



### The Growth Fund

As MoneyWise started the financial year we had secured a contract to deliver low cost affordable loans to applicants on low income or state benefit.

In 2005 the Government announced a Financial Inclusion Task Force in an attempt to tackle Financial Inclusion in England & Wales. £120M was earmarked for the project that would tackle key areas of Financial Inclusion. Access to free debt advice, access to Basic Bank Accounts and access to low cost affordable loans. £36M was provided to 'Third Sector Lenders' like Credit Unions.

To date MoneyWise has

granted 883 loans at a value of £280,000. We have received £86,000 in revenue support for the scheme enabling us to fund two full time posts and assistance with the management and supervision of the project.



Under the contract all money repaid will ultimately belong to

the credit union and this is seen as an opportunity to boost the overall reserves .

As well as providing a capital boost to the credit union it means we are able to provide support to the financially excluded without using members' money.

The Government have now decided to extend the scheme for another three years and the Board of MoneyWise is considering whether or not to tender for a new contract. With contracts due to start in April we hope to have a decision in time for the AGM.

### Introducing new staff

MoneyWise are pleased to introduce Mick Martin to the staff. Mick was originally recruited to replace Joe Robb who left us in the summer but has agreed to become our credit control officer.



**Mike Martin**

Credit control has always been a secondary role for staff and directors but now we have decided to create the role as a completely "stand alone" function.

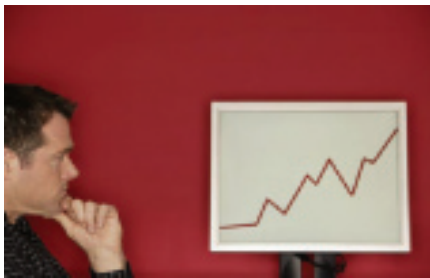
Mick has a wealth of experience having worked for many finance companies over the years. As a former branch manager with Provident Personal Finance his knowledge and experience of the sector is invaluable. He is currently undergoing training as an advisor for the Citizens Advice Bureau in South Tyneside which we feel sure will help the credit union in the long term.

**2008 AGM**  
 The Annual General Meeting will be on  
 Wednesday  
 12th March 2008  
 from 12:00 noon at  
 St. Silas Church, Byker.

All resolutions for the meeting, or nominations to serve on the Board of Directors should be received at the Head Office by Monday 10th March.

## Bad Debt Review

Last years AGM and final accounts reported differences between our interpretation of bad debt and that of our auditor. Those of you who were at the AGM will remember a lot of discussion and comment was around our bad debt. This year we have had similar difficulties around non-payment of loans and made some very significant changes to our loan policy.



These included a more detailed loan application, more emphasis placed on disposable income, greater credit checks and stronger decision making.

The Board feels these measures have improved our position but we still need to do more. The effects on the financial markets last year took companies like Northern Rock by surprise and also "knocked on" to lenders like MoneyWise. A greater emphasis has been placed on provision for bad debt by the regulators and this year the Board has taken the unusual decision to provide more for bad debt than the minimum FSA standards.

The Board have agreed that instead of declaring a profit for the year they are going to set aside an additional £36,000 towards bad debt. The effect of this means the accounts show a loss for the year of £10,000. In taking this decision the Board are keen to stress the importance of membership to the credit union. When a member decides not to pay it affects everyone. By moving all profit into bad debt it is hoped members will pass on the message that the good payers and supporters of MoneyWise are losing out to our neighbours, work colleagues and even relatives.

## Financial Inclusion in Newcastle

During the year we invited members of Newcastle City Council to join members of MoneyWise on a fact finding visit to Glasgow. (Our Chief Exec really wanted a fact finding visit to America but had to settle for Glasgow)

The aim was to highlight the efforts being made around debt and poverty in Glasgow, the role the credit union plays in Scotland and to challenge the current thinking of Newcastle City Council.

Councillors Peter Arnold and Gareth Cooper attended the visit along

with Fiona Swindell from NCC's Community Development unit.

From that visit a number of meetings have been held in attempt to raise the profile of the credit union within the council and we are hopeful we can influence the Local Area Agreement and Newcastle's Future Development Plan.



### Meet the Directors

At last years AGM, Alistair Chisholm joined the Board of Directors. Alistair has worked as a volunteer and staff member for local organisations that promote financial inclusion. He says that he is glad he got involved, as he has been welcomed by the credit union, and because MoneyWise's work providing fair lending and accessible savings is and important and interesting.

We are always on the look out for volunteer Directors to enhance the Board so if you are concerned with how the credit union is being run why not come along and find out how you can become involved. We do not expect a massive time input and there is always lots of support available.

## CEO Report

As previously mentioned in this newsletter the contract with Department for Work and Pensions to deliver the Growth Fund made a significant impact on our workload and commitment. We recognised there were occasions when the amount of work at busy times meant it appeared at times that we were neglecting our existing members. It can look like this at times due to the extra work holidays and Christmas loan applications places on the organisation but I can assure members everyone is treated the same way.

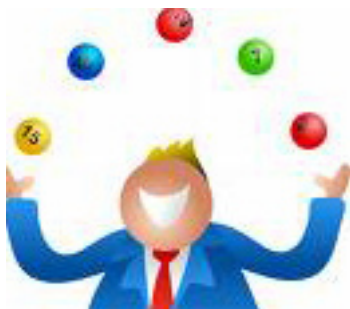
The Growth Fund contract allowed us to take a fresh look at our lending practice both in terms of the application process and the follow up action for delinquent

loans. I feel confident we now have a balanced loan application process and with all lenders now taking a more cautious approach to lending I hope members recognise the need for us to be similarly cautious. Part of our review is to afford the correct level of support to the function of credit control which is why we have now appointed a Credit Control Officer. It's worth reminding members that £25,000 of bad debt equates to 1% dividend payment.



## Lottery

Our members lottery has now been running for 18 months and has paid out almost £3000 in prize money.



To succeed it needs members and as the majority of money is returned in prizes, the more members that take part the bigger the prizes can be.

Playing is easy. You can have up to a maximum of 10 tickets at £1 each.

All you need to do is ensure there is sufficient money in your share account to meet the monthly deduction. The computer system takes your stake and

The Growth Fund has provided a significant boost to our reserves that can only serve to strengthen the credit union as it continues to grow.

## Depositing large sums of Cash

We have been advised by our bank that a minimum fee of £10 will be charged to our members in respect of large cash sums deposited at counter.

Because of insurance restrictions, the credit union cannot accept cash payments over £200 and therefore request that large deposits, where possible be made via cheque.

The Credit Union will still accept large sums but warn members that a charge may be raised.

then returns any winnings back into your account.

To enter simply contact our Head Office, complete an application form and let us do the rest. Alternatively you can apply on-line at [www.moneywise.org.uk/lottery](http://www.moneywise.org.uk/lottery)

## Thanks for the Support

We acknowledge the continued support provided by the **Northern Rock Foundation** who are contributing to the salary of our Chief Executive Officer Andrew Breese. The funding for this post is in its final year and Northern Rock Foundation currently provides one third of Andrew's salary.



We are also grateful for the support from **Newcastle City Council**. Head Office and Civic Centre staff maintain an excellent working relationship across the authority. We currently receive approximately £250,000 per month from 2300 members salary payments. Managing these numbers and providing accurate and regular amendments is a mammoth task and the Board of Directors recognises the contribution made.

