



MANCHESTER
CREDIT UNION



ANNUAL REPORT 2018

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INTRODUCTION

Manchester Credit Union (MCU) is open to anyone living or working in Manchester, Bury, Rochdale, Tameside, Trafford and the High Peak. It is also open to staff and tenants of Great Places, Irwell Valley, Mosscafe St. Vincent's and Arcon Housing Associations.

MCU is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

Firm Ref: 231400

Deposits are protected by the Financial Services Compensation Scheme.



MISSION

Manchester Credit Union is a member-owned financial co-operative, and aims to become a leading provider of ethical and affordable financial services to an increasingly higher proportion of the population of the MCU common bond by:

- Putting our members' needs first
- Providing opportunities for improving members' financial capability
- Providing excellent customer service and;
- Developing and nurturing mutually beneficial relationships with a wide range of partners across Greater Manchester, thereby contributing to greater community cohesion.

MCU also has two social goals, which are:

- To contribute towards the alleviation of poverty within the community - MCU benefits the local community by reducing the negative impacts of financial exclusion and high cost credit providers such as doorstep and payday lenders.
- To contribute towards the economic regeneration of the community by keeping money in the local economy.

MCU is proud to be part of the worldwide credit union community and a Real Living Wage Employer



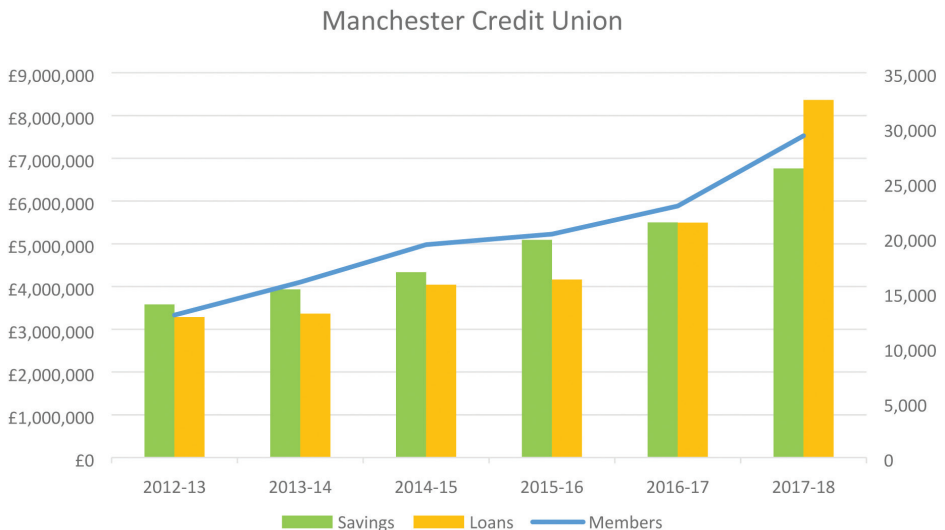


REPORT FROM THE CHAIR

I am delighted to announce that 2018 was the most successful year ever for Manchester Credit Union. The strong growth in new members and savings we saw last year has continued, but due to an extraordinary demand for loans, we have increased our loans by over 50% during the year. This has resulted in a healthy surplus, and leaves us in a stable financial position for the future.

The family loan introduced last year has continued to be very popular with young families, and at the end of 2018 we had over 6,000 new members using this product. The family loan is operated on a 'save as you borrow' basis, which means that everyone taking out a family loan has to commit to saving at least £1 per week until the loan is repaid. This gets new members into good savings habits and helps to build financial resilience for the future. Hundreds of members are saving more than the minimum amount and many also have Christmas savings accounts.

The growth in loans was so high that it outstripped savings growth during the year, which meant that we had to borrow funds from other credit unions in order to meet that demand. However, we are reaching more and more people, giving them access to more affordable credit than many of them can get elsewhere, and thereby enabling them to save for the future.



The surplus for the year, after taxation, amounted to £402,279. This is a fantastic achievement and is a testament to the hard work and dedication of our staff team, led by Christine Moore, who dealt with double the amount of loans under difficult circumstances. We are proposing to increase the dividend to 1%, which will mean the Gold Saver Account introduced in April 2018 will attract a 2.5% dividend.

The Board of Directors recognise the staff are one of our greatest assets. We agreed to pay a bonus to staff last year in recognition of all their hard work, and we are planning to increase staff resources and to invest in training and development in 2019.

We have ambitious plans to increase automation and digitalisation, including improvements to the website, and an app for members, whilst continuing to offer the friendly face to face services valued by so many of our members.

We are continuing to work closely with the Greater Manchester Consortium of Credit Unions, and are collaborating on, amongst other things, shared marketing and generally increasing awareness of what credit unions have to offer the people of Greater Manchester. We are working with the Combined Authority and Greater Manchester Housing Partnership looking at how we can provide an affordable pay day type loan, and a rent to own alternative to Brighthouse and Perfect Home. Watch this space!



The Board of Directors of Manchester Credit Union (MCU) are responsible for the strategic direction of the credit union. MCU is very fortunate to have a capable and experienced group of directors who are committed to ensuring that MCU continues to develop successfully and provide a quality service to our members and our communities.

I would like to thank both the board and staff, and Paul Jones (independent Chair of the Audit & Risk Committee) for their hard work and dedication to ensuring Manchester Credit Union remains a thriving financial co-operative, which puts members at the heart of everything we do.

Peter Mitchell, Chair of the board, February 2019



REPORT FROM THE CEO

I am very happy to report that 2017/18, whilst one of our most challenging to date, has also been one of the most successful years since I started working at the credit union in September 2000.

Not only did we have our busiest year ever, we also moved our city centre branch and head office at the end of June 2018. Whilst we were initially upset at having to move out of our first city centre branch so soon, once we found such a great alternative, we came to realise that it was a blessing in disguise, especially as the success of the family loan has led to a large increase in footfall.

Our new premises in the old Manchester Building Society, are excellent, and provide a much better working environment for our city centre staff. The branch is also much more member friendly with two interview rooms which can be used for private consultations with members where necessary. We also have room for board and other meetings when we need them, which saves us money on room hire.

The telephones continue to be extremely busy, so apologies if you have sometimes had to wait to get through to us. We hope that many more members will use the new members' area to access balances and request share withdrawals in the future, which is much more user and mobile friendly than the old one.

We have continued to recruit more payroll partners and The University of Manchester have recently agreed to become an MCU payroll partner, offering payroll deduction to all their staff.

I would like to thank all the staff for their hard work throughout the year, in particular Mandy Wilcock, our Chief Operations Officer.

Without her knowledge and support we would not have been able to implement all the process improvements that have enabled us to grow so quickly. I am also lucky to have such a supportive board of directors who put their trust in the staff team to get on with running the credit union, and make sure we have the necessary resources to develop.

GDPR

New EU General Data Protection Regulation (GDPR) came into force in May 2018, which imposes strict new rules on managing personal information. MCU is fully compliant with the new regulation, and members can find a simple guide to how we obtain, hold, use and process personal data on our website under Privacy Rules.

Michael Sheen and the End High Cost Credit Alliance

Following a presentation to the End High Cost Credit Alliance's National Alternative Credit Provider Showcase event in London, we had a surprise visit from Hollywood actor Michael Sheen (star of The Damned United, Twilight Saga etc). Michael is using his money from acting to fight against high cost credit providers and to champion credit unions and other responsible lenders.



Michael and his team are very supportive of what we are doing in Manchester and we were very excited that he took the time to come and visit us, and to meet some members.

Christine Moore, CEO, February 2019



TREASURER'S REPORT

As at 30 th September 2018, MCU had 29,271 members with a total of £6,762,461 in savings and £8,411,814 out on loan.

	2018	2017
Members	29,271	22,882
Savings	£6,762,461	£5,498,456
Loans	£8,411,814	£5,494,150

In recognition of our exceptional growth during the year, the maximum award of £100,000 was made to MCU from the Lloyds Banking Group's Credit Union Development Fund. The awards are designed to strengthen the financial position of credit unions and give them the capacity to develop new strategies for sustainable growth.

This has been added to our reserves to strengthen our capital to assets ratio. We were invited to the House of Commons to celebrate the award along with other credit union award recipients.

The surplus generated this year of £402,279, will allow us to make significant transfers to our reserves and bad debt provisions. We are proposing to increase the dividend this year to 1% on all instant access share accounts, with an additional 1.5% paid to anyone with a Gold Saver account.

Next year we are planning to offer interest bearing shares, in order to attract more savings, which should reduce our need to borrow funds from elsewhere for lending. There will be new savings products available during the current financial year (2018/19).

In last year's annual report we anticipated becoming fully sustainable in 2017/18, and I am delighted to say we have achieved this from our own earned income.

Barry James, Treasurer, February 2019



REPORT FROM THE AUDIT AND RISK COMMITTEE

MCU's Audit and Risk Committee meets on a quarterly basis and is responsible for overseeing the credit union's approach to identifying, mitigating and monitoring risk and to ensuring that the credit union complies with legislation, regulation and its own policies. The committee oversees also the work of MCU's internal auditors (currently T.I.A.A). The committee is there to ensure that the credit union is a safe and sound financial institution and operates in the interest of its members.

The committee is made up of three directors and an independent chair appointed by the directors.

While the Board of Directors retains ultimate responsibility for decisions around risk, during the year the Audit and Risk Committee has supported the board by reporting on the credit union's risk management framework, by maintaining the risk register, and by assessing the mitigation of risk. The committee has overseen the four internal audit reviews that were carried out by the credit union's firm of internal auditors.

This year internal audit was carried out in the following four areas:

- Loan compliance
- Savings
- Treasury Management
- Performance Management

The committee reviewed the recommendations of the internal auditors in these areas and oversaw any corrections or improvements that had to be made to the policy or practice of the credit union.

In relation to compliance, it is the role of the committee to ensure that Manchester Credit Union has the correct policies and procedures, systems and controls in place to comply with all areas of legislation and regulation, but especially the PRA rules, the FCA Handbooks, and the Credit Union Act.

This year the committee has overseen the implementation of a more robust compliance framework which includes oversight of:

- A checklist detailing all regulatory ratios and aspects of legal and regulatory compliance
- A compliance calendar noting all review/submission dates
- A breach register recording any instances of non-compliance and associated mitigations
- An approval log for any new actions that have a compliance requirement

The committee is supported by the Senior Management Team, a Money Laundering Reporting Officer and a nominated Compliance Officer with specific responsibility for the oversight of the Compliance Checklist.

Paul A Jones, Independent Chair, MCU Audit and Risk Committee



INDEPENDENT AUDITORS' REPORT

MCU's accounts are audited by Alexander Sloan. There is a separate booklet containing the final audited accounts for 2017/18





COMPANY INFORMATION

Registered in January 1991

Registration number: 235C FCA Firm Reference No: 213400

Registered Office: Queen's Court, 24 Queen Street, Manchester M2 5HX

MCU BOARD

Chair: Peter Mitchell

Treasurer: Barry James

Secretary: Moira Suringar

Directors: Jamie Lee, Derek Bodey, Rachel Rosewell, Andy McBeath (Co-opted September 2018)

CEO: Christine Moore

EXTERNAL AUDITORS

Alexander Sloan
180 St Vincent Street
Glasgow
Scotland
G2 5SG

INTERNAL AUDITORS

TIAA
Business Support Centre
53-55 Gosport Business Centre
Aerodrome Road
Gosport
Hampshire
PO13 0FQ



HAVE YOU HEARD THE BUZZ?



No bankers' bonuses - just money from Manchester, for Manchester



Saved members **£3million** per year in interest payments



FREE life insurance*



Online services and text updates



Telephone: 0161 231 5222

Email: info@manchestercreditunion.co.uk

Website: www.manchestercreditunion.co.uk



Manchester Credit Union



@CUManchester