



GMB CREDIT UNION

ANNUAL REPORT

FINANCIAL YEAR ENDING 31 DECEMBER 2022

WELCOME TO YOUR GMB CREDIT UNION ANNUAL REPORT



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REPORT OF THE GMBCU TREASURER FOR 2022



"GMBCU is guided by its social purpose as well as its commercial needs and we have done our very best to support GMB members and our community."

Introduction

David Castledine is a GMBCU Director and Treasurer. David is also the Regional Finance Officer for GMB Midlands Region and has played a leading role in the development of GMBCU over the last twenty years.

The Treasurers report will be made available to GMBCU members registering for the 2022 AGM which will be conducted by Zoom on Saturday 22 April 2023. David will also take part in a member Q&A session during our AGM.

The Treasurer's report acknowledges the input of GMBCU Board the Annual Report and Audited Financial Statement provided for the year ending 31 December 2022 by GMBCU's appointed external auditors Barlow - Andrews.

David Castledine

GMBCU Treasurer and Board Director
31 March 2023

2022 Operating Environment

Putting the annual report in context

As the global pandemic rolled straight into a global financial crisis GMBCU has, like most financial service providers, experienced pressure from increased arrears and bad debt as our members adjust to this challenging environment.

The economic fall out of the cost of living crisis means that many of our members have been struggling to meet their loan repayments. IVA's in particular have increased and it is clear despite our best efforts many members are being miss sold this form of debt solution by a plethora of unregulated debt management providers.

GMBCU is guided by its social purpose as well as its commercial needs and we have done our very best to support GMB members and our community through our Member Assistance Plan (MAP) restructuring loans, providing information and signposting members as appropriate.


GMBCU Performance 2022

Our performance for the year to the 31 December 2022 mirrored the steep downward trend in a very troubled UK economy. The GMBCU Board had to make significant changes to our operating plan during the year to combat the declining economic climate and the increased impact of a difficult labour market. This produced the following year end results.

- **Total annual income (£1,170,114) held up very well and was just slightly lower than our budgeted figure (£1,184,000).**
- **Total annual costs (excluding impairment) at £506,040 were below our budget figure of £530,217.**
- **Loans for the year totalled £4.9 million compared to same period 2021 which was £6.4 million. New loans for 2022 were down 23%.**
- **Annual surplus in 2022 was £273,171. 2021 surplus was £329,698.**
- **Membership is now 10,010 an increase of 13.2% year end 2021.**

GMBCU Performance to 31 December 2022

A year in review at a glance. We share below a summary of the key financial results and key statistics, the benchmarks by which we measure our performance.




**Value of
new loans
£4.9 mill**

- Tot Savings Balances £13.49 (2021 = £14.22 mill)
- Tot Loan Balances £11.73mill (2021 = £11.42 mill)
- No. of new loans 2022 total 3,052 (2021 = 3,425)
- Value of new loans in 2022 total £4.9 mill (2021 = £6.3 mill)

- Cash in Bank £3.78 mill (2021 = £3.70 mill)
- Tot paid into GMBCU YE Dec 2022 £10.3 mill (2021 = £9.96 mill)
- Tot paid out by GMBCU YE Dec 2022 £9.9 mill (2021 = £9.40 mill)



**Cash in
Bank
£3.78 mill**



**848
new
members**

- 848 new members in 2022 (2021 = 74 new members)
- 350 members left in 2022 (2021 = 22 members left)
- 61 Corporate Deposit Accounts with balances of £940,000
- Total membership 10,011 (8,839)

Total Reserves £1,067,520 + £941,000 Deferred Shares = £2,008,520

GMBCU capital to asset ratio 12.90%

Business Plan 2023 – 2025

A sustainable growth plan and continued member support

The Board has had a hard look at our business plan for the next three years as there are many challenges ahead. The Board will of course continue to balance the priority of providing support for members whilst preserving the long term financial health of the Credit Union.

We anticipate that for period 2023–2024 the economy and our members will continue to struggle to rebalance their finances and this will be reflected in lower growth for both member loans and savings. In addition the threat of loan defaults and increased IVA proposals is likely to prevail. By 2025 we anticipate we will slowly emerge from these economic and socially troubled times and begin to see sustainable growth.

"Delivering the very best service for members when they need us most is a must."



Trend towards digital service channels accelerating

Delivering the very best service for members when they need us most is a must. The trend towards a member preference for digital service channels instead of physical channels has been accelerating over the last two years fuelled by lockdowns and increased home working. Online transactional activity in GMBCU has also increased dramatically and we are committed to further investment in our digital capabilities over the period of the next business plan.

Business Plan 2023 – 2025

Launching our members app

In May 2023 we will launch our own branded members app which will give members 24 hour, 7 day a week access to their GMBCU accounts. This will ensure that we fully engage with GMB members in a way they prefer and will be an important factor in growing our membership base. We will also deliver in August 2023 an upgraded web site which will be much easier for members to navigate and will also provide more content design to increase our members understanding of finance.

Effectively engaging our members

The Board understands the need to effectively engage with members and our key stakeholder GMB. Through our Communications Plan will continue to build our brand and develop a digital member communications strategy which will enable us to clarify our member offering and successfully share digital assets with GMB national and regional.



Operational & Financial resilience

"GMBCU will continue to adapt to the challenges as we deliver an enhanced digital service – unique GMB member benefit which has proved its value to the GMB community during the turmoil of the last three years"

The Board understands the volatility of the current economic climate will in the short term result in greater hardship for members whilst limiting our own growth opportunities. This will in turn result in higher bad debt provisions and smaller annual surpluses for GMBCU over the next two years.

However, GMBCU will continue to adapt to the challenges and opportunities presented as we deliver an enhanced digital service to what we believe is a unique GMB member benefit which has proved its value to the GMB community during the turmoil of the last three years.

Our internal compliance and risk management frameworks ensure a rigorous approach by the Board to managing business risk and enabling GMBCU to achieve the required regulatory ratios in areas such as capital and liquidity whilst continuing to strengthen our balance sheet.

As a GMBCU Treasurer, I am pleased to present this report and audited financial statement for 2022. This has been another very difficult year of hard work and significant change and we are proud to have supported our GMB community whilst delivering a strong trading performance (please see appendix one attached) in the prevailing economic climate.

David Castledine
GMBCU Treasurer and Board Director

31 March 2023

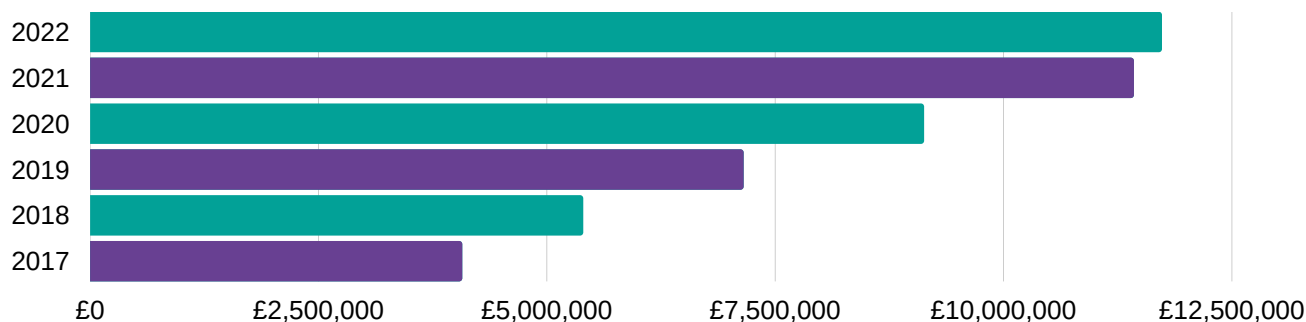
GMBCU Performance to 31 December 2022

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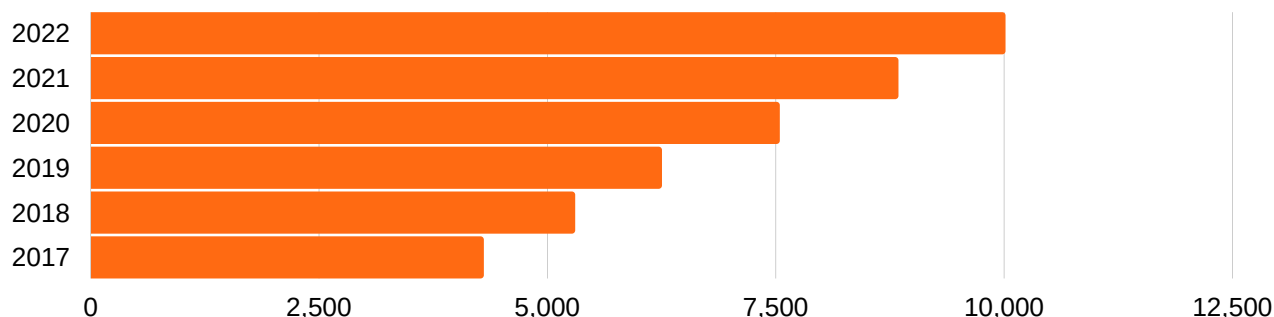
GMBCU Total Savings Balances



GMBCU Total Loan Balances



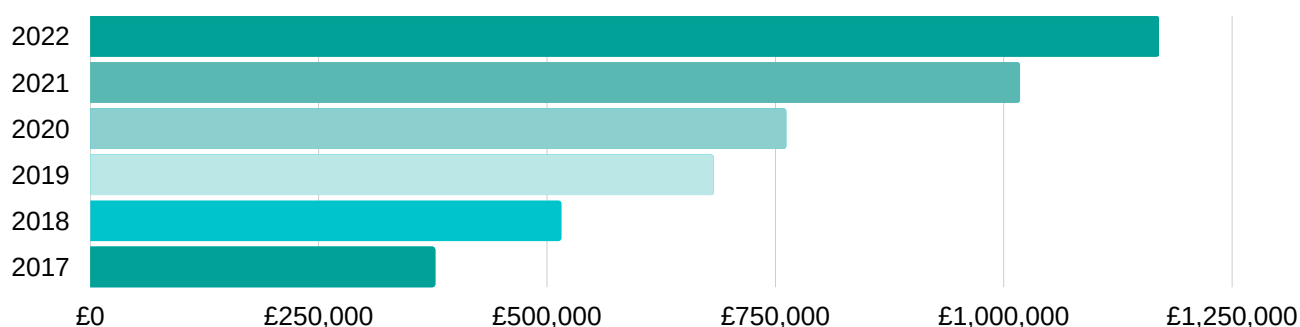
GMBCU Total Membership



GMBCU Performance to 31 December 2022

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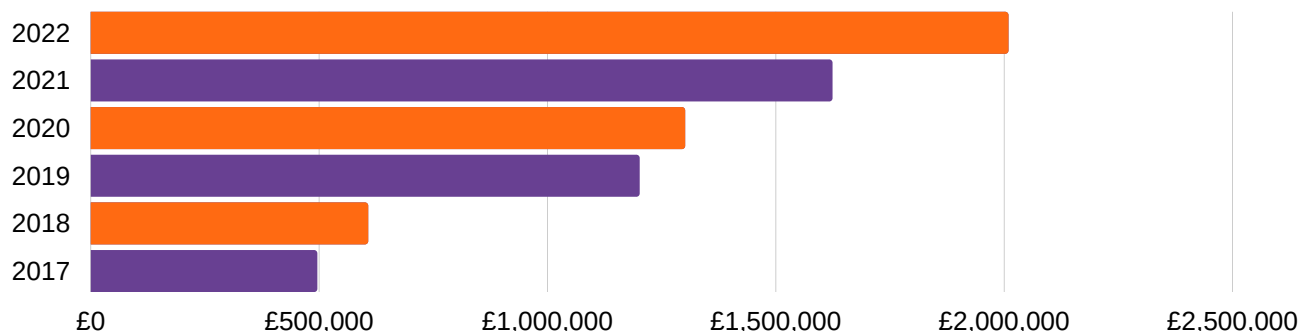
GMBCU Total Loan Income



GMBCU Total Surplus



GMBCU Total Reserves



Auditors Report

As part of this annual report we share key information from our external auditor's report for 2022. This is the independent audit statements of GMB Credit Union which has been the trading name of Thorne Credit Union Ltd since 2016. The Credit Union was first registered in 1999.

Thorne Credit Union Limited

Revenue Account
For the year ended 31 December 2022

	Note	2022 £	2021 £
Loan interest and similar income receivable	4	1,170,114	1,017,147
Interest payable		-	-
Net interest income		1,170,114	1,017,147
 Fees and commissions receivable	6	 -	 65
Other income	6a	10,090	14,251
Total net income		1,180,204	1,031,463
 Administration expenses	8a	 (474,542)	 (448,257)
Other operating expenses	8b	(62,908)	(43,798)
Depreciation and amortisation		(6,376)	(6,480)
Impaired losses on loans to members		(359,109)	(140,039)
Surplus before taxation		277,269	392,889
 Taxation	10a	 (4,098)	 (39)
Total comprehensive income		273,171	392,850

There are no other items of comprehensive income other than reported above.

Auditors Report

Thorne Credit Union Limited

Balance Sheet
As at 31st December 2022

	Note	2022 £	2021 £
ASSETS			
Cash, cash equivalents and liquid deposits:			
Loans and advances to banks	16	<u>3,515,412</u>	<u>3,608,149</u>
Loans and advances to members	12a	11,728,531	11,423,022
Tangible fixed assets	11	9,307	14,000
Prepayments and accrued income		31,714	18,825
Total assets		<u>15,284,964</u>	<u>15,063,996</u>
LIABILITIES			
Subscribed capital - repayable on demand	13	13,253,789	13,423,214
Other payables	14	<u>27,623</u>	<u>19,939</u>
		13,281,412	13,443,153
Retained earnings			
General reserve	5	1,061,647	920,843
Deferred shares		941,905	700,000
Total liabilities		<u>15,284,964</u>	<u>15,063,996</u>

The financial statements were approved, and authorised for issue, by the Board and signed on its behalf by:

David Castledine

Castledine

Date of approval:

Friends of GMBCU Prize Draw 2022

Since we relaunched our Prize Draw in April 2021 members have provided support to 20 charities

The Friends of GMBCU Draw Committee have reviewed the administration processes associated with operating the Credit Union Prize Draw. The monthly figures have also been checked and the automated procedure for drawing winners verified.

Total ticket sales in 2022 were £12,954 compared to 2021 which were £9,508 this represents an enormous 36% increase in annual ticket sales!

Since we relaunched our Prize Draw in April 2021 members have provided support to 20 charities with total donations of £11,231.

"As a charity, we rely on the generosity of people like you. We really do appreciate your support."

We may not have the funds of the National Lottery however our Prize Draw has given members a lot of enjoyment and we have had some wonderful feed back from charities who have been nominated by our members.

So, participate in our member Prize Draw have some fun, support your community, and give yourself a chance of supporting your favoured charity

You've got to be in it to win it!

A full record of all Prize Draw winners is maintained in the Credit Union Office and is available for members to view at any time.

Jan 2022	<u>All We Can</u> and <u>Methodist Homes</u> - £546
Feb 2022	<u>Springhill Hospice</u> - £540
Mar 2022	<u>P3</u> - £537
Apr 2022	<u>Berkshire Lowland Search & Rescue</u> - £543
May 2022	<u>The Sheffield Beekeepers Association</u> - £540
Jun 2022	<u>Cruse Bereavement Support - Foyle</u> - £547
Jul 2022	<u>DEC - Ukraine Humanitarian Appeal</u> - £546
Aug 2022	<u>Samaritans - Luton</u> - £539
Sep 2022	<u>National Coal Mining Museum for England</u> - £542
Oct 2022	<u>Cancer Research UK</u> - £545
Nov 2022	<u>Marie Curie</u> - £533
Dec 2022	<u>Ronald McDonald</u> - £519



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GMB Credit Union is the trading name of Thorne Credit Union Ltd which is authorised and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm reference number 213550. 100% owned and operated by GMB members. Member savings are fully protected up to £85,000 by the FSCS