

Hoot Credit Union

Annual Report
to September 2022



www.wisewithmoney.org.uk

hoot
wise with money

Offering much needed financial services to members from all walks of life

As a not-for-profit financial cooperative, throughout the year your credit union continues to provide members from Bolton, Bury and some surrounding areas with opportunities to save and to access affordable credit.

Our Objects

The promotion of thrift among its members by the accumulation of their savings.

The creation of sources of credit for the benefit of its Members at a fair and reasonable rate of interest.

The use and control of members' savings for their mutual benefit.

The training and education of members in the wise use of money and in the management of their financial affairs.

Our Social Goals

To contribute towards the alleviation of poverty within the community.

To contribute towards the economic regeneration of the community.

Regulated and Authorised

Hoot Credit Union Ltd is a Co-operative and Community Benefit Society, FRN 400120, Registered no: IP00716 and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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Chair's Report



Introduction by
Rob Andrews,
Chair of the
Board of
Directors

Serving our members

Throughout the past year, we have continued to support our members with savings and loans.

Despite the challenges of coming out of the pandemic into a cost of living crisis, our members have continued to save and borrow, and take advantage of the benefits of credit union membership.

In the year our loan book grew by an amazing 55%, proving that the people of Bolton and Bury are still in need of fair and affordable finance.

If you are a saver, every £1 you deposit in our savings pool will contribute to the community dividend by saving another member £4.34 in loan interest.

We calculate that in the year covered by this report, we have saved our members almost £2.3m in loan interest by borrowing from Hoot rather than high-cost or doorstep lenders. This is the community dividend money that stays in the local economy and benefits our community.

As we continue to develop digital services and re-connect with community and support organisations, we are raising awareness of the work we do, bringing even more people into membership.

Hoot is said to be the best kept secret in Bolton, and we want to change that by becoming the first port of call for fair and affordable financial services.

Appreciation

Hoot is a co-operative, member-owned business that could not function without the support of many people.

Firstly our members, for whom we exist to serve. By using our services and encouraging others to do so, we can continue to provide the best service we can to our community.

Our staff are responsible for making things happen on a day to day basis. We score highly for customer service and this is borne out by the extremely low number of complaints we receive each year. Hoot staff are committed to serving members in the best way they can and for the benefit of the individual.

Hoot is supported by many local organisations. I would particularly like to thank Bolton at Home and Bolton Council for this continued support and encouragement. Like many organisations, they promote Hoot to customer and clients, and work closely with us to develop better products and services.

Finally, I want to place on record thanks to our Board of Directors.

The Hoot Board is made up of volunteer, elected members, and continues to lead with a strategy for growth and sustainability. This has been supported by a series of strategic discussions on aspects of the credit union such as governance, product development, community and member engagement, and operational resilience.

We have been pleased to welcome new directors, each of whom bring a wealth of experience and expertise.

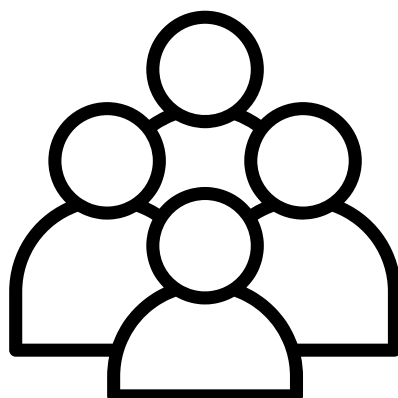
We were also saddened to lose retiring directors and you can see our appreciation on page 7.

Highlights

**1,021 new
members**

**7,841
members**

**£2,295,206
in savings**



**£1,814,899
in loans**

**Loan book
increased
by 55%**

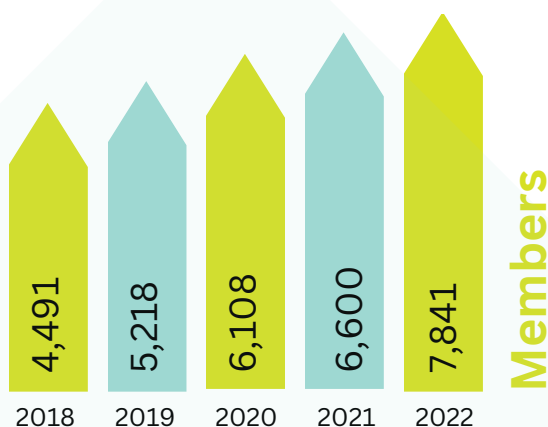
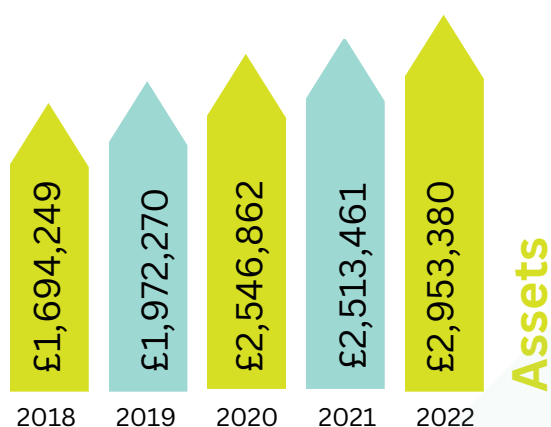
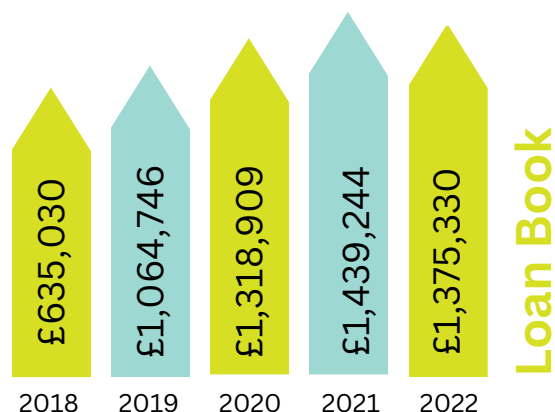
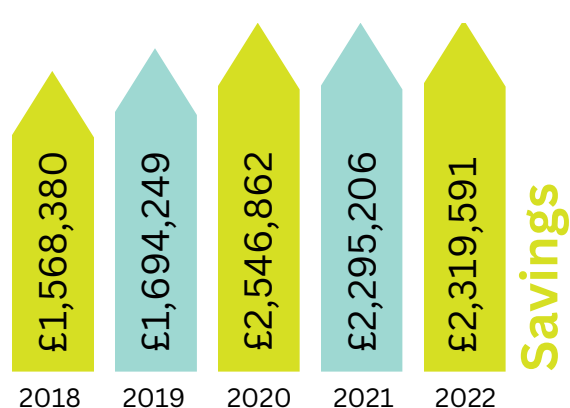
**434 new
borrowers**

**2,906
loans granted**

**£2,300,000 in loan interest saved
by members in our community**



Highlights



Key Ratios



110.8%



78.0%



12.6%



9.0%

Governance

The Board of Directors

Directors of the Hoot Board are elected by members to represent their interests and to oversee the strategic direction of the credit union. The Board has continued to meet monthly online to discuss and make decisions on matters of strategy, business development, regulatory compliance and to oversee risk strategy and management in the credit union.

At each monthly meeting the Board and Chief Executive review an element of the ongoing strategic and business plan, look at business resilience and report on the day to day management and performance of the credit union.

The Board also determines policy and has maintained an ongoing schedule of policy review.

Appreciation

The Board and CEO of Hoot wishes to thank Gwen Crawford and Malcolm Ngoala who rotated from the Board, and Darren Kirkland who retired from his position during the year.

The Board also wishes to thank the CEO and staff who have worked tirelessly in the year to serve members and to promote Hoot as the key ethical community financial services provider in Bolton and Bury.

“Being a director of Hoot has been a great experience. You get a real sense of how you contribute to the financial well-being of your community.”

Board members to September 2022

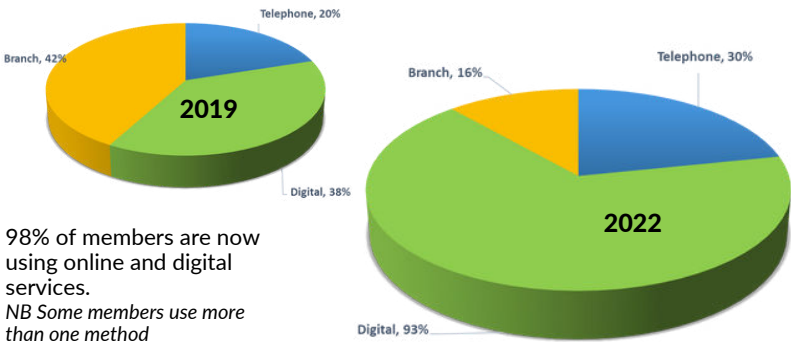
	Possible Attendance	Actual Attendance
Rob Andrews, Chair	11	9
Kate Challender (until Oct 21)	1	1
Gwen Crawford (until Mar 22)	6	2
Des Grogan	11	6
Darren Kirkland (until Aug 22)	8	3
Peter Latham	11	9
Tim McGuire (from Apr 22)	5	5
Sandra Morris (from Apr 22)	5	5
Malcolm Ngoala (to Mar 22)	6	6
Andy Pearson	11	9
Jack Speight (from Apr 22)	5	4

2022 Member Survey

2022 Member Survey

In May of 2022, the Board conducted a member survey to gather feedback, and to investigate progress made since our Social Value report published in 2020.

Access to products and services



98% of members are now using online and digital services.
NB Some members use more than one method

Hoot products and services

We asked - What can Hoot do to help you reach financial well-being

- Lower rate of interest
- Increase family loan
- More frequent top ups
- Consolidation loan
- Higher rate of dividend
- Ability to save online
- Longer opening hours
- Just be there when needed
- Nothing, satisfied with service

67

Net Promoter Score against a financial services average of 40

96%

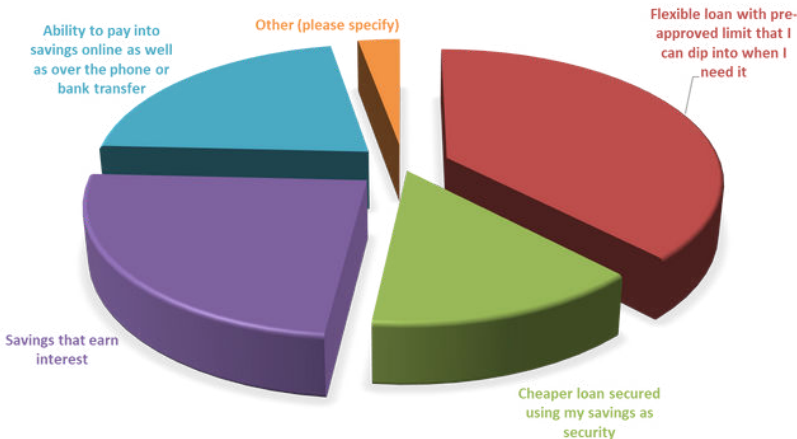
of members said they would recommend Hoot to family and friends

80%

of members said they had no alternative source for credit has they been turned down by Hoot

Products and services - members' needs

We asked members which products or services would help them manage their financial situation better



Financial Goals

We asked members about their financial priorities for the next two years

- Paying off/reducing debt
- Reducing outgoings
- Just making ends meet
- Increasing income
- Saving for a big event
- Borrowing more

Audit Committee

Audit Committee

The Audit Committee is responsible for monitoring the credit union's outsourced internal and external audit functions and regulatory reporting, ensuring that they are performed in accordance with prescribed terms of reference. The Committee reports to the Board of Directors.

The Internal Audit Review has been carried out in accordance with the agreed Internal Audit Programme.

Membership of the committee in the year was:

Andy Pearson Director
Malcolm Ngouala Director
David Batten CEO
Neil Colley Auditor

Compliance Statement

The Board of Directors confirms that in accordance with the requirements of the Regulator:

- The credit union is complying with its Single Customer View requirements;
- The credit union has maintained adequate insurance;
- The credit union is carrying out additional activities and is in compliance with the rules around those activities

Internal Auditor's Statement

Overall, the fundamental systems of control are Operating properly and are compliant with the regulator and statutory guidelines. It was pleasing to see the continued efforts to improve governance, reporting, and systems of control, which is testament to the dedication of the management team.

- Neil Colley FMAAT

Fundamental Controls

- ✓ Solvency
- ✓ Capital/Asset Ratio
- ✓ Liquidity
- ✓ Reserves
- ✓ Regulatory Returns
- ✓ Annual Audit
- ✓ Bad Debt Provision
- ✓ Anti-Money Laundering
- ✓ Data Protection
- ✓ Risk Management
- ✓ Treating Customers Fairly
- ✓ Consumer Duty
- ✓ Governance and Reporting
- ✓ Fidelity Bond
- ✓ Policies and Procedures
- ✓ Financial Control
- ✓ Business Continuity
- ✓ Compliance Management


Audit Committee

Governance

Board meetings are conducted in accordance with the credit union's own rules and appropriately recorded.

The regulatory standards of the Senior Management Regime have been applied and roles and responsibilities are properly understood and observed. Adequate reporting arrangements are in place to apprise the board of performance, risk and key decisions required to properly direct and drive the business forward.


"It is pleasing to see how proactively the board is taking succession planning and on training to further support and discharge the responsibilities of leading and directing the business."

Standard met 

Business and Strategy Planning

A 3 to 5 year strategic business plan is maintained and regularly reviewed.


"It is pleasing to see how the board and management have taken proactive steps to drive the business forward with strategic partners and are proactively managing the risk accordingly and have taken necessary action. It is pleasing to note the Board and Management investment in INCUTO as an alternative operating system with a view to further efficiencies in business process.."

Standard met 

Treasury/Risk Management

Appropriate robust governance arrangements are in place to management financial risk and treasury; this shall include credit risk, liquidity risk and market risk, of which security of investment in terms of placement of funds in financial institutions/products and return on investment should be and intrinsic components, in accordance with regulatory standards.


"It is pleasing to note the adequate and appropriate level of reporting of financial performance against business plan aspirations together with ongoing scrutiny and review at board level. This will be further enhanced through the ongoing review of risk management and "Stress Testing" of the business.."

Standard met 

Financial Management

That the Management Accounts have been compiled correctly in accordance with the Credit Union's accounting records and in accordance with the requirements of generally agreed accounting principles and those required by CREDS.

"All appropriate regulatory key ratios are being met and are reflected in the financial reporting balanced scorecard, which is considered and challenged at each board meeting using RAG tolerance indicators.."

Standard met 


Bank Reconciliation

The bank reconciliation is maintained on a timely and adequate basis.

Outstanding items are promptly investigated, corrective action initiated.

The bank reconciliation is verified independently at least on a quarterly basis in line with regulatory standards.


"The bank reconciliation is more transparent and easier to follow with appropriate follow-up to resolve queries/outstanding items"

Standard met 

Regulatory Returns

The relevant regulatory returns have been correctly completed in accordance with CREDS and in line with the Credit Unions accounting records and submitted to the PRA/FCA on a timely and adequate manner.

"Testing demonstrated compliance with standard. The new CQ return has been completed correctly, which is helped considerably by the reconciliation developed by the CEO."

Standard met 




Audit Committee

New Members

That appropriate photographic identification and proof of address is obtained for each new member opening accounts, in accordance with Money Laundering Regulations 2007.

"Testing demonstrated 100% compliance with standard. Testing included a review of the membership application process through the new INCUTO platform, which has automated the member verification as part of the onboarding process when members open an account."


Standard met 

Deceased Members' Accounts

Adequate controls and independent checks are regularly carried out on deceased member accounts on a timely and adequate basis.

Appropriate policy and procedures are in place to ensure any monies due to a deceased members estate are properly transferred to the executorship.

"There are adequate policies and procedures in place to oversee inactive/deceased members accounts. Independent periodic checks are carried out to ensure monies have been distributed to the executors of deceased members and there are no suspicious transactions."


Standard met 

Anti-Money Laundering

Appropriate checks are carried out to support identity and verify address for all members in accordance with Money Laundering Regulations 2007.

Members' accounts are monitored accordingly to ensure that individuals do not pose any risk as a "Special Interest Person" and appropriate checks are in place to identify any unusual transactions/suspicious and that they are reported accordingly to the MLRO.


"The fundamentals regarding member verification are now an integral part of the INCUTO onboarding and loan processing. It should be noted that the senior management team have also reporting arrangements in place to "flag" suspicious transactions/activity."

Standard met 

Compliance

An appropriate framework is in place to monitor and report whether the credit union is meeting strategic compliance obligations.

"A Strategic Compliance Framework and Risk Appetite Statement is now an integral part of the board's governance and is the subject of regular review, in particular the risk register and associated appetite to risk, which is reviewed on a continuum and challenged quarterly by the Audit Committee.."

Standard met 


Loan Administration

The loans policy is compliant with appropriate legislation and regularity requirements in terms of maximum value and repayment period.

That all loans have been properly administered and accounted for in accordance with current Credit Union Policy.

Adequate division of duties has been maintained when transacting loan payments and to provide an opportunity for transactions to be independently checked and authorised before payment is made. This shall include the compensating controls now built into INCUTO.

"Testing demonstrated 100% compliance with standard. Testing included a review of loans processed through the new INCUTO platform, which appears to me a major step forward towards automation, with compensation controls built into INCUTO and going paperless as part of overall rollout, which aids the audit process.."

Standard met 

Delinquency/Credit Control

The delinquency policy is compliant with appropriate legislation and regularity requirements.

That all recovery action has been properly administered and accounted for in accordance with current Credit Union Policy.

"Testing demonstrated 100% compliance with standard, with evidence of action even taken through lockdown and the pandemic restrictions which is positive"

Standard met 

Financial Report

Introduction

This report is based upon the Audited Accounts for the year ended 30 September 2022.

We are pleased to report that our External Auditors, Alexander Sloane provided an unqualified audit confirming that:

- Proper accounts have been kept.
- Satisfactory controls have been maintained.
- The reports are in agreement with the books of account.
- They received all the information and explanations necessary to complete the audit.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and in accordance with FRS102.

Balance Sheet

Total assets stand at £2,953,591 and our cash balances and liquid deposits remain very strong at £1,403,105.

The loan book stands at £1,525,873 (£1,055,145 net of impairment allowance), an increase of 1%.

Members' shareholdings continue to be strong with a growth in funds to £2,319,591.

Income and Expenditure

The interest on loans has fallen slightly to £308,223. Grants from our strategic partners Bolton at Home and Bolton Council represent 46% of the total income, the same level as in the previous year.

Overall, our administration expenses have decreased by 1.9%. We are therefore able to report a surplus after tax of £45,733.

Reserves

Total reserves stand at £361,033.

The Board of Directors has a policy of maintaining a balance of 5% of the total assets in the General Reserve. Our total reserves currently stand at ten months of our annual gross expenditure.

Provision has been made within these accounts for a dividend of £13,615 (2%) for the year.



Financial Statements

Revenue Account

For the years to 30 September 2022	2022	2021
	£	£
Loan interest and similar receivable income	312,338	333,337
Interest payable	(13,615)	(7,353)
Net interest income	298,723	325,984
Fees and commissions receivable	3,574	4,709
Fees and commissions payable	(59,982)	(55,140)
	(56,408)	(50,140)
Other operating income	299,117	303,153
Administration expenses	(378,271)	(385,569)
Depreciation and amortisation	(25,793)	(25,388)
Other operating expenses	(29,534)	(28,460)
Impaired on loans for doubtful debts	(61,319)	(116,290)
Surplus before taxation	46,515	22,998
Taxation	(782)	(655)
Surplus (Deficit) for the year	45,733	22,343

Financial Statements

Balance Sheet

As at 30 September 2022	2022	2021
	£	£
ASSETS		
Cash and balances at central banks	27,805	29,640
Loans and advances to banks	1,375,330	1,439,244
Loans and advances to members	1,055,145	1,104,052
Debt securities	298,940	98,940
Tangible assets	67,220	85,468
Other receivables	125,969	93,806
Prepayments	2,971	7,073
Total assets	2,953,380	2,858,223
LIABILITIES AND RESERVES		
Member accounts	2,319,591	2,295,200
Other liabilities	210,215	186,610
Deferred income	62,541	61,113
	2,592,347	2,542,923
General reserve	317,590	293,726
Other reserves	43,083	21,571
Total reserves	361,033	315,300
Total liabilities and reserves	2,953,380	2,858,223

A copy of the detailed Hoot Credit Union Report and Financial Statements of the credit union for the year are available to members on request by calling 01204 365024 or emailing enquiries@wisewithmoney.org.uk

Common Bond

Hoot is a cooperative, member-owned credit union.
The Common Bond is the 'Field of Membership' or the criteria that a person needs to meet to be able to become a member of Hoot.

The Common Bond registered with the Financial Conduct Authority and the Prudential Regulation Authority is:

Admission to membership of the Credit Union is restricted to:

a. An individual who resides in or is employed in the postcode localities of BL0, BL1, BL2, BL3, BL4, BL5, BL6, BL7, BL8, BL9, M25, M26, M27, M28, M29, M38, M45 and M46

b. an individual who is employed by one of the following employers:

- i. Salvation Army Housing Association
- ii. Greater Manchester Mental Health NHS Foundation Trust
- iii. Warburtons Ltd
- iv. Greenhalgh's Craft Bakery Ltd
- v. Seddon Construction Ltd
- vi. AO World Plc
- vii. Whistl Ltd
- viii. Examworks UK
- ix. Bolton at Home Group

c. a body corporate, an individual in his/her capacity as a partner in a partnership, an individual in his/her capacity as an officer or a member of the governing body of an unincorporated association, if the body corporate, partnership or unincorporated association has:

- i. a place of business in the above locality
- d. an individual who is associated with other individuals through being in receipt of housing services from:

- I. Salvation Army Housing Association (SAHA)
- II. Bolton at Home Group

e. an individual who is a member of the same household as, and is a relative of, an individual who is a member of the credit union and falls directly within a common bond specified above



About Hoot

Hoot Credit Union is your local cooperative financial services provider; run for and owned by the community

Hoot Credit Union is there for its members with flexible, approachable financial services, whether it's for personal loans or savings.

Our only shareholders are our members, which means they – and their community – are in control. Our members are more than just customers because we put them first.

Our products and services are designed to help our members manage their money well and our profits are shared amongst members or used to benefit the whole community.

When you join Hoot you become a member and you can start saving straight away.

The members' pool of savings is used to provide affordable loans to other members and at the end of the year, savers receive a share of the profit.

You can access your regular savings at anytime and they are protected by the Financial Services Compensation Scheme (FSCS).

Become a Board member

The Hoot Board of Directors is made up of elected volunteer members of the credit union.

Are you the missing piece of our puzzle?

To help us achieve our aims and ensure a sustainable governance framework, we are seeking to recruit new members to the Hoot Board.

We are looking for individuals who align with our values and principles, who are able to commit to working with us to reach our strategic goals.

The Board meeting monthly on a Monday evening and meetings last about one and a half hours.

Training and support will be given.

“Being on the Board has been a fulfilling experience. Everyone is very supportive, and I feel I am giving something back to my community”



If you think you want to get involved and want to know more, contact us on a no-commitment basis.

We will provide more information, get you to chat with other directors, and possibly observe a meeting so you can be sure that this is the role for you.

Want to know more?

Contact us connect@wisewithmoney.org.uk for a chat and an information pack.





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