Kent Savers Annual General Meeting – 31st March 2021

Treasurer's Report

In my second report as Treasurer, I had been hoping to report an improved performance following on from the changes we had made to Kent Savers to raise awareness and improve our credit control processes with the appointment of our Revenue Manager.

The financial year ending in September 2020 was very much a year of two halves with growth in our gross lending, share deposits and membership all increasing to record levels by March 2020.

In the second half of the year the unprecedented times resulting from the Covid pandemic was felt immediately with an impact on the performance of our loans in view of some of our lending to the most vulnerable in society. Impact from loss of temporary work or placement on furlough placed a significant stain on finances of our customers, however we have been able to work with those impacted putting in place arrangements with deferral of interest and repayments where necessary.

Demand for new loans also reduced in the second half of the year as people stayed home and there was limited opportunity to spend money other than on essentials. New loans for the whole year were £453,000 down from £819,000 the prior year. The reduction of new loans and the increased impairments on existing loans has resulted in the loans net of impairments reducing from £1,225,000 to £892,000.

The double impact of reduced income and increased impairments had a detrimental effect on the performance in the year resulting in a loss of £62,000, this would have been much worse if it had not been for the support Kent County Council and Orbit Housing converting existing subordinated loans into unrestricted grants, grants and donations from Gravesend Churches Housing Association, the Friends of Kent Savers and our ordinary members. In total this supported provided over £100,000 of additional income. I would like to take this opportunity to personally thank those involved in providing financial support in the year.

In light of the loss our capital ratio reduced to 3.77%, but this remains above the regulatory requirement of 3%.

Looking forward with the country still in the grips of the pandemic and continued financial hardship of many of our members a loss is predicted for the current financial year, however since our new membership portal was launched, we have seen a return to growth in our loans which will help rebuild our finances over time.

In view of the loss in 2020 and the expected loss in the current financial year reluctantly I will not be recommending payment of a dividend this year.

Finally, as I did last year, I would like to thank our Head of Finance for her diligence and hard work in preparing our financial reporting throughout the whole year and for our year end reporting.

Gavin Richards
Treasurer