



**2023**

**Twenty Fifth Annual Report**  
Serving our Members Savings & Loans



## 2023 - Twenty Fifth Annual Report

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## 25<sup>TH</sup> ANNUAL GENERAL MEETING

The Board of Directors of the Harp & Crown Credit Union invite all members to attend the AGM on Friday 1<sup>st</sup> December 2023 at 2.00pm at Newforge Sports Complex, 18b Newforge Lane, Belfast

Please e-mail [creditunion@harpandcrown.co.uk](mailto:creditunion@harpandcrown.co.uk) to register your attendance.

### AGENDA

- Confirmation of Quorum
- Apologies
- Declarations of Conflicts of Interest
- Minutes of Last AGM – 02/12/2022
- Matters Arising
- Report of the Board of Directors
- Treasurer’s Report
- Auditor’s Report
- Credit Committee Report
- Internal Auditor’s Report
- Declaration of Dividend
- Appointment of Auditor
- Appointment of Internal Auditor
- Motions
- Elections to the Board of Directors
- Any Other Business



Newforge Sports Complex,  
18b Newforge Lane, Belfast, BT9 5NW



028 9068 5198



[creditunion@harpandcrown.co.uk](mailto:creditunion@harpandcrown.co.uk)



<https://harpandcrown.co.uk>



## President's Report

On behalf of the Harp and Crown Credit Union's Board of Directors, it is my privilege to present to you our 25th Annual Report.

This has been a very successful year for our Credit Union not only in financial terms but also in the expansion of our premises and our staffing levels.

In October 2022, we were delighted to be recognised for our achievements by being shortlisted in the Social Enterprise NI awards for best Credit Union with assets >£40 million. This was a remarkable achievement and underlined the hard work and progress made by Harp and Crown in recent years. In September 2023 we have been shortlisted for 3 Social Enterprise Awards and will once again represent the credit union at the awards dinner October 2023.

In January we expanded our premises in Newforge by some 650 square feet which included relocating our Loans and Membership Officer staff, Digital Marketing Officer, Credit Control Officer and Support Admin Officer from the back of house (so to speak) to a full-blown frontal presence to our membership, hopefully it has a better working environment for the staff but in most particular to you the membership when calling in person to the offices. It was the highlight for me to have these new premises officially open in April by Lady Dame Mary Peters and to have the pleasure to meet so many members both founding and present together with guests on the day.

Throughout the year the Board met as usual monthly with the capability of now meeting within our new offices by availing of the newly refurbished Boardroom, (thank you to Nigel and others for their decorative and design skills). The various committees also met on a regular basis i.e. some meeting only bi-monthly and others meeting quarterly. My thanks go to all Directors and Committee members for their tireless contributions throughout the year. Changes to our Directors and volunteers have also occurred with Michael and Rob becoming new Directors and Colleen and Robert joining our Credit Committee, all most welcome.

This year was especially exciting as we were celebrating our 25<sup>th</sup> Anniversary having opened for Business on 1<sup>st</sup> October 1998 from very humble beginnings. I will not go into too much detail as thanks must go to our very capable Digital Marketing Officer Elaine, these details have been very well published throughout all our social media channels. 3 of our main events of these celebrations included support of the Soccer School of Excellence held in June, our Golf Tournament in August and of course our Gala Dinner in Newforge in October. On this occasion we had a charity collection and I am very pleased to say that we raised a staggering amount of £1,500 for RUCGC, PSNI Benevolent Fund, a very worthy cause to a large number of our members. Other events were held in July, and a couple still to come in November and December this year. Thanks goes to all our staff, directors and you the members who assisted and actually took part in many of these events, very much appreciated.

As in previous years we held our annual Strategy Day in September, facilitated by the CEO and Deputy CEO of the Scottish Police Credit Union, which was well attended by all staff and Directors. This year we also included a Board Governance Workshop facilitated by Paul Rooney from Constituent Associates.

The financial and membership figures are explained in other areas of this report, with the AGM being held on 1<sup>st</sup> December and I will be recommending to the members present that the dividend paid will double from 1% to 2% and a variable interest rebate on loans, based on the rate of interest when the loan was issued, again, all finer details will be found in other areas of this annual report. The usual promotions were held in November 2022 and May 2023 and both were very successful.

This year again brought a change in staff with the introduction of a new position of Business Data Management Higher Level Apprentice, Hannah joined our team at the end of September and a new Business Support Assistant, Nikki who started with us in October, I wish you both well and hope you enjoy your time with Harp and Crown Credit Union.

We, as a Board, totally appreciate all the work that the staff do in the day to day running of the organisation on behalf of the membership, I thank you for all the work throughout the year, this includes all our excellent staff and most certainly not least Siobhan our CEO.

We continue to support and sponsor the PSNI Rugby Club and appreciate their contribution to the credit union with advertising and general promotion throughout the year and we thank them. This year we have introduced a template for a wider and fairer application system for Sponsorship and all applications have been considered during the month of October and the relevant applicants will be notified in due course.

This year, as in previous years, it was a pleasure to contribute the usual charity donations to organisations and as before we had one Police Charity namely Police Widows Association, and two local organisations Action Cancer and Beyond the Battlefield; each have received £1,000.

I look forward to another successful year ahead and would like to take this opportunity to thank all our members for your continued support in the participation of the Harp and Crown Credit Union. We are going from strength to strength.

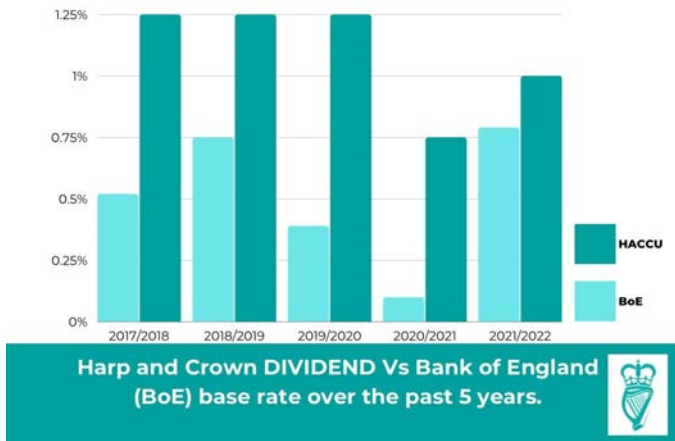
Fred Boyd  
President


## Chief Executive’s Report

I am delighted to be reporting to the membership on yet another very successful year for Harp & Crown Credit Union, thanks for which, go to you, our members. It is down to your continued support by saving with the credit union that we have been able to provide access to affordable credit for those members who need it most especially during these challenging economic times in a continuing cost-of-living crisis. We have heard from some of our borrowers that the impact of the credit union has been life changing and that we have been a real support when they needed it most. We were blown away by this feedback received in response to one of our member surveys:

*“Please continue this service to the police family. In short you have supported me joining the job I wanted from age 18. For me personally, it has helped arrange my finances and make them manageable. As a late joiner my salary dropped dramatically and the initial loan offer as a probationer helped smooth the transition into policing before my salary increased to what it was previously. I have also decorated my home, funded a Degree and Masters and hopefully a PhD next year. I have also used the service to pay for a new vehicle and family outings. I try to save when I can and like the immediate repayments made from my pay. Thank you.”*

Despite the impact of the cost-of-living crisis on both the membership and the wider credit union sector, Harp & Crown Credit Union has experienced another year of growth seeing an increase on the loan book of just over half a million pounds to £15.8 million. The surplus (before payment of dividend and interest rebate) has increased by 70% to £850k and we continue to look after your savings of more than £44 million. The credit union has remained stable and resilient throughout previous difficult years and as can be seen in the table below has paid dividends well in excess of the Bank of England base rate at the time.





As noted in the President's Report we started celebrations for the 25th Anniversary of the credit union in the summer months and will conclude these celebrations in December with a fabulous Members' Prize Draw. Our new marketing strategy has given us the opportunity to engage directly and online with our members more than ever before, raising the profile and awareness of the credit union within the common bond. We have listened to your views and have developed the credit union accordingly while helping to grow our membership. We intend on having even more face-to-face engagement with the common bond by bringing the credit union into the police community with site visits and attendance at conferences in the near future.

As I conclude my report for 2023, I would also like to thank the President, a founding member, and all the Board for their unwavering support and dedication to the credit union. I cannot thank the staff team at Harp & Crown enough for their continued hard work and focus on ensuring they provide the highest level of service to you, our members.

Siobhan Barclay  
CEO



## Treasurer's Report

It gives me great pleasure to present to you the Treasurer's report for financial year ended September 2023, in what has continued to be another challenging year. Unfortunately, the worldwide economic pressures from the past few years continue to impact on us all, with rising fuel and food prices, significant interest rate increases affecting mortgage repayments and the current cost of living squeeze impacting negatively on all our household income.


Despite this, Harp and Crown Credit Union have been privileged to continue to support and assist our members and I am delighted to report that we have for a second year exceeded our budgeted financial objectives and have achieved a net surplus in excess of £849k, an increase of almost 70% on the previous year. This outstanding result has been a combination of maximising income streams, with exceptional success achieved from the return on our investments; stringent continual review of operational costs, with good success in reducing loans arrears due to a persistent and focused approach and a strategic marketing campaign following the enhancement of our loans product offerings. None of this would have been possible without either the hard work and dedication of our CEO and the staff team, and I wish to thank and congratulate them on this success, or your continued business and support as our members.

The Board of Directors have reviewed the year-end accounts, along with the auditor Brian Ruddell, Ruddell & Company and are pleased to report that the year-end financial positions are well within regulatory requirements in terms of capital reserves, liquidity and counterparty exposure. Given our significant increase in profitability I am delighted to propose a dividend of 2%, a 100% increase on last year. At our last AGM it was proposed and agreed that a new matrix for calculating and applying loan interest rebate would be introduced, whereby our loan interest rebate will be the equivalent to the rate charged on each loan product. Therefore, our rate of interest rebate is detailed below:

- Standard Loan – 12%
- Loan £5K - £19.9K – 7.9% & 6.9%
- Loan £20K + - 5.9% & 4.9%
- Loyal Saver Loan – 3.9%
- First Time Loan – 5.5% & 3.9%

As required by the Prudential Regulation Authority Rulebook, a full programme of internal audit was completed in relation to financial compliance. The Internal Auditor has continued to assume





responsibility for the Supervisory Function within the Credit Union. The Directors are pleased to have been provided with assurance from the internal audit reports that internal controls encompassing the governance, operations and information systems are in place, and are operating effectively in both financial compliance and supervisory function.

As we continue to celebrate our 25 years of business, it is good to look back at our significant achievements. Our current loan book is £15.8 million made up of loans of various sizes to our members and our share balance across all members is £44.2 million. Harp and Crown Credit Union now have total assets more than £51.2 million. We continue to be regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) and we enjoy a good working relationship with the Bank of England.

The biggest challenges we will face into the future are continuing to grow our loan book, increase our membership and provide a more user-friendly digital platform for our members which will enhance the capabilities, services and products we can offer. As Treasurer, may I ask all members to assist us with these challenges, consider us first the next time you need to borrow money; save with us regularly either for yourself, your children or your grandchildren or indeed follow us on our social media platforms. We are a highly reputable, well established, and compliant Credit Union and are privileged to continue to serve our Police family.

Lorraine Black  
Treasurer



## Credit Committee Report

This is my fifth annual report as Chairperson of the Credit Committee, and I have great pleasure in presenting this report to the members. With the Harp & Crown Credit Union expanding at Newforge by taking over additional office space, the credit union offices give a more work and customer friendly appearance.

The country is still having a cost-of-living crisis and Harp & Crown is endeavouring to help the credit union members when and where possible. The Credit Committee meets monthly and on other occasions if warranted. The Credit Committee consists of 5 members, two of which are serving members and 3 Directors. The serving members of the Credit Committee are valuable as they give the committee an enhanced flexibility to cover any issue. In the year to 30 September 2023 the credit union issued 1,715 loans at a total value of just over £6.9 million. In that same period 87 applications came before the Credit Committee with 75 being approved and 12 declined.

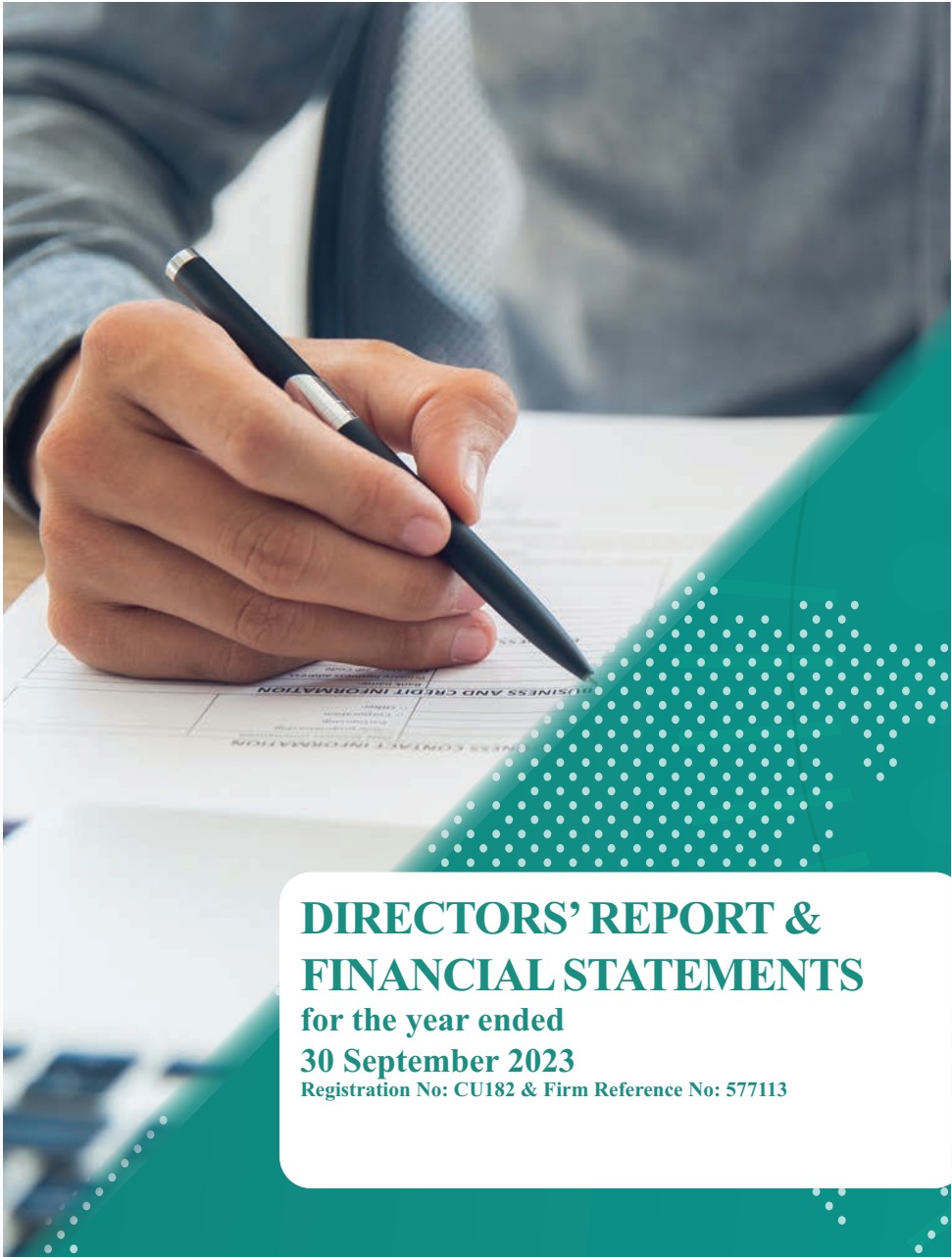
Applications come to the Credit Committee for various reasons such as having a low credit score. Each application is thoroughly checked and a decision is made on the available evidence before the committee. At times we ask for more evidence before a decision is made and that is why all members must ensure that all relevant information is supplied when applying for a loan, if not, the application will not proceed without it. When a decision is made by the Credit Committee, the applicant is usually informed on the same day it is made, and they are also informed of the appeals system, if applicable. The twice-yearly promotions are still going from strength to strength and are helping to meet our members' needs. There is a proviso in the promotion in that the applicant must meet the criteria.

Once again, I thank the staff and the committee members for their hard work and help during this past year. Finally, I thank the volunteers who gave up their free time and helped at the promotional events the Harp & Crown attended during the past year.

Ernest McCall BSc (Hons), BA, Cert Ed  
Board Member & Chairperson, Credit Committee

## Proposed Rule Changes

<b>Rule No.</b>	<b>Current Rule</b>	<b>Proposed Rule</b>
<b>51</b>	<b>Number of Directors</b>	
51.1	The number of Directors of the credit union shall not be less than 5 or more than 11, or a maximum, as may be determined annually by members at an annual general meeting.	The number of Directors of the credit union shall not be less than 5 or more than <del>13</del> 13, or a maximum, as may be determined annually by members at an annual general meeting.



**DIRECTORS' REPORT &  
FINANCIAL STATEMENTS**  
for the year ended  
**30 September 2023**  
Registration No: CU182 & Firm Reference No: 577113

# Harp & Crown Credit Union Limited

## Administrative Information

For the year ended 30 September 2023

### Directors

Mr Fred Boyd                      President  
Mr John Montgomery              Secretary  
Mrs Lorraine Black              Treasurer  
Mr George Clydesdale  
Mrs Daphne Caldwell  
Mr John Stratton  
Mr Ernie McCall  
Mr Alistair McGowan  
Mr John Magill  
Serving Officer  
Serving Officer

### Registered Office

18b Newforge Lane  
Belfast  
BT9 5NW

### Auditor

Ruddell & Company  
Chartered Accountants & Registered  
Auditors  
50 Portmore Street  
Portadown  
Co Armagh

### Bankers

Ulster Bank Limited  
Arches Retail Park  
Belfast  
BT5 4AF



# **Harp & Crown Credit Union Limited**

## **For the year ended 30 September 2023**

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# **Harp & Crown Credit Union Limited**

## **Statement of Directors' Responsibilities**

### **For the year ended 30 September 2023**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable Credit Union law and generally accepted accounting practice in Northern Ireland including the accounting standards issued by the Financial Reporting Council and published by Chartered Accountants Ireland.

Credit Union law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the surplus for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and to enable them to ensure that the financial statements comply with the Credit Union (Northern Ireland) Order 1985. They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Signed:**

**President**

**Dated:**



# **Harp & Crown Credit Union Limited**

## **Directors' Report**

### **For the year ended 30 September 2023**

The directors present their report and the financial statements for the year ended 30 September 2023.

#### **Review of Business**

The level of activity during the year and the year-end financial position were satisfactory and the directors anticipate that the present level of business will continue for the foreseeable future.

#### **Results and Dividends**

The results for the year are set out on page 19.

The directors recommend a dividend of 2% (2022 – 1%) and interest rebates at loan issued rate, i.e. 12%, 7.9%, 5.5%, 5.9% and 3.9% for the year ended 30 September 2023 (2022 – at loan issued rates 12%, 6.9%, 4.9% and 3.9%).

20% of the surplus after tax amounting to £169,949 (2022 - £100,152) is transferred to a general reserve. The surplus after tax for the purposes of this calculation is calculated after adding back the interest payable during the year of £538,542 in respect of share accounts (see note 5).

Details of funds held on behalf of juniors are set out in note 17.

#### **Directors**

Details of the directors who served during the year are set out on page 13.

All directors served for the entire year.

#### **Auditor**

In accordance with Article 44 of the Credit Union (Northern Ireland) Order 1985, a resolution proposing that Ruddell & Company, Chartered Accountants & Registered Auditors, be re-appointed as auditor of the Credit Union will be put to the Annual General Meeting.

This report was approved by the Board on 1 December 2023 and signed on its behalf by: -

**Signed**

**President**

**Dated**



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARP & CROWN CREDIT UNION LIMITED**

We have audited the financial statements of Harp & Crown Credit Union Limited for the year ended 30 September 2023 which comprise the Revenue Account, the Balance Sheet, the Statement of changes in Retained Earnings, the Cash Flow Statement and the related notes. 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).

## **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 15 the directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report, including the opinion, has been prepared for and only for the credit union's members as a body in accordance with the Credit Union (Northern Ireland) Order 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the credit union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and with the Credit Unions (Northern Ireland) Order 1985.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
HARP & CROWN  
CREDIT UNION LIMITED (cont.)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Credit Unions (Northern Ireland) Order 1985 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the credit union in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the credit union in accordance with the requirements of the legislation;
- the revenue account to which our report relates, and the balance sheet are not in agreement with the books of account of the credit union;
- we have not obtained all the information and explanations necessary for the purposes of our audit.

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Ruddell & Company  
Chartered Accountants &  
Registered Auditors  
50 Portmore Street  
Portadown

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Date

## Harp & Crown Credit Union Limited

### Revenue Account

#### for the year ended 30 September 2023

	Note	2023 £	2022 £
Loan interest receivable and similar income	4	<b>1,806,619</b>	1,307,774
Interest payable	5	<b>(538,542)</b>	(435,099)
<b>Net interest income</b>		<b>1,267,627</b>	872,675
Fees and commissions receivable	6	<b>1,071</b>	715
Fees and commissions payable	6	<b>(24,342)</b>	(20,774)
<b>Net fees and commissions payable</b>		<b>(23,271)</b>	(20,059)
Administrative expenses	7a	<b>(668,534)</b>	(645,747)
Depreciation and amortisation	10	<b>(19,726)</b>	(77,232)
Other operating expenses	7b	<b>(32,790)</b>	(26,577)
Impairment (losses)/gains on loans to members	11e	<b>(43,456)</b>	30,089
<b>Surplus before taxation</b>		<b>479,850</b>	133,149
Taxation	9a	<b>(168,647)</b>	(67,486)
<b>Surplus for the financial year</b>		<b>311,203</b>	65,663

# Harp & Crown Credit Union Limited

## Balance Sheet

### as at 30 September 2023

	Note	2023 £	2022 £
<b>ASSETS</b>			
<b>Cash, cash equivalents and liquid deposits</b>			
Loans and advances to banks	15	<b>35,846,419</b>	39,883,657
Loans and advances to members	11	<b>15,286,761</b>	14,636,032
Tangible fixed assets	10	<b>9,642</b>	23,171
Prepayments and accrued income		<b>146,396</b>	138,289
<b>Total assets</b>		<b>51,289,218</b>	54,681,149
<b>LIABILITIES</b>			
Subscribed capital – repayable on demand	12	<b>43,641,374</b>	47,341,786
Other payables	13	<b>864,883</b>	867,604
		<b>44,506,257</b>	48,209,390
General Reserve		<b>450,248</b>	280,299
Undistributed Reserve		<b>6,332,713</b>	6,191,460
<b>Total liabilities</b>		<b>51,289,218</b>	54,681,149

The financial statements were approved, and authorised for issue, by the Board on 1 December 2023 and signed on its behalf by:

Signed Chairman

Signed Secretary

Signed Treasurer

Dated:

## Harp & Crown Credit Union Limited

### Statement of changes in retained earnings

#### for the year ended 30 September 2023

	2023	2022
	£	£
As at 1 October 2022	6,471,758	6,406,096
Total comprehensive income for the year	311,203	65,663
<b>As at 30 September 2023</b>	<b>6,782,961</b>	<b>6,471,758</b>

# Harp & Crown Credit Union Limited

## Cash flow statement

### for the year ended 30 September 2023

	Note	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Surplus before taxation		<b>479,850</b>	133,149
<b>Adjustments for non-cash items:</b>			
Depreciation	10	<b>19,726</b>	77,232
Impairment losses/ (gains)	11e	<b>43,456</b>	(30,089)
		<b>543,032</b>	180,292
Movements in:			
Accrued interest		<b>9,007</b>	29,744
Other receivables		<b>(17,116)</b>	(124)
Other payables		<b>(104,574)</b>	190,833
		<b>(112,683)</b>	220,453
<b>Cash flows from changes in operating assets and liabilities</b>			
Cash inflow from subscribed capital	12	<b>14,278,380</b>	13,894,700
Cash outflow from repaid capital	12	<b>(17,978,792)</b>	(14,543,807)
New loans to members	11a	<b>(6,935,219)</b>	(7,357,661)
Repayment of loans by members	11a	<b>6,241,034</b>	6,212,221
		<b>(4,394,597)</b>	(1,794,547)
Taxation paid		<b>(66,794)</b>	(58,207)
<b>Net cash flows from operating activities</b>		<b>(4,031,042)</b>	(1,452,009)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	<b>(6,196)</b>	(829)
Net cash flow from managing liquid deposits		<b>4,998,605</b>	1,332,555
		<b>4,992,409</b>	1,331,726
<b>Net increase in cash and cash equivalents</b>		<b>961,367</b>	(120,823)
Cash and cash equivalents at beginning of year		<b>13,089,772</b>	13,210,055
<b>Cash and cash equivalents at end of year</b>	15	<b>14,051,139</b>	13,089,772

# Harp & Crown Credit Union Limited

## Notes to the financial statements

### for the year ended 30 September 2023

## 1. Legal and regulatory framework

Harp & Crown Credit Union Ltd is registered under the Credit Unions (Northern Ireland) Order 1985, whose principal activity is to operate as a credit union. Harp & Crown Credit Union Ltd has registered with the Financial Conduct Authority and is regulated by the Prudential Regulation Authority under the provisions of the Financial Services and Markets Act 2000.

In accordance with the regulatory environment for credit unions, deposits from members can be made by subscription for redeemable shares, deferred shares and interest-bearing shares. At present Harp & Crown Credit Union Ltd has only issued redeemable shares.

## 2. Accounting policies

### Basis of preparation

These financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are prepared on the historical cost basis.

### Going concern

The financial statements are prepared on the going concern basis. The directors of Harp & Crown Credit Union Ltd believe this is appropriate despite a mismatch in the maturity analysis of subscribed capital and loans to members, because any such risk is mitigated by: -

- The loyalty of our members, most of whom have been members for many years.
- Ensuring that we have adequate liquid funds to deal with withdrawal requests.
- Emphasising the benefits of saving with the credit union, including access to loans (which can be lost if savings are withdrawn).

### Income

Loan interest receivable and similar income: Interest on both loans to members and loans to banks (i.e. cash and cash equivalents held on deposit with other financial institutions) is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Fees and commissions receivable: Fees and charges either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is completed.

Other income: Other income is recognised when it is received.



## Taxation

The tax charge for the year reflects current tax payable. Current tax is the expected corporation tax payable for the year, using tax rates in force for the year. Harp & Crown Credit Union Ltd is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income.

As a result of the limited activities of Harp & Crown Credit Union Ltd from which profits are chargeable to corporation tax, it is unlikely that deferred tax will arise.

## Tangible fixed assets

Tangible fixed assets comprises leasehold improvement and items of furniture and equipment including computer equipment, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost of each item of furniture and equipment, less its estimated residual value, on a straight line basis over its estimated useful life. Furniture and equipment is depreciated as follows:

Leasehold improvements	Over the lease term
Furniture and equipment	25% straight line

## Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and with the Bank of England and loans and advances to banks (i.e. cash deposited with banks) with maturity of less than or equal to three months.

## Financial assets – loans and advances to members

Loans to members are financial assets with fixed or determinable payments, and are not quoted in an active market. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method. Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member.

## Impairment of financial assets

Harp & Crown Credit Union Ltd assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.



## Financial liabilities – subscribed capital

Members' shareholdings in Harp & Crown Credit Union Ltd are redeemable and therefore are classified as financial liabilities, and described as subscribed capital. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

## Reserves

Retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to members.

## 3. Use of estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying Harp & Crown Credit Union Ltd's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

### Impairment losses on loans to members

As part of the ongoing monitoring of Harp & Crown Credit Union Ltd's loan book, Harp & Crown Credit Union Ltd makes judgements on the degree of risk of non-payment attached to loans that are in arrears.

Harp & Crown Credit Union Ltd makes the following minimum impairment losses on loans to members in accordance with rules set by the Prudential Regulation Authority: -

- 35% of the net liability to the credit union of borrowers where the amount is more than three months in arrears;
- 60% of the net liability to the credit union of borrowers where the amount is more than six months in arrears;
- 80% of the net liability to the credit union of borrowers where the amount is more than nine months in arrears; and
- 100% of the net liability to the credit union of borrowers where the amount is more than twelve months in arrears.

## 4. Loan interest receivable and similar income

	2023	2022
	£	£
Loan interest receivable from members	<b>1,041,806</b>	950,159
Bank interest receivable on cash and liquid deposits	<b>764,363</b>	357,615
<b>Total loan interest receivable and similar income</b>	<b>1,806,169</b>	1,307,774

## 5. Interest expense

Interest expense is the dividend and loan interest rebate paid to members for the prior year. The dividend and loan interest rebate are formally proposed by the Directors after the year end and are confirmed at the following AGM. As a result, it does not represent a liability at the balance sheet date.

	2023	2022
	£	£
Interest paid during the year	538,542	435,099
<b>Dividend rate:</b>		
Share accounts	1%	0.75%
<b>Loan interest rebate:</b>		
Standard Loan (up to £4.99k)	12%	10%
Loan £5k - £19.99k	6.9%	10%
Loan £20k+	4.9%	10%
Probationer Loan	3.9%	10%
Loyal Saver Loan	3.9%	10%
First Time Loan	3.9%	10%
<b>Interest proposed, but not recognised</b>	<b>969,275</b>	<b>618,262</b>
<b>Dividend rate:</b>		
Share accounts	2%	1%
<b>Loan interest rebate:</b>		
Standard Loan (up to £4.99k)	12%	12%
Loan £5k - £19.99k	7.9%	6.9%
Loan £20k+	5.9%	4.9%
Probationer Loan	3.9%	3.9%
Loyal Saver Loan	3.9%	3.9%
First Time Loan	5.5%	3.9%

## 6. Fees and commissions receivable

	2023	2022
	£	£
Entrance fees	1,071	715
Investment management and other fees	(24,342)	(20,774)
<b>Total fees and commissions receivable</b>	<b>(23,271)</b>	<b>(20,059)</b>

## 7. Expenses

		2023	2022
	Note	£	£
Administrative expenses	7a	<b>668,534</b>	645,747
Depreciation and amortisation	10	<b>19,726</b>	77,232
Other operating expenses	7b	<b>32,790</b>	26,577
		<b>721,050</b>	749,556

### 7a. Administrative expenses

		2023	2022
	Note	£	£
Employment costs	8b	<b>311,126</b>	277,949
Directors' remuneration	8c	<b>10,743</b>	-
Management Consultancy costs		<b>29,714</b>	900
Recruitment, training & subscriptions		<b>5,173</b>	15,542
Promotion & advertising		<b>25,575</b>	29,289
Directors' & officers' expenses		<b>12,549</b>	11,238
Death benefit claims		<b>89,778</b>	105,084
Auditors' remuneration	7c	<b>21,396</b>	34,377
Computer costs & software		<b>95,254</b>	107,642
Telephone & broadband		<b>7,375</b>	5,985
Printing, postage & stationery		<b>6,036</b>	5,881
Donations & sponsorship		<b>14,378</b>	12,699
Legal & professional & credit control		<b>15,963</b>	10,136
Other insurance costs		<b>13,652</b>	20,589
General & other administrative expenses		<b>9,822</b>	8,436
<b>Total administrative expenses</b>		<b>668,534</b>	645,747

## 7b. Other operating expenses

Other operating expenses comprise the costs of occupying offices and regulatory and financial management costs:

	2023	2022
	£	£
<b>Cost of occupying offices (excluding depreciation)</b>		
Rent & Rates	21,277	15,267
	<b>21,277</b>	<b>15,267</b>
<b>Regulatory and financial management costs</b>		
Financial Conduct Authority and Prudential Regulation Authority fees	2,513	2,310
Fidelity insurance	9,000	9,000
	<b>11,513</b>	<b>11,310</b>
	<b>32,790</b>	<b>26,577</b>

## 7c. Auditors' remuneration

Harp & Crown Credit Union Ltd voluntarily presents an analysis of its auditors' remuneration in accordance with the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.

	2023	2022
	£	£
Fees payable for the audit of Harp & Crown Credit Union Ltd's annual accounts	8,820	8,400
Fees payable to Harp & Crown Credit Union Ltd's auditor for other services:	-	-
<b>Total auditors' remuneration</b>	<b>8,820</b>	<b>8,400</b>

## 8. Directors' Remuneration, employees and employment costs

Directors receive a modest remuneration in recognition of their time and dedication to cover preparation time (maximum of 1 hour) and attendance time (maximum of 2.5 hours) for Board and Committee meetings. Details of staff costs have been shown below.

### 8a. Number of employees

The average monthly number of employees during the year were:

	2023	2022
	Number	Number
Office staff	9	9

### 8b. Employment costs

	2023	2022
	£	£
Wages and salaries	268,425	239,781
Social security costs	26,402	23,527
Payments to defined contribution pension schemes	16,299	14,641
<b>Total employment costs</b>	<b>311,126</b>	<b>277,949</b>

### 8c. Directors' Remuneration

The Directors of Harp & Crown Credit Union Ltd are its key management personnel.

	2023	2022
	£	£
Gross emoluments (preparation and attendance)	10,743	-
Payments to defined contribution pension schemes	-	-
<b>Total key management personnel compensation</b>	<b>10,743</b>	<b>-</b>



## 9. Taxation

### 9a. Recognised in the Revenue Account

The taxation charge for the year, based on the small profits rate of Corporation Tax of 22%, (2022: 19%) comprised:

	Note	2023 £	2022 £
Current tax			
UK Corporation tax	9b	<b>168,647</b>	67,486
<b>Total current tax and total taxation expense recognised in the Revenue Account</b>		<b>168,647</b>	67,486

### 9b. Reconciliation of taxation expense

Harp & Crown Credit Union Ltd is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income. As a result, the tax charge for the year differs from the standard rate of Corporation Tax. The differences are explained below:

	2023 £	2022 £
Surplus before taxation	<b>479,850</b>	133,149
Surplus before taxation multiplied by small profits rate of corporation tax in the UK of 22.0% (2022: 19.0%)	<b>105,667</b>	25,298
<b>Effects of:</b>		
Non-taxable surplus on transactions with members	<b>63,080</b>	42,188
<b>Total tax charge for the year</b>	<b>168,647</b>	67,486

## 10. Tangible fixed assets

Tangible fixed assets comprise the following property, plant and equipment:

	Leasehold Improvements	Furniture & Equipment	Total
	£	£	£
<b>Cost</b>			
At 30 September 2022	7,200	301,981	309,181
Additions	1,116	5,081	6,197
Disposals	-	(250)	(250)
<b>At 30 September 2023</b>	<b>8,316</b>	<b>306,812</b>	<b>315,128</b>
<b>Depreciation</b>			
At 30 September 2022	4,895	281,115	286,010
Charge for the year	1,863	17,863	19,726
On disposals	-	(250)	(250)
<b>At 30 September 2023</b>	<b>6,758</b>	<b>298,728</b>	<b>305,486</b>
<b>Net book value</b>			
<b>At 30 September 2023</b>	<b>1,558</b>	<b>8,084</b>	<b>9,642</b>
At 30 September 2022	2,305	20,866	23,171

## 11. Loans and advances to members – financial assets

### 11a. Loans and advances to members

	Note	2023 £	2022 £
As at 1 October 2022		<b>15,288,986</b>	14,280,910
Advanced during the year		<b>6,935,219</b>	7,357,661
Repaid during the year		<b>(6,241,034)</b>	(6,212,220)
Bad debts written off		<b>(157,606)</b>	(137,365)
<b>Gross loans and advances to members</b>	11b	<b>15,825,565</b>	15,288,986
<b>Impairment losses:</b>			
Individual financial assets	11b	<b>(68,820)</b>	(42,949)
Groups of financial assets	11c	<b>(469,984)</b>	(610,005)
		<b>15,286,761</b>	14,636,032

### 11b. Memorandum – Total loan assets for regulatory purposes

	Note	2023 £	2022 £
Gross loans and advances to members	14b	<b>15,825,565</b>	15,288,986
Impairment of individual financial assets		<b>(68,820)</b>	(42,949)
<b>Total loan assets for regulatory purposes</b>		<b>15,756,745</b>	15,246,037



## 11c. Credit risk disclosures

Harp & Crown Credit Union Ltd does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. The maximum loan to each member is either £30,000 or four times in excess of their attached shares, whichever is less. The average loan actually issued during the year ended 30 September 2023 was for an amount of £4,043 (£4,036 for the year ended 30 September 2022).

The carrying amount of the loans to members represents Harp & Crown Credit Union Ltd's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2023		2022	
	Amount £	Proportion %	Amount £	Proportion %
<b>Not impaired:</b>				
Neither past due nor impaired	10,945,117	69	11,197,266	73
Up to 3 months past due	4,382,953	28	3,462,608	23
Between 3 and 6 months past due	67,445	0.4	63,008	0.4
Between 6 months and 1 year past due	32,962	0.2	37,316	0.2
Over 1 year past due	397,088	2.5	528,788	3.4
<b>Sub-total: loans not impaired</b>	<b>15,825,565</b>	<b>100</b>	<b>15,288,986</b>	<b>100</b>
<b>Individually impaired:</b>				
Not yet past due, but impaired	(24,118)	35	(10,258)	24
Up to 3 months past due	(8,283)	12	(22,644)	53
Between 3 and 6 months past due	-	-	-	-
Between 6 months and 1 year past due	(36,419)	53	(3,916)	9
Over 1 year past due	-	-	(6,131)	14
Total loans	15,756,745	100	15,246,037	100
Impairment allowance	(469,984)		(610,005)	
<b>Total carrying value</b>	<b>15,286,761</b>		<b>14,636,032</b>	

Factors that are considered in determining whether loans are impaired are discussed in Note 3.

## 11d. Allowance account for impairment losses

	Note	2023	2022
		£	£
As at 1 October 2022		652,954	820,408
Decrease in allowances in year	11e	(114,150)	(167,454)
<b>As at 30 September 2023</b>		<b>538,804</b>	<b>652,954</b>

## 11e. Impairment losses/(gains) recognised for the year

	2023	2022
	£	£
Impairment of individual financial assets	25,871	(22,276)
Decrease in impairment allowances during the year	(140,021)	(145,178)
Bad debts written off	157,606	137,365
<b>Total impairment losses/ (gains) recognised for the year</b>	<b>43,456</b>	<b>(30,089)</b>

## 12. Subscribed capital – financial liabilities

	Note	2023	2022
		£	£
As at 1 October 2022		47,341,786	47,990,893
Received during the year		14,278,380	13,894,700
Repaid during the year		(17,978,792)	(14,543,807)
<b>As at 30 September 2023</b>	14b	<b>43,641,374</b>	<b>47,341,786</b>

Deposits from members may only be made by way of subscription for shares.

## 13. Other payables

	2023	2022
	£	£
UK Corporation Tax	172,332	70,479
Amount owed to juniors	635,626	617,360
Accruals and deferred income	56,925	179,765
	<b>864,883</b>	<b>867,604</b>

## 14. Additional financial instruments disclosures

### 14a. Financial risk management

Harp & Crown Credit Union Ltd manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable.

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

**Credit risk:** Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Harp & Crown Credit Union Ltd, resulting in financial loss to Harp & Crown Credit Union Ltd. In order to manage this risk the Board approves Harp & Crown Credit Union Ltd's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

**Liquidity risk:** Harp & Crown Credit Union Ltd's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of Harp & Crown Credit Union Ltd's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Note 2 provides further details about the impact of the maturity mismatch on the going concern status of Harp & Crown Credit Union Ltd.

**Market risk:** Market risk is generally comprised of interest rate risk, currency risk and other price risk. Harp & Crown Credit Union Ltd conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore Harp & Crown Credit Union Ltd is not exposed to any form of currency risk or other price risk.

**Interest rate risk:** Harp & Crown Credit Union Ltd's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a credit union's operations. Harp & Crown Credit Union Ltd considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. Harp & Crown Credit Union Ltd does not use interest rate options to hedge its own positions. Harp & Crown Credit Union Ltd charges a fixed interest rate of a maximum of 1% per month on all of its loans to members. The return Harp & Crown Credit Union Ltd receives on its cash with the Bank of England and loans and advances to banks (i.e. cash deposited with banks) is influenced by market rates and in particular by the Bank of England rate and general economic factors. To mitigate the risk of unfavourable rate movements, Harp & Crown Credit Union Ltd try to hold a proportion of its funds in one to five year fixed term accounts.

## 14b. Interest rate risk disclosures

The following table shows the average interest rates applicable to relevant financial assets and financial liabilities.

	2023	Average	2022	Average
	Amount	interest	Amount	interest
	£	rate	£	rate
<b>Financial assets</b>				
Loans to members	15,825,565	6.53%	15,288,986	6.33%
<b>Financial liabilities</b>				
Subscribed capital				
Share accounts	44,277,334	1%	47,341,786	1%

The interest rates applicable to loans to members are fixed at varying rates depending on the loan product. The interest payable on subscribed capital is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and interest payable. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

## 14c. Liquidity risk disclosures

Excluding short-term other payables, as noted in the balance sheet, Harp & Crown Credit Union Ltd's financial liabilities, the subscribed capital, are payable on demand.

## 14d. Fair value of financial instruments

Harp & Crown Credit Union Ltd does not hold any financial instruments at fair value.

## 15. Cash and cash equivalents

	2023	2022
	£	£
Loans and advances to banks	35,846,419	39,883,657
	35,846,419	39,883,657
Less: amounts maturing after three months	(21,795,280)	(26,793,885)
<b>Total cash and cash equivalents</b>	<b>14,051,139</b>	<b>13,089,772</b>

## 16. Post balance sheet events

There are no material events after the balance sheet date to disclose.

## 17. Funds held on behalf of juniors

	2023	2022
	£	£
Cash on deposit	<b>636,343</b>	617,360
Amount owing to junior members by CU	<b>(635,626)</b>	(617,360)
	<b>717</b>	-
Represented by: -	£	£
Junior members savings	<b>635,626</b>	617,360
Interest for distribution	<b>717</b>	-
	<b>636,343</b>	617,360

There were 407 junior members at 30 September 2023.

## 18. Related party transactions

Aggregated balances held by Harp & Crown Credit Union Ltd's Directors, staff and their dependants at 30 September: -

	2023	2022
	£	£
Shares	<b>138,362</b>	171,854
Loans	<b>95,473</b>	94,904

These loans were approved on the same basis as loans to other members of Harp & Crown Credit Union Ltd. None of the directors, staff or their dependants have any preferential terms on their loans.



*The Harp and Crown Credit Union are the Principal sponsors of PSNI Cricket Club in 2023.*



*The Harp and Crown Credit Union sponsored PSNI RFC for the 18th year.*



*The Harp and Crown Credit Union sponsored the Alan McDonald Soccer School of Excellence (June 2023) for the first time.*



*Siobhan Barclay, Harp and Crown Credit Union CEO presents George Clarke, RUCGC PSNI Benevolent Fund Chief Executive with a £1,500 donation cheque. Funds were raised through the Harp and Crown 25th Anniversary Dinner in October 2023.*



*Siobhan Barclay (Harp and Crown Credit Union CEO) presents a £500 donation cheque to K9 Search and Rescue NI Team Leader and Founder, Ryan Gray - pictured with his superstar search dog Max!*



*Harp and Crown CU 25th Anniversary Dinner: L-R Stephen White (Chairman of RUCGC Foundation), Fred Boyd (Harp & Crown President), George Clarke (RUCGC PSNI Benevolent Fund Chief Executive) and ACC Chris Todd.*



*Three members of the Harp and Crown Credit Union's first Board of Directors (1998) attended the 25th Anniversary Dinner: L-R Mr Drew Buchanan MBE, Mr Fred Boyd (President) and Mr David McClurg MBE OBE.*





*Harp and Crown CU 25th Anniversary Dinner - Board of Directors: L-R John Magill (Assistant Secretary), John Montgomery (Secretary), Lorraine Black (Treasurer), Fred Boyd (President), Ernie McCall (Director), Daphne Caldwell (Director), George Clydesdale (Director), Alistair McGowan (Director).*



*RUGGC Widows Association team L-R: Iona Meyer MBE (Secretary), Edwina Tester (Chairperson) and Irene Moore (Treasurer) are presented with a £1,000 donation cheque from Siobhan Barclay, Harp and Crown Credit Union CEO.*



Tony Frazer (Harp and Crown CU member) and overall winner of the Harp and Crown 25th Anniversary Golf Competition (August 2023), receives his winning crystal trophy from Harp and Crown CEO, Siobhan Barclay.



L-R Mark Jones, Corporate Partnerships Executive of Action Cancer is presented with a £1,000 donation cheque from Fred Boyd, Harp and Crown Credit Union President.



L-R Robert McCartney, Chairperson of Beyond the Battlefield and Annemarie Hastings, CEO of Beyond the Battlefield are presented with a £1,000 donation cheque from John Montgomery, Harp and Crown Credit Union Secretary.



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**@HarpandCrownCU**

**T: 028 9068 5198**

**E: [creditunion@harpandcrown.co.uk](mailto:creditunion@harpandcrown.co.uk)**

**Newforge Sports Complex,  
18b Newforge Lane, Belfast BT9 5NW**

**[www.harpandcrown.co.uk](http://www.harpandcrown.co.uk)**



Harp & Crown Credit Union Ltd.  
Newforge Sports Complex  
18b Newforge Lane  
Belfast  
BT9 5NW

**Tel:** 028 9068 5198

**Email:** [creditunion@harpandcrown.co.uk](mailto:creditunion@harpandcrown.co.uk)

**Website:** [www.harpandcrown.co.uk](http://www.harpandcrown.co.uk)

**Opening Hours:**

Monday – Friday 09:00 – 17:00

CLOSED SATURDAY & SUNDAY

FRN: 577113

Harp & Crown Credit Union Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.