% reducing balance method
Fixtures and fittings	15% reducing balance method

## Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## Financial instruments

Classification: Loans to members are a debt instrument measured at amortised cost using the effective interest rate.

## Recognition and measurement

Loans to members are financial assets which 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 rate method. Loans are derecognised when the rights to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member.

## Impairment

The Credit Union 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 expected cash flows.



## Notes to the accounts (continued)

### 3 – Interest receivable and similar income

	2020	2019
	£	£
Interest income on loans	995,403	942,157
Interest income on bank deposits	11	18
Total	995,414	942,175

### 4 – Interest payable and similar charges

	2020	2019
	£	£
Interest on Credit Union loan	0	0

As non-deferred shares are classed as a liability the dividend on these shares is classed as interest for accounting purposes under FRS 102

	2020	2019
	£	£
Ordinary share dividend	0	85,274
Total distribution to customers	0	85,274

The distributions on member's shares represents distributions paid in the year which were approved at the last Annual General Meeting. The dividend rates approved at the previous AGM were:

	2020	2019
	%	%
Juvenile dividend	2	2
Ordinary member dividend	1.5	1.5

At the forthcoming Annual General Meeting the Directors will propose the following dividends based on the results for the current year. If approved this dividend will be included in next year's financial accounts once it has been paid.

	2020	2019
	%	%
Proposed dividend on juvenile shares	1.5	1.5
Proposed dividend on ordinary shares	0	0



## Notes to the accounts (continued)

### 5 – Fees and commissions receivable

	2020	2019
	£	£
Administration Fees	83,453	71,212
Bad Debts Recovered		
Recharge of Fees from Members		1,070
<b>Total Fees</b>	<b>83,453</b>	<b>72,282</b>

### 6 – Fee and commissions payable

	2020	2019
	£	£
Bank charges	13,710	8,613

### 7 – Other operating income

	2020	2019
	£	£
Other income	0	0

### 8 – Administrative expenses

	2020	2019
	£	£
Employee expense	354,532	327,804
Auditors remuneration	9,000	9,000
Member communication and advertising	80,796	84,606
Legal, professional and credit costs	120,402	95,019
Loan and Share Insurance	87,767	64,502
	<b>652,497</b>	<b>580,931</b>

## Notes to the accounts (continued)

### 9 – Other operating expenses

	2020	2019
	£	£
Regulatory costs	27,800	21,105
Office costs	63,439	66,815
Premises Costs	94,924	74,741
	186,163	163,661

### 10 – Operating surplus (arrived at after charging / (crediting))

	2020	2019
	£	£
Depreciation expense	69,171	60,631

### 11 – Staff costs

The aggregate remuneration (including key management remuneration) were as follows:

	2020	2019
	£	£
Wages and salaries	320,574	297,043
Social security costs	23,946	21,515
Total	344,520	318,558

The number of persons employed by the Credit Union (including key management during the year, analysed by category) was as follows:

	2020	2019
	£	£
Directors	2	2
Administration and support	14	15

### 12 – Auditors' remuneration

	2020	2019
	£	£
Audit of the financial statements	9,000	9,000
<b>Other fees to auditors</b>		
All other assurance services	0	0
All other non-audit services	0	0

## Notes to the accounts (continued)

### 13 – Corporation tax (Tax charged / (credited) in the revenue account)

	2020	2019
	£	£
Current taxation		
UK corporation tax	2	3

The tax on profits before tax for the year is the same as the standard rate of corporation tax in the UK of 19%

	2020	2019
	£	£
(Deficit) / Surplus before tax	165,081	(34,440)
Corporation tax at standard rate	31,365	0
Effect of revenues exempt from taxation	31,365	0
Total tax charge	2	3

### Loan movement in the period

	2020	2019
	£	£
Opening balance	7,945,747	7,717,375
Interest accrued on loans during period	995,414	942,157
Loans advanced during the period	6,282,743	7,055,390
Repayments received during the period	(6,120,833)	(7,206,407)
Loans derecognised	(338,591)	(0)
	8,764,480	8,508,515
Loan impairment	(342,273)	(562,768)
	8,422,207	7,945,747

### Loan repayments

	2020	2019
	£	£
Loans due within one year	6,135,136	6,041,046
Due after one year	2,629,344	2,467,469
Loan impairment	(342,273)	(562,768)
	8,422,207	7,945,747

### Classification of loans

	2020	2019
	£	£
Loans to individual members	8,422,207	7,945,747

## Notes to the accounts (continued)

### 15 - Loan Impairment

	Doubtful debt provision	Total provision
	£	£
Opening impairment	562,768	562,768
Charge to Revenue Account	118,096	118,096
Derecognised	(338,591)	(338,591)
Bad debt recovered	0	0
Closing provision	342,273	342,273

Under Financial Reporting Standard 102 (FRS 102), the criteria for writing off a loan is different from the Board writing off the loan for internal purposes. As a result, for the financial statements loans written off by the Board that do not meet the criteria in FRS 102 for being written off are moved into the Provision for Written Off Debts. There is no net effect on the surplus or net assets of the Credit Union from this reallocation.

### 16 - Tangible fixed assets

	Land and Buildings	Furniture fittings and equipment	Total
		£	£
<b>Cost or valuation</b>			
At 1 January 2020	407,448	736,138	1,143,586
Additions	56,425	58,524	114,949
At 31 December 2020	463,873	794,662	1,258,535
<b>Depreciation</b>			
At 1 January 2020	55,084	392,563	447,647
Charge for the year	8,176	60,995	60,995
At 31 December 2020	63,260	435,558	508,642
<b>Carrying amount</b>			
At 1 January 2020	352,364	340,304	695,939
At 31 December 2020	400,613	341,104	741,717

## Notes to the accounts (continued)

### 17 – Customer accounts

	2020	2019
	£	£
Customer balance movement in the period		
Opening balance	7,394,572	6,762,701
Deposited during the period	4,052,389	3,984,695
Withdrawn during the period	(2,753,717)	(3,352,824)
	8,693,244	7,394,572
Classification of Customer balances		
Individual member shares	8,571,850	7,280,958
Interest bearing shares		
	8,571,850	7,280,958
Juvenile deposits	121,394	113,614

### 18 – Other liabilities

	2020	2019
	£	£
Due within one year		
Other Liabilities	27,793	25,003
	716,230	559,399
	<b>744,023</b>	<b>584,402</b>

### 19 – Reserves

#### General Reserve

The general reserve represents the base capital of the Credit Union and is the retained surpluses and deficits which have not been allocated to another specific reserve.

#### Appropriate Reserve

The appropriation reserve represents funds allocated by the Board for the future payment of dividends.

#### Growth Fund Reserve

The growth fund reserve represents surpluses and deficits on growth fund activities, including unused growth fund funding, which must be used for future growth fund activities.

## Notes to the accounts (continued)

### 20 – Capital

Central Liverpool Credit Union Ltd classes all of its reserves as capital. The Credit Union manages its reserves through its financial and budgeting policies and procedures. The Prudential Regulation Authority sets out requirements for the capital ratio that the Credit Union must maintain. The ratio is calculated after proposed dividends. The Credit Union's compliance with the ratio at the year-end is set out below:

	2020	2019
Regulatory Requirement		
Minimum capital to asset ratio	10	10
Risk Adjusted Capital Ratio	10	10
Actual Capital to Asset Ratio	16	17

### 21 – Financial Risk Management

Central Liverpool Credit Union Ltd manages its shares and loans so that it earns income from the margin between interest receivable and interest payable (including dividends paid). The main financial risks arising from the activities of Central Liverpool Credit Union Ltd are credit risk, liquidity risk and market 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 repayment to Central Liverpool Credit Union Ltd, resulting in financial loss to the Credit Union. In order to manage the risk, the Board approves the lending policy of Central Liverpool Credit Union Ltd 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 the likelihood of repayment has changed. The Credit Union also monitors its banking arrangement for Credit Risk.

#### Liquidity Risk

The policy of Central Liverpool Credit Union Ltd is to maintain sufficient funds in liquid form at time to ensure that it can meet its liabilities as they fall due and meet the liquidity ratios set by the regulators. The objective of the policy is to provide a degree of protection against any unexpected developments that may arise.

#### Market Risk

Market risk generally comprises of interest rate risk, currency risk and other price risk. The main risks impacting the Credit Union are set out below.

#### Interest rate risk

The main interest rate risk for Central Liverpool Credit Union Ltd arises between the interest rate exposure on loans, bank deposits and shares that form an integral part of a Credit Union's operation. Central Liverpool Credit Union Ltd considers rates of interest receivable when deciding on proposed dividend rates. Dividend rates are based on the historical results of the Credit Union and the Credit Union's strategic plans. The Credit Union does not use interest rate options to hedge its own positions.

#### Foreign Currency Risk

All transactions are carried out in sterling and therefore the Credit Union is not exposed to any form of foreign currency risk.

#### Other price risk

The Credit Union does not hold any listed investments.

## Notes to the accounts (continued)

### 22 – Credit Risk Disclosure

The credit union 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 following table provides information on the credit quality of loan repayments. Loans are unsecured. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2020	2019
	£	£
Not impaired	4,862,526	4,827,303
Impaired:		
Up to three months past due	3,203,336	3,022,117
Between three and six months past due	115,403	108,874
Between six months and one year past due	94,617	89,264
Over one year past due	488,598	460,957
Less impairment allowance	(342,273)	(562,768)
Total carrying value	8,422,207	7,945,747

The credit union 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 the credit union's activities are credit risk, liquidity risk and interest rate risk. The Committee of Management 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 the credit union, resulting in financial loss to the credit union. In order to manage this risk the Board approves the credit union'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.

### 23 – Interest Rate Disclosure

The following table shows the interest received during the year divided by the closing loan balance and the dividend paid during the year divided by the closing share balance:

	2020 Amount	2020 rates received in year	2019 Amount	2019 rates received in year
	£	%	£	%
Financial assets				
Loans to members	8,422,207	12	7,945,747	11

# Notes to the accounts (continued)

## 24 - Commitments

### Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2019 - £Nil)

## 25 - Contingent liabilities

The Credit Union participates in the Financial Services Compensation Scheme (FSCS) which provides protection for its members up to the level of protection offered by the FSCS. As a result of the Credit Union participation it has a contingent liability, which cannot be quantified in respect of future contributions to the FSCS, as required by the Financial Services and Markets Act 2000.

## 26 - Related party transactions

### Key management personnel

The Credit Union classes Directors and members of the Senior Management team as Key Management.

	2020	2019
	£	£
Key management compensation		
Salaries and other short-term employee benefits	89,243	85,800

### Summary of transactions with key management

Loans to key management are issued on standard terms and conditions. At the year end £45,991 (2019 £48,226) was owed by Key Management and their close family in loans to the Credit Union. At the year end Key Management and their close family held £25,848 in shares in the Credit Union.





We must teach our children to smell the earth, to taste the rain, to touch the wind, to see things grow, to hear the sun rise and night fall – to care.

**John Cleal**



## Natural Play Rules

Central Liverpool Credit Union (CLCU) want to ensure that everyone can have a safe and fun experience and to make sure that the playground is a space that can be enjoyed now and in the future.

Use of the playground must pre- booked via the Credit Union [enquiries@clcu.co.uk](mailto:enquiries@clcu.co.uk) or phone **0151 708 5515** and ask for Paula.

### COVID 19 - As per government guidelines:

- Up to 6 people can meet outside- therefore we will only accept and authorise usage for 6 persons (including children) for any one booking, unless you are in support bubbles such as a nursery school class.
- Food and drink consumption will be prohibited, unless permission has been given for an organised picnic.
- Do not allow access to others unless authorised, or as per original booking details.

### Use Playground at your own risk. (See waiver attached)

- No Dogs or other pets allowed
- No Litter, keep it clean
- No Smoking
- No bikes/ scooters/ skateboards/ skates or other similar items allowed
- There must be an adult ( +18 years) with each child or group of children on the play area at all times
- The play equipment is for children aged between 5-12 years old

- Appropriate clothing and footwear must be worn- no oversized clothing, hoodies or clothes with draw strings are allowed.
- Be extra careful on climbing equipment and never touch anyone who is climbing- wait your turn.
- No pushing, shoving, hitting, teasing, bullying or unkind words.
- When you get off the equipment, check there is no one in your way.
- If the equipment is wet, do not play. ( In the case of unsuitable weather, CLCU will cancel your booking)  
Report any faults
- Use the equipment as it is intended to be used. Ask if you are not sure.
- Do not leave the gates open, and ensure they are secure when leaving.

CLCU reserve the right to ask you to leave if the rules are not followed, or the area/ equipment is been misused.

Vandalism, damage, misuse or inappropriate behaviour will not be tolerated.

The garden and playground is covered by CCTV and on demand security.

# In our playground

## No Litter Allowed!

Our local children from Clarendon Nursery on the way to visit our playground. They even bring their own litter pickers and practise in the street. Good for them.



# Having Fun Is Compulsory!



The nursery have become regular visitors to our playground where they will be planting a tree and growing their own fruit and vegetables.

## Bugs Galore!

As is learning about nature and the environment as you look for bugs.



## They even brought their own Bouncy Castle!



## Serious Artwork in the Sun



“ We don’t stop playing because we grow old;  
we grow old because we stop playing. ”

**George Bernard Shaw**

## Interviews from our members

### Sandra Mckenna

During the lockdown, I was glad I had Facebook and FaceTime to let me keep in touch with family and friends. Without those, the isolation would have been terrible.

My family really helped me with food shopping and collecting my prescriptions, they really rallied round for me.

Being locked down gave me the chance to get back into my reading. I love Maeve Binchy and Catherine Cookson, anything about the 1930's or old Liverpool really.

I got a loan at Christmas time so I could buy presents for the grandkids - it gets dearer every year! The new service, where you apply and sign for your loan online, is absolutely marvelous. It's so quick and easy.

I think it's been lovely the way the community have all helped each other with food shopping, medicines and all that. By us everyone made sure the old people weren't on their own, it was lovely to see.

**I think everyone at the credit union is bloody marvelous!**

### Perry Lee

Lockdown has aggravated my anxiety and made me reluctant to go out. But, needing a loan, I ventured out to the office.

**The staff couldn't have been more helpful and I was able to secure a loan without it being too stressful in one visit.**

### Emma O'rouke

2020 was a tough year for us all. Being stuck at home shielding for the best part of it was awful. Lucky enough, after getting a loan from yourselves for a holiday a few months before it happened, I had enough left over for a few extra treats for my 3 babies aged 5, 3 and 6 months.

It was hard being at home unable to go out shopping, running out of nappies and baby milk, even needing Calpol when the kids were sick was a nightmare. Lucky enough I had plenty of toilet paper!!

We made the most of what we had and enjoyed the quality time with each other even my partner got to see our youngest grow and achieve milestones he usually would have missed.

It took me 19 weeks to get my money back for my holiday so in the meantime, once we were allowed out, it was my daughter's 1st and my 40th (I never do anything for me but with the year we had I thought sod it let's have a little party) within a week of each other and, with no extra money, I was lost what to do.

Lucky for me I was almost 6 months into paying off my existing loan (which I always pay a little extra) I was able to pop the lovely staff an email to ask if I could possibly borrow and extend my loan and I could. Within a few hours of one of the ladies rang me I had the money needed transferred to my account and I could just go into my DD and amend the amount I had to pay for the month.

Over the years I have also been able to replace goods like the cooker, washer, and fridge-freezer without getting into debt. I've just received my next loan today which went so smoothly and quick so thank you.

**I absolutely love all the work every one does in the office; nothing is ever too big to sort out,** I do miss popping in and having a gab and my youngest boy misses the sweets he always cons!

### Jane Mclelland

I had bad year with getting divorced from a bad marriage of 19 years and Covid. **The Credit Union helped me get my new life started by getting out of debt and moving to a new home with my youngest daughter** and a new safe life and less debt free and brighter future. Thank you and here's to many more.

### Steve

We struggled at times trying to budget and get by. I found I had to go to the shops at 6am to be sure there was plenty to choose from because of all the panic buyers. Also at that time, the shops weren't too busy so I was able to keep myself safe.

I used to do a lot of artwork locally in Toxteth, within the community and with the local schoolchildren. During Lockdown, I was able to get back to my art, which was very enjoyable and satisfying. I like to do landscapes using acrylics but also some sketches in charcoal. I hope I keep that up when Lockdown ends finally.

I have family in Ireland and one family member was particularly unwell. Luckily I was able to get a loan from the credit union which meant I was able to go over to visit and help out if I could. The money also meant I could take my disabled mother out on trips locally, which we both enjoyed.

**I thought the new online loan process was great, very easy and convenient. Fantastic!**

In my area, the community really rallied round, we cooked and baked and shared food with our neighbours, who did likewise for us. The Muslim families were great, bringing us some of their food, as were the local church. We all helped the elderly in the area, doing their shopping and checking they were okay. Everyone was great, lovely to see.



Credit unions, where **people** are  
worth more than money!



Part of our purpose in life is to build a legacy - a consistent pattern of building into the lives of others.

**Tony Dungy**



We were thrilled to receive the **'Treating Customers Fairly Champion' award in the Consumer Credit Awards in 2020.** We're all members here at Central Liverpool Credit Union and we care for the communities we serve, so we were thrilled to receive this award.

We have also recently been nominated for Best Credit Union in the North in the Consumer Credit Awards, which is a huge achievement for us. It's incredible to be acknowledged for the hard-work we do for our community, so we hope all our members will be happy to vote for us!

## Contact Us...

### Head Office:

141 Park Street, Liverpool L8 6QF. Tel: 0151 708 5515

### Kensington Branch:

296-298 Kensington, Liverpool L7 2RN. Tel: 0151 263 9353

### Walton Branch:

245-247 Walton Road, Liverpool L4 4AR. Tel: 0151 207 302

**Please Note:** Our Kensington and Walton branch are currently closed during the Covid related lockdown.

