

THE CREDIT UNION FOUNDATION
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

THE CREDIT UNION FOUNDATION
(A company limited by guarantee)

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THE CREDIT UNION FOUNDATION
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Trustees	Lord Roy Kennedy of Southwark, President K Bennett D Denning R Munro D Martin D Vear (appointed 15 July 2020) A Pask (appointed 15 July 2020) R Kelly, Secretary
Company registered number	04283557
Charity registered number	1096199
Registered office	Holyoake House Hanover Street Manchester M60 0AS
Independent auditor	Crowe U.K. LLP 3rd floor The Lexicon Mount Street Manchester M2 5NT
Bankers	The Co-operative Bank plc Balloon Street Manchester M60 4EP

THE CREDIT UNION FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

The trustees of the charity present their annual report and the financial statements for the year ended 30 September 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status and Administration

The company is a registered charity and a company limited by guarantee and is governed by its Memorandum and Articles of Association. Membership of the Foundation is open to directors of the Association of British Credit Unions Limited (ABCUL) and persons appointed by the directors of ABCUL. Upon admission to membership, members are automatically appointed as trustees. Trustees continue to serve until they resign, are removed from membership by the directors of ABCUL or cease to be legally eligible to serve as charity trustees or company directors.

Administrative services are provided by ABCUL.

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and directors for the purpose of company law. The trustees who served the charity during the year were as follows:

Lord Roy Kennedy of Southwark
Karen Bennett
Daniel Denning
David Martin
Richard Munro
Grenville Bingham (resigned 19 November 2019)
Annette Thomas (resigned 6 December 2019)
Alison Pask (appointed 15 July 2020)
Dawn Vear (appointed 15 July 2020)

Appointment, induction and training of trustees

Trustees appointed to the Credit Union Foundation Board have all come to the role with a wealth of experience in either the credit union sector or financial services sector. All trustees are made aware of the role and remit of the Credit Union Foundation and are supplied with a copy of the NCVO Good Trustee Guide as well as updated with any changes to relevant legislation and guidance from the Charity Commission regarding their legal responsibilities. This is an excellent self learning tool to remind trustees of their roles and responsibilities as charity directors.

Organisational structure

Lord Kennedy continues to chair the Credit Union Foundation Board and Karen Bennett continues as a Trustee by virtue of being President of ABCUL.

During the year, Gren Bingham (ABCUL Board Member) resigned from his post on 19th November 2019, and as a result left the Foundation Board, and Annette Thomas, independent Trustee, resigned 6th December 2019.

The ABCUL Board regularly review which of its Directors serve as Trustees of the Foundation. During the year 2019-20, this was Richard Munro and Gren Bingham along with Karen Bennett as President of ABCUL. Dan Denning and David Martin continue in their role as Independent Trustees of the Foundation. The current structure of the Trustee Board was reviewed by both the Foundation Trustee Board and the ABCUL Board. As a result, during the year, Alison Pask and Dawn Vear joined as new Independent Trustees.

Robert Kelly continues as Company Secretary by virtue of being Chief Executive of ABCUL.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Board currently consists of 7 Trustees – 2 ABCUL Directors: Karen Bennett and Richard Munro and 5 Independent Directors: Dan Denning, David Martin, Alison Pask, Dawn Vear and Lord Roy Kennedy (Chair of Trustees).

Risk review

The trustees have and continue to assess the major risks that the charity could potentially be exposed to, particularly in relation to operations and the financial management of the charity. Trustees reviewed their collective understanding of risk and have amended their risk register to reflect current and potential risks for the Foundation. The trustees are satisfied that systems are in place to mitigate the associated risks.

OBJECTIVES AND ACTIVITIES

The objects for which it is established are:

- (a) To advance education amongst the public in matters pertaining to credit unions and their potential in relieving poverty and need, and to provide education and training in the knowledge and skills pertinent to the establishment and management of credit unions;
- (b) To relieve poverty and need amongst communities in the United Kingdom and throughout the World which are in need of such relief, by advising needy persons within those communities how to establish and manage credit unions.
- (c) To relieve poverty by providing grants, items, support and other services to credit unions to allow them to extend their services to individuals in need and/or charities, or other organisations working to prevent or relieve poverty

In furtherance of the above objectives, the foundation shall have the following powers:

- (a) To publish books, pamphlets, reports, leaflets, journals, films and instructional matter;
- (b) To commission and undertake and publish the useful results of research, and to run lectures, seminars, conferences and courses;
- (c) To provide financial, technical and educational assistance in connection with projects and purposes which will further the objects of the Foundation;
- (d) To receive donations, endowments, sponsorship fees, subscriptions and legacies from persons desiring to promote the Foundation's objects or any of them and to hold funds in trust for same;

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general information on public benefit when reviewing the Foundation's aims and objectives and in planning future activities.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

ACHIEVEMENTS AND PERFORMANCE

2020 saw the establishment of the seventh and final year of the Lloyds Credit Union Development Fund. Applications were received during 2020 and compiled for consideration by the Grants Committee.

The fourth year of the CU Futures programme concluded in March 2020 and the fifth year was launched in April. The programme has now graduated 49 individuals across 4 years and has 8 more preparing to graduate in 2021. The Foundation was successful at fundraising for this programme during the year with over £17,000 being received in individual donations from credit unions and people working/volunteering in credit unions.

Citi Bank provided sponsorship for US credit union delegates to attend the ABCUL Annual Conference and AGM in March 2020 and for a delegation of British credit unions to attend the Inclusiv Annual Conference in Puerto Rico in 2020. However, due to the COVID-19 pandemic, the face to face conference for 2020 was cancelled and replaced with a virtual meeting. Funding was also received for the 2021 Inclusiv conference, which has also been replaced with a virtual meeting, so with the permission of Citi Bank, these have been carried forward to 2022.

FINANCIAL REVIEW

Main funding sources and expenditure

Lloyds Banking Group had previously approved funding of £1,000,000 for the year ending 30 September 2020, to be allocated to credit unions as part of the grant making programme of the Credit Union Foundation, although this income had been recognised in the financial statements for the year ended 30 September 2019, in line with the requirements of the Charities SORP. The administration of the project is funded through ABCUL. This supports our key objective to relieve poverty through the provision of grants to credit unions to allow them to extend their services to individuals in need. This money was all paid out directly to credit unions in the form of grants during the year. We expect no future funding from Lloyds Banking Group in respect of the Development Fund.

Reserves policy

The trustees recognise the need for the charity to establish and maintain reserves to enable it to carry out its charitable objectives in the event of unforeseeable matters arising. Where funds are generated for specific purposes, they are held as restricted funds, as detailed in notes 13 and 14. Where funds are available for use at the discretion of the trustees, they are held in unrestricted funds. At the balance sheet date there were unrestricted funds of £42,037.

In addition to the basic categories of restricted and unrestricted funds, the trustees can designate unrestricted funds to be used for a specific purpose. Such designated funds remain unrestricted as the trustees retain the right to release back to general unrestricted funds as needed. During the year, we designated 20% of the net increase in general funds during the year (£2,490) to act as a buffer against financial or economic difficulties, as detailed in the Policy Governance (4.4.13).

A number of changes were implemented to the restricted funds, including the creation of several new funds. These are described in detail in Note 13.

Gambia Project

Alex Dodson (Metro Moneywise Credit Union) attended her DE Course in 2019 and met Florence Mendy from NACCU (National Association of Cooperative Credit Unions of the Gambia) who was on her team. They immediately struck up a friendship and Florence would tell Alex stories about how the rural Credit Unions in the Gambia changed lives and offered help on a daily basis.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

"One story in particular stuck with me which was when a rural Credit Union had to close so the members had to walk 8 miles to the nearest Credit Union just to access their money. It made me think how lucky I am, and wondered how I would feel having to do this. So my DE project was to inspire a walk from Credit Union to Credit Union. Starting at one point and raising money between us to help fund local projects for our members, and also to raise money for the rural Credit Union offices in the Gambia so that they could possibly invest more in technology or look at the other options or funding opportunities. This would also help us to promote our Credit Unions to payroll partners and in the community with our ethos of "People helping People". With the impact of COVID, the walk together hasn't been made possible as yet however we are planning this for 2022 and have already built up a pot of funds."

Future developments

The Management team of the Foundation has considered the impact of COVID-19 on the business. Although the pandemic has impacted some of the day to day activities, it is not considered to be material at this time. The situation will continue to be reviewed and monitored closely by the Trustees and Management Team.

The Foundation Trustees have adopted a strategy that is focused on education and to that end is currently exploring opportunities for funding and in-kind support for the development of a leadership and management programme for credit union personnel. Additionally it will assume responsibility for an existing educational initiative with in the sector (DEEU) and continue to operate the CU Futures programme. The former will be funded by fees paid directly by participants and the latter through donations from credit unions and individuals.

In addition to these educational programmes, the Foundation secured funding in the year to undertake two key pieces of research within the sector – one focusing on identifying more accurately the individuals being served by the updates to credit unions in Britain and the other looking at the CDFI model in the US and whether something similar might be implemented in the UK. The Foundation has existing funds to participate in educational visits to the Inclusiv Annual Conference which have not been able to be utilised in 2020 due to the coronavirus pandemic and these will be carried forward to 2022.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of The Credit Union Foundation for the purposes of company law) are responsible for preparing the trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as each of the trustees of the charity at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

AUDITOR

Following a tender process conducted during the year, Crowe U.K. LLP were appointed as auditors to the charity.

Approved by the trustees on 18th February 2021 and their behalf by:



Lord Roy Kennedy of Southwark
Trustee

THE CREDIT UNION FOUNDATION
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CREDIT UNION FOUNDATION

Opinion

We have audited the financial statements of The Credit Union Foundation (the 'Charitable Company') for the year ended 30 September 2020 set out on pages 10 to 23. 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 charitable company's affairs as at 30 September 2020 and of its incoming resources and application of resources, including 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 Charities Act 2011.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable 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 Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

THE CREDIT UNION FOUNDATION
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CREDIT UNION FOUNDATION

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 where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees 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 Trustees are responsible for assessing the charitable company'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 Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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. This description forms part of our Auditor's report.

THE CREDIT UNION FOUNDATION
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CREDIT UNION FOUNDATION

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP

Statutory Auditor

3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

Date: 19th February 2021

Crowe U.K. LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE CREDIT UNION FOUNDATION
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:					
Donations and legacies	2	14,200	-	14,200	1,001,985
Charitable activities	3	36,384	102,465	138,849	86,358
Investments		244	-	244	1
Total income		50,828	102,465	153,293	1,088,344
Expenditure on:					
Raising funds		266	-	266	1,260
Charitable activities	7,4	38,109	1,024,114	1,062,223	1,139,958
Total expenditure	8	38,375	1,024,114	1,062,489	1,141,218
Net income / (expenditure) before other recognised gains and losses		12,453	(921,649)	(909,196)	(52,874)
Net movement in funds		12,453	(921,649)	(909,196)	(52,874)
Reconciliation of funds:					
Total funds brought forward		29,584	1,053,590	1,083,174	1,136,048
Total funds carried forward		42,037	131,941	173,978	1,083,174

The notes on pages 13 to 23 form part of these financial statements.

THE CREDIT UNION FOUNDATION
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REGISTERED NUMBER: 04283557

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note	£	2020 £	£	2019 £
Current assets					
Debtors	11	7,478		1,002,717	
Cash at bank and in hand		173,353		97,367	
		<u>180,831</u>		<u>1,100,084</u>	
Creditors: amounts falling due within one year	12	(6,853)		(16,910)	
Net current assets			<u>173,978</u>		<u>1,083,174</u>
Net assets			<u>173,978</u>		<u>1,083,174</u>
Charity Funds					
Restricted funds	13		131,941		1,053,590
Unrestricted funds	13		42,037		29,584
Total funds			<u>173,978</u>		<u>1,083,174</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The Trustees consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 18th February 2021 and signed on their behalf, by:



Lord Roy Kennedy of Southwark

The notes on pages 13 to 23 form part of these financial statements.

THE CREDIT UNION FOUNDATION
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	15	75,986	(1,039,512)
Change in cash and cash equivalents in the year		75,986	(1,039,512)
Cash and cash equivalents brought forward		97,367	1,136,879
Cash and cash equivalents carried forward	16	173,353	97,367

The notes on pages 13 to 23 form part of these financial statements.

THE CREDIT UNION FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Credit Union Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Company status

The Company is a company limited by guarantee, incorporated in England with registered number 04283557. The members of the company are the Trustees named on page 1. In the event of the Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Company.

1.3 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the Company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the Company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the Company which is the amount the Company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

THE CREDIT UNION FOUNDATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1. Accounting Policies (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the Company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the Company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the Company's operations, including support costs and costs relating to the governance of the Company apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the Bank.

1.6 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.7 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

THE CREDIT UNION FOUNDATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1. Accounting Policies (continued)

1.8 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.9 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.10 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

2. Income from donations and legacies

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Donations	14,200	-	14,200	702
Lloyds project grant	-	-	-	1,001,283
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	14,200	-	14,200	1,001,985
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2019	702	1,001,283	1,001,985	
	<hr/>	<hr/>	<hr/>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. Income from charitable activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Project income	6,500	102,465	108,965	59,755
Donated administration and finance support	29,884	-	29,884	26,603
	<u>36,384</u>	<u>102,465</u>	<u>138,849</u>	<u>86,358</u>
<i>Total 2019</i>	<u>32,903</u>	<u>53,455</u>	<u>86,358</u>	

4. Analysis of expenditure on charitable activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Direct and support costs	32,532	21,682	54,214	75,732
Lloyds project - grants made	-	999,239	999,239	1,054,369
	<u>32,532</u>	<u>1,020,921</u>	<u>1,053,453</u>	<u>1,130,101</u>
<i>Total 2019</i>	<u>27,634</u>	<u>1,102,467</u>	<u>1,130,101</u>	

5. Direct costs

	Activities £	Total 2020 £	Total 2019 £
CU Futures project	21,686	21,686	23,115
NFCDCU conference costs	(4)	(4)	24,983
Staff expenses	10	10	377
	<u>21,692</u>	<u>21,692</u>	<u>48,475</u>
<i>Total 2019</i>	<u>48,475</u>	<u>48,475</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

6. Support costs

	Activities £	Total 2020 £	Total 2019 £
Donated administration and finance support	29,884	29,884	26,603
Insurance	2,602	2,602	618
Bank charges	36	36	36
	<u>32,522</u>	<u>32,522</u>	<u>27,257</u>
<i>Total 2019</i>	<u>27,257</u>	<u>27,257</u>	

7. Governance costs

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Governance Internal audit costs	1,994	-	1,994	3,501
Auditors' remuneration	3,227	3,193	6,420	6,300
Legal fees	356	-	356	56
	<u>5,577</u>	<u>3,193</u>	<u>8,770</u>	<u>9,857</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

8. Analysis of Expenditure by expenditure type

	Staff costs 2020 £	Other costs 2020 £	Total 2020 £	Total 2019 £
Fundraising costs	-	266	266	1,260
Costs of raising funds	-	266	266	1,260
Direct and support costs	10	54,204	54,214	75,732
Lloyds project - grants made (Note 18)	-	999,239	999,239	1,054,369
Charitable activities	10	1,053,443	1,053,453	1,130,101
Expenditure on governance	-	8,770	8,770	9,857
	10	1,062,479	1,062,489	1,141,218
<i>Total 2019</i>	<i>377</i>	<i>1,140,841</i>	<i>1,141,218</i>	

9. Net income/(expenditure)

This is stated after charging:

	2020 £	2019 £
Auditor's remuneration - audit	5,520	5,400
Auditor's remuneration - other services	900	900

During the year, no Trustees received any remuneration or benefits in kind (2019 - £Nil).
During the year, 4 Trustees received reimbursement of travel expenses which totalled £596 (2019 - 6 Trustees - £1,695).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

10. Staff costs

Staff costs were as follows:

	2020	2019
	£	£
Staff expenses	10	377
	<u> </u>	<u> </u>

The average number of persons employed by the Company during the year was as follows:

2020	2019
-	-
<u> </u>	<u> </u>

No employee received remuneration amounting to more than £60,000 in either year.

11. Debtors

	2020	2019
	£	£
Trade debtors	-	600
Amounts owed by ABCUL	-	1,520
Prepayments and accrued income	7,478	1,000,597
	<u> </u>	<u> </u>
	7,478	1,002,717
	<u> </u>	<u> </u>

12. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	302	707
Accruals and deferred income	6,551	16,203
	<u> </u>	<u> </u>
	6,853	16,910
	<u> </u>	<u> </u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

13. Statement of funds

Statement of funds - current year

	Balance at 1 October 2019 £	Income £	Expenditure £	Transfers in/out £	Balance at 30 September 2020 £
Designated Fund	-	-	-	2,490	2,490
General Funds	29,584	50,828	(38,375)	(2,490)	39,547
Total Unrestricted funds	29,584	50,828	(38,375)	-	42,037
Restricted funds					
History project	-	29,550	(4,863)	-	24,687
Lloyds project	1,000,000	-	(1,000,000)	-	-
NFCDCU trips	4,220	30,000	(1,950)	-	32,270
CU Futures Program	49,370	17,069	(17,301)	-	49,138
Field research project	-	10,000	-	-	10,000
Market research project	-	15,000	-	-	15,000
Gambia Project	-	846	-	-	846
	1,053,590	102,465	(1,024,114)	-	131,941
Total of funds	1,083,174	153,293	(1,062,489)	-	173,978

Statement of funds - prior year

	Balance at 1 October 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 30 September 2019 £
General Funds	32,911	33,606	(38,751)	1,818	29,584
Restricted funds					
Lloyds project	1,053,086	1,001,283	(1,054,369)	-	1,000,000
NFCDCU trips	12,602	16,600	(24,982)	-	4,220
CU Futures Program	37,449	36,855	(23,116)	(1,818)	49,370
	1,103,137	1,054,738	(1,102,467)	(1,818)	1,053,590

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

13. Statement of funds (continued)

Lloyds project - The final year of grants from the Lloyds Banking Group Credit Union Development Fund were awarded for use in 2020 and all funds have now been used in accordance with the grant conditions with no future income to be received. There was a small residual balance (£761) after all grants were made and we received permission from LBG to transfer this to unrestricted funds.

History Project - Save and Sound is an oral history and heritage project that has been set up by the Credit Union Foundation to make sure that the early days of credit unions in Britain are not forgotten.

The project is funded by the National Lottery Heritage Fund. It started in July 2020 and will run until October 2021.

- Forty oral history interviews will be carried out with credit union pioneers from across the north of England.
- Credit union heritage will be promoted to a wider audience through a new website, events, a new course and podcasts.
- A toolkit will be developed so that the work can easily be replicated in other parts of the country.

NFCDCU (Inclusiv) educational visits - The Foundation received funding of £15,000 for participation for British CU delegates in the Inclusiv Annual Conference and for US delegate participation in the ABCUL Annual Conference. The coronavirus pandemic impacted this activity significantly. Inclusiv delegates did travel to the UK in March 2020 and so some of this was utilised in the year. Additional funds were spent to purchase flights for British delegates to Puerto Rico for the Inclusiv Annual Conference planned for May 2020. This event did not go ahead and so delegates have received or are in the process of receiving refunds for these flights, but these were not received in the year and so this will be reflected in next year's accounts.

During the year the Foundation received an additional £15,000 to fund participation in conference events in 2021. These events will not take place due to COVID-19 restrictions. As a result of the circumstances Citi has permitted the Foundation to carry all of these funds forward for spend in 2022.

CU Futures Programme - The fifth year of the programme concluded in the period and the sixth year commenced. Significant savings were achieved as key events during the second part of 2020 took place online rather than face to face. Additional donations to support future years of the programme were received during the year (£9,421). All funds will be carried forward to support future years of the programme.

Market Research - £15,000 was received from Citi in 2020 to support the development of robust research into the individuals using credit unions across Britain. This work was due to commence in the year but was delayed due to the coronavirus pandemic and permission has been received from Citi to carry this forward to 2021.

Field Research - £10,000 was received from Citi in 2020 to support field research into the CDFI model. The work was due to commence in the year but due to the coronavirus pandemic this did not happen and permission has been received from Citi to carry this forward to 2021.

Gambia Project - The project is funded from donations received from individuals and credit unions in support of the fundraising activities to support colleagues in the Gambian Credit Union Movement. Due to restrictions around COVID-19 these activities have been deferred until travel restrictions are lifted and is now expected to take place during 2022.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

14. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Current assets	48,890	131,941	180,831
Creditors due within one year	(6,853)	-	(6,853)
	<u>42,037</u>	<u>131,941</u>	<u>173,978</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Current assets	36,625	1,063,459	1,100,084
Creditors due within one year	(7,041)	(9,869)	(16,910)
	<u>29,584</u>	<u>1,053,590</u>	<u>1,083,174</u>

15. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the year (as per Statement of Financial Activities)	(909,196)	(52,874)
Adjustment for:		
Decrease in stocks	-	1,044
Decrease/(increase) in debtors	995,239	(996,735)
(Decrease)/increase in creditors	(10,057)	9,053
Net cash provided by/(used in) operating activities	<u>75,986</u>	<u>(1,039,512)</u>

16. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	173,353	97,367
Total	<u>173,353</u>	<u>97,367</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

17. Related party transactions

At 30 September 2020, the charity was owed £0 (2019: £1,520) by the Association of British Credit Unions Limited (ABCUL), a company under common control, and this amount is included within trade debtors.

During the year, the charity had incoming resources from ABCUL amounting to £8,292 (2019: £6,300) which is shown in charitable income as other project income. It recharged costs to ABCUL amounting to £nil (2019: £256) which has been netted off against the associated expenditure. It was recharged costs from ABCUL amounting to £9,421 (2019: 5,581) in relation to meetings, travel expenses and other costs paid by ABCUL on behalf of the charity.

Each year, the Foundation Board and the ABCUL Board agree a maximum budgeted amount of staffing resource that the ABCUL Board agrees it will donate to the Charity. The amount of this resource is monitored at least quarterly through the Foundation accounts.

During the year, £29,884 of CUF staff time was absorbed by ABCUL (2019: £26,603). ABCUL is happy to absorb this staff time due to the benefits it receives as a result of the products, services and programmes the Foundation has and continues to develop for not only ABCUL members but the broader credit union movement. Examples of this include but are not limited to ABCUL Academy, ABCUL Insight, CU Futures, and increased attendance at ABCUL AGM.

18. Lloyds Project - Grants made

	2020
	£
Clockwise	20,000
First Class	100,000
Gateway	60,000
Stockport	50,000
Renfrewshire Wide	100,000
Metro Moneywise	20,000
Slive Gullon	15,359
Waterside	90,000
Commsave	20,000
Ballinascreen	20,000
Hi-Scot	50,000
Salford	54,000
Lewisham Plus	100,000
Tail o' the bank	90,000
Greater Govan	90,000
Ballymena	19,880
Cookstown	100,000
	<hr/>
Total	999,239
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