

**EASTERN SAVINGS AND LOANS CREDIT UNION LTD**

**Firm Reference No 213756**

**Registered No IP00658C**

**DIRECTORS REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 SEPTEMBER 2020**

## **EASTERN SAVINGS AND LOANS CREDIT UNION LTD**

### **ADMINISTRATIVE INFORMATION**

<b>Directors</b>	Mark Anderson (Chairman) Sally Chicken Ruth Wailes Andrew Wailes Julie Mansfield Les Abbie Michelle Monck Graham Evans
<b>Secretary</b>	Julie Mansfield
<b>Society Registration Number</b>	IP00658C
<b>Financial Conduct Authority Registration Number</b>	213756
<b>Registered Office</b>	61-63 Austin Street Ipswich Suffolk IP2 8DF
<b>Auditors</b>	Lindley Adams Limited Chartered Accountants and Statutory Auditors 28, Prescott Street Halifax, HX1 2LG
<b>Bankers</b>	The Co-operative Bank Plc P.O. Box 101, 1 Balloon Street Manchester M60 4EP  Ipswich Building Society PO Box 547 Ipswich IP3 9WZ  Cambridge & Counties Bank Charnwood Court 5B New Walk Leicester, LE1 6TE  Lloyds Bank Plc 25 Gresham Street London EC2 7HN

## **EASTERN SAVINGS AND LOANS CREDIT UNION LTD**

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# **EASTERN SAVINGS AND LOANS CREDIT UNION LTD**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020**

The Directors present their report and the financial statements for the year ended 30 September 2020.

### **Principal activity and Business Review**

The principal activities of the credit union are the promotion and encouragement of regular saving and prudent borrowing by its members, as defined in the Credit Unions Act 1979.

### **Results and Dividends**

The deficit for the year, after taxation, amounted to £3,345 (2019 - £36,568 surplus). In addition, there were 3559 (2019 - 3,374) adult members with 1,230 (2019 - 1,144) members holding loans with the Credit Union.

The Directors have approved the payment of 1% junior interest at the year end.

### **Directors**

The directors who served during the year are as stated below:

Mark Anderson (Chair)	
Michael Harrowven	- resigned October 2019
Sally Chicken	
Ruth Wailes	
Julie Mansfield	
Andrew Wailes	
Les Abbie	
Michelle Monck	
Graham Evans	
Stephen Moore	- resigned October 2019

### **Financial risk management objectives and policies**

The main financial risks arising from the Credit Union's activities are credit risk, liquidity risk and interest-rate risk. The Board reviews and agrees policies for managing each of these risks and these are summarised below:

- Credit Risk: All loan applications are assessed with reference to the Credit Union's lending policy. Changes to policy are approved by the Board.
- Interest Rate Risk: The main interest rate risk arises from differences between interest rate exposures on assets and on liabilities that form an integral part of the credit union's operations. The Credit Union considers interest rates when deciding on the dividend rates to propose on share accounts.
- Liquidity Risk: The Credit Union's policy is to maintain sufficient funds in a liquid form at all times to ensure that the Credit Union can meet its liabilities as they fall due. The objective of liquidity is to help smooth mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

These areas are outlined in greater detail in section 15 of the Notes to the Financial Statements.

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Ireland" (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 year. 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 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 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 Co-operative and Community Benefit Societies Act 2014 and with the Credit Union Act 1979. 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.

In so far as the directors are aware:

- There is no relevant audit information (information needed by the Credit Union's auditors in connection with preparing their report) of which the Credit Union's auditors are unaware, and
- The directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Credit Union's auditors are aware of that information.

This report was approved by the Board on 03/03/2021 and signed on its behalf by:

Name of Director 1: MARK PHILIP INDEENSON


Signature



Name of Director 2:

RUTH WAILES

Signature



## REPORT OF THE INDEPENDENT AUDITOR TO EASTERN SAVINGS AND LOANS CREDIT UNION LTD

### OPINION

We have audited the financial statements of Eastern Savings and Loans Credit Union Ltd (the 'credit union') for the year ended 30 September 2020 which comprise revenue account, balance sheet, statement of changes to retained earnings, cash flow statement 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2020 and of its income and expenditure 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 Benefit Societies Act 2014 and the Credit Unions Act 1979.

### 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 the provisions available for small entities, in the circumstances as set out in note 24 to the financial statements, 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 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 Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Credit Union'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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and 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**

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

- a satisfactory system of control over transactions has not been maintained;
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

**RESPONSIBILITIES OF THE BOARD**

As explained more fully in the Statement of Directors' responsibilities set out on page 2, the Board is 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 they 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 Board is 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 Board either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

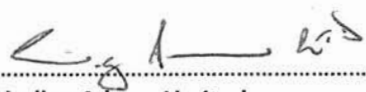
**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**USE OF OUR REPORT**

This report is made solely to the credit union, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the credit union those matters we are required to state to it in a Report of the auditor's 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, for our audit work, for this report, or for the opinions we have formed.

  
 .....  
**Lindley Adams Limited**  
**Chartered Accountants and Statutory Auditors**  
**28 Prescott Street,**  
**Halifax, HX1 2LG**

Date..... 10/ March /2021 .....

## EASTERN SAVINGS AND LOANS CREDIT UNION LTD

## Revenue Account for the year ended 30 September 2020

	Note	2020 £	2019 £
Loan Interest receivable and similar income	4	159,758	151,897
Interest payable	5	<u>(1,112)</u>	<u>(1,636)</u>
<b>Net interest income</b>		<b>158,646</b>	<b>150,261</b>
 Fees and commissions receivable	6	40,760	41,914
Fees and commissions payable		<u>(14,515)</u>	<u>(14,017)</u>
<b>Net fees and commissions receivable</b>		<b>26,245</b>	<b>27,897</b>
 Other income	7	88,720	113,700
Administrative expenses	8a	(159,650)	(169,873)
Depreciation and amortisation	11	(5,124)	(3,925)
Other operating expenses	8b	(32,006)	(36,974)
Impairment losses on loans to members	12e	(78,922)	(42,913)
 <b>(Deficit) Surplus Before Taxation</b>		<b><u>(2,091)</u></b>	<b><u>38,173</u></b>
 Taxation		(1,254)	(1,605)
 <b>(Deficit) Surplus for the Financial Year</b>		<b><u>(3,345)</u></b>	<b><u>36,568</u></b>
 <b>Total comprehensive income (expenditure)</b>		<b><u><u>(3,345)</u></u></b>	<b><u><u>36,568</u></u></b>

Note: There is no comprehensive income other than those included on the Revenue Account.



## EASTERN SAVINGS AND LOANS CREDIT UNION LTD

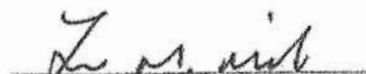
Balance Sheet as at 30 September 2020

	Note	2020 £	2019 £
<b>ASSETS</b>			
Loans and advances to banks	16	1,381,515	1,045,878
Loans and advances to members	12	579,848	812,952
Tangible fixed assets	11	5,792	4,946
Prepayments and accrued income		25,884	28,678
<b>Total assets</b>		<b>2,093,139</b>	<b>1,892,454</b>
<b>LIABILITIES</b>			
Subscribed capital - repayable on demand	13	1,703,693	1,430,424
Other payables	14	221,110	286,349
		1,924,803	1,716,773
Subordinated loan	20	51,000	65,000
Retained earnings		107,336	110,681
<b>Total liabilities</b>		<b>2,093,139</b>	<b>1,892,454</b>

The financial statements were approved, and authorised for issue by the board on 08/03/2021, and signed on its behalf by:

  
 Director

  
 Director

  
 Secretary

## EASTERN SAVINGS AND LOANS CREDIT UNION LTD

## Statement of Changes in Retained Earnings for the year ended 30 September 2020

	Note	2020 £	2019 £
As at 1 October 2019		110,681	74,113
Total comprehensive income (expenditure) for the year		(3,345)	36,568
<b>As at 30 September 2020</b>		<b>107,336</b>	<b>110,681</b>

## Movement in reserves

	Retained earnings		Deferred Shares reserve	Lloyds Development Fund	Growth Fund reserve
	General reserve	Other reserves			
As at 1 October 2019	(57,644)	10,289	3,500	100,000	54,536
Deficit for year	(3,345)	0	0	0	0
Other movements	0	0	0	0	0
<b>As at 30 September 2020</b>	<b>(60,989)</b>	<b>10,289</b>	<b>3,500</b>	<b>100,000</b>	<b>54,536</b>
				Note 21	

	Total Reserves
As at 1 October 2019	110,681
Deficit for year	(3,345)
Other movements	0
<b>As at 30 September 2020</b>	<b>107,336</b>

## EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Cash flow statement for the year ended 30 September 2020

	Note	2020 £	2019 £
<b>Cash Flows from operating activities</b>			
Surplus/(Deficit) before taxation		(2,091)	38,173
Adjustments for non-cash items			
Depreciation	11	5,124	3,925
Subordinated loan	20	(4,000)	0
Impairment losses	12e	84,421	50,906
		<b>85,545</b>	<b>54,831</b>
Movements in:			
Prepayments and accrued income		2,794	(5,541)
Other payables		(65,239)	(71,066)
		<b>(62,445)</b>	<b>(76,607)</b>
<b>Cash flows from changes in operative assets and liabilities</b>			
Cash inflow from subscribed capital	13	10,561,107	10,914,511
Cash outflow from repaid capital	13	(10,287,838)	(10,859,135)
New loans to members	12a	(687,810)	(863,416)
Repayment of loans by members	12a	736,493	734,609
		<b>321,952</b>	<b>(73,431)</b>
Taxation paid		(1,254)	(1,605)
<b>Net Cash flows from operating activities</b>		<b>341,707</b>	<b>(58,639)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(5,970)	(2,090)
Net inflow from acquisition		0	0
		<b>(5,970)</b>	<b>(2,090)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>335,737</b>	<b>(60,729)</b>
Cash and cash equivalents at beginning of the year		1,045,878	1,106,607
<b>Cash and cash equivalents at end of year</b>	16	<b>1,381,615</b>	<b>1,045,878</b>