



# Together we make a difference.

## **Business Review** including the Summary Financial Statement

For the year ended 7 February 2022 and  
notice of the 163rd Annual General Meeting

**Chorley  
Building  
Society**

TRUSTED SINCE 1859



# Contents

<b>3</b>	A Message from our Chief Executive
<b>5</b>	Our Highlights
<b>6</b>	Charity and Community Support
<b>11</b>	A Day in the life
<b>12</b>	Member Journeys
<b>13</b>	Summary Financial Statement
<b>20</b>	Independent Auditors' Statement
<b>21</b>	Directors' Remuneration Report
<b>23</b>	Our Directors
<b>26</b>	Notice of AGM
<b>27</b>	Voting Conditions

## A Message from our Chief Executive



“Despite the year and all of our lives being dominated once again by the global pandemic, I am pleased to report that your Society has delivered a strong all-round business performance.”

The Society has delivered growth in its savings balances, mortgage assets and reserves. Our mortgage lending for the year was the second highest in the history of the Society and our reserves reached a record high.

A summary of the key financial performance indicators is detailed in the Summary Financial Statements on page 13 with full details provided in our Annual Report and Accounts, available on our website or by request from our Head Office.

We pride ourselves on the quality of our customer service and I am delighted to advise that, during the year, the Society was highly commended in a number of prestigious industry awards. This is illustrated by Smart Money People, the UK's largest independent financial services review website, who recently awarded the Society a five-star rating based on feedback from the mortgage intermediary community.

As a local community Building Society, I am delighted with the support we continue to provide to local good causes. This year we introduced our new ‘Chorley High Five’ initiative. In April 2021, your Board agreed to donate a minimum of 5% of operating profits each year to support great causes within our community of Lancashire. You can see tangible results of our ‘High Five’ initiative on pages 6 to 10 of this Business Review.

Looking forward, I am confident that our mutual business model and focus on delivering long term value will enable the Society to continue its success in making a real difference to the lives of our Members and to the local community.

I would like to thank all of our Members for your support throughout the year and our amazing team for their impressive performance and continued commitment and dedication to the Society.

**Stephen Penlington**  
**Chief Executive**

30 March 2022

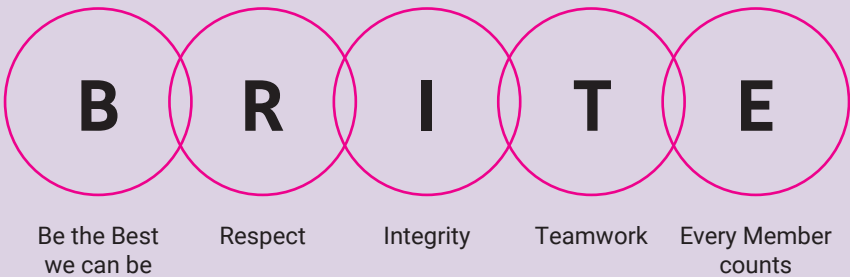
# Our Vision

To be the provider of choice for savings and residential mortgages whilst remaining true to our mutual values.

# Our Values

- › Security and Stability
- › Trust
- › Investment in our People and in our Systems
- › Customer Service

# Employee Values, Behaviours and Conduct



# Our Highlights



Total assets increased by

## 3.8%

(2021: 12.7%)



Mortgage balances increased by

## 7.8%

(2021: 12.6%)



Savings balances increased by

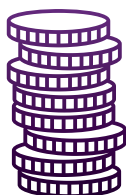
## 1.3%

(2021: 12.6%)

Ambassador at  
**Inspire, Chorley Youth Zone**



AN **INSPIRE** YOUTH ZONE



Net profit

## £1.18m

(2021: £0.57m)



Capital increased to

## £22.0m

(2021: £20.8m)

**Chorley  
High  
Five!**

Launched  
**Chorley High Five**  
and donated **£52.0k**  
to local charities and  
community groups

# Charity and Community Support

This year we have really helped make a significant difference to many charities and community groups.

The continuing impact of the COVID-19 pandemic meant that 2021 proved to be another challenging year for many good causes, which rely heavily on the support of others for donations and help.

During the year we have donated over £52,000 to good causes, a huge amount which we know will make such a difference to the lives of so many.

We would like to thank all of our Members and the local community for their continued support.

## Chorley High Five

In April 2021, our Board made a commitment to donate a minimum of 5% of operating profits each year to support great causes within our community of Lancashire.

We call it the Chorley High Five!

The 5% donation is available to local charities, community groups, not-for-profit organisations and grassroots clubs that support our aims of:

- › Supporting Member and community wellbeing
- › Tackling poverty and homelessness
- › Supporting grassroots sporting activities

Our Charity Committee, which is made up of Chorley Building Society colleagues, meets as frequently as required and at least quarterly, to review applications and award donations.

Here are just a few examples of some of the groups we have helped.



**For you.  
For your community.**

## £500 for Child Action North West

Blackburn-based Child Action North West (CANW) works with more than 6,000 children, young people and families in the passionate belief that every person has the right to achieve their full potential regardless of background and circumstances.

CANW work in the heart of communities – often in partnership with other organisations – to end family cycles of deprivation, drug and alcohol abuse, lack of self-esteem, youth crime, teenage pregnancies and broken families.

Rebecca Ainsworth, CANW's Trainee Community and Partnerships Fundraiser, said: "This donation will be focused on school-age children to help us to provide one-to-one counselling and therapeutic support in the Chorley area, working with schools to increase children's awareness of mental health and creating strategies to manage their own mental health."



## £1,000 for Chorley Help The Homeless

Chorley Help the Homeless supports people in need across the Chorley and South Ribble areas, including those impacted by the COVID-19 pandemic. It offers a wide range of support with housing needs but also other issues, such as money, food and family worries linked to furlough, low income, benefit applications or unemployment.

Speaking about the donation, Charity Manager Gill Ferris said: "We're really grateful to Chorley Building Society for this £1,000 and will put it to good use on frontline services. The Society plays a very important role in the community, which we really appreciate."



## £250 for Chorley FC Foundation

A donation of £250 went to the Chorley FC Foundation, which helped to fund weekly sporting memories group sessions offering 'wellbeing through reminiscence' and gentle exercise for people living with dementia, loneliness and/or depression. The sessions are open to over-55s, their families and carers.



**CHORLEY FC**  
**COMMUNITY**  
**FOUNDATION**  
INSPIRE. SUCCESS. TOGETHER.

## £275 for MS Society

The donation we made was specifically for the MS Society's Chorley and Leyland group, which helps approximately 100 people locally combat isolation and remain active thanks to regular get-togethers, seated exercise and Pilates classes and seated hydrotherapy sessions.

The award went towards the cost of therapists who provide the sessions, as well as those who provide home-based physiotherapy and podiatry for members whose disability precludes them from getting out for therapies.



## A proud Ambassador of Inspire, Chorley Youth Zone

For the last three years we have been proud to support Inspire, Chorley Youth Zone, a charity that has 'inspired' many of the employees at the Society. Inspire is a purpose-built facility for the borough's young people ages 8-19 (and up to 25 for those with disabilities). They provide a fun and safe environment where young people can come and enjoy themselves.

Knowing what an amazing difference this organisation makes to the lives of young people in our local community, we decided at the beginning of the year to formalise this support.

We asked the team at Inspire how we could make a difference to the lives of the young people that attend.

We were saddened when they told us that many young people locally do not have basic nutritional knowledge and cooking skills. They also told us that as part of their mission to eradicate food poverty, they provide 34,000 hot meals after school and also provide 12,000 hot meals for children who rely on free school meals. This touched all of our hearts and the team agreed to support Inspire with a £10,000 donation to use in this area.

Becoming an 'Ambassador' of the charity and supporting their 'Learning Kitchen' will give young people key life skills that will help them thrive at home and school whilst helping to ensure that no child in the local area goes hungry.

## Supporting Operation Christmas Cheer

We were also very pleased to be able to support Inspire's Christmas campaign by donating 500 selection boxes and huge piles of stocking fillers so that children across Chorley, who may otherwise been unable, could have the Christmas they truly deserved.



## The North West Air Ambulance Charity – our chosen Charity of the Year



The North West Air Ambulance Charity (NWAA) takes advanced healthcare to scene, reaching, treating and transferring patients to definitive care as quickly as possible and working collaboratively with other emergency services to ensure they are transferred to the best treatment centre thus improving chances of survival and reducing the risk of long term injury. The service is funded by the generosity of the public through donations, fundraising activity, lottery membership and through NWAA's network of retail outlets, who provide vital charitable funding to keep the service flying.

We have been delighted to support the NWAA throughout the year. Fundraising has proven difficult again with restrictions in place but our team are always coming up with imaginative ways to raise money, including our Chair of the Board who walked a million steps to raise sponsorship money for the charity. Our teams also donated money to dress in their football finery during the Euro 2020 football competition.



# For 2022, our Members have chosen Derian House to be our Charity of the Year.

Derian House Children's Hospice looks after more than 450 seriously ill babies, children and young people from across the North West. The charity has been offering families a home from home for almost 30 years and helps them to make the very most of the time they have, creating precious memories to last a lifetime. Our employees are excited to come up with new and inventive ways to raise money for this very worthwhile charity throughout 2022.



## Affinity Accounts

The Society was delighted to give £35,540 across eight affinity account partners. These accounts are a great example of how our Members contribute so generously to local charities and organisations.



Derian House



St Catherine's Hospice



Age UK Lancashire



Galloways



Rosemere Cancer Foundation



Age Concern



Chorley FC



North West Air Ambulance Charity

# A Day in the Life of...

## Gill Cinar - Deputy Branch Manager



Gill Cinar, Deputy Branch Manager

**“I’m responsible for the day-to-day running of the branch to make sure that our Members receive an exceptional service.”**

My role as Deputy Branch Manager means that I am part of our Savers team and usually work at our High Street branch alongside my colleagues Amanda and Steph. The branch is an integral part of the high street in Chorley and is valued by our Members.

My role is very much focused on customer service and ensuring each and every person who contacts us receives exceptional service.

### My Typical Day...

I arrive at work ready to brief the team on the priorities for the day. Every day is different so it’s always interesting to see what each day will bring! Once we open the branch, the focus is on our Members and ensuring we do everything we can to help.

One of my favourite things about working at Chorley is the relationships we have with our Members - we know many of them by name and really look forward to chatting about what’s happening in their lives whilst attending to their needs. Like in any of our branches, my team

deal with all face-to-face enquiries, this can range from opening an account for a new born child to supporting account closure through bereavement. As we don’t ask Members to make appointments, they are able to walk into any of our branches and speak to us. I’m regularly told how much they love that they can visit any of our branches and speak to someone face-to-face or put a face to the name of the person who has helped them on the phone or online.

By knowing our Members so well, this allows the team to build great relationships. Many of our Members have held accounts with us for many years and we have seen them bring their children and grandchildren, along to open accounts with us. This makes us very proud.

We recently launched a will-writing service and receive many enquires for this so training the team on this service has been a focus for me and something I’ve found to be very rewarding given the importance of everyone having a will.

### The Skills I Use Every Day...

One skill that I have learnt which is essential in my role is the importance of being able to listen. Listening to our Member feedback means I am able to focus on continually improving the service we offer in the branch as well as passing on feedback on our products and services to our product development team. We also use Smart Money People to gather feedback and it makes both me and the team so proud to read some of the lovely comments shared about us. When we see that we’re rated as ‘Amazing’ with an overall rating of 4.77 out of 5 it makes all the hard work worthwhile!

### Final Word...

I hope you’ve enjoyed reading about my day and if you ever need any help, please give us a call or drop in to the branch – we’d love to meet you!

## Member Journeys

### First Time Buyers

My partner Jamie and I had been together for almost a year when the COVID-19 pandemic began.

We elected to move in together with his parents so as not to be apart for any long periods of time. As lockdown continued, it became apparent the world was going to be 'closed' for much longer than any of us could have anticipated so we decided to begin searching for our very first home together.

We both adore Victorian terraces and dreamt of finding a little gem near to our families. We knew we needed to work with a mortgage provider with exceptional customer service to ensure we didn't miss out on our dream first home. We approached Chorley initially with an email and received a call back from one of their advisors the very same day! We worked closely with an underwriter named Lee who explained clearly the documentation we would need to provide and also helped explain what our expectations for a mortgage should be. As first time buyers, the process was explained to us in a simple and professional manner and at no stage did we feel overwhelmed or unsure of what should or would happen next.

After months of searching, we found 'the one' and knew we had to act fast. As the Chorley had already processed our Decision in Principle, we were able to make an offer there and then which was accepted by the sellers!

Unfortunately, following valuation, the house was valued under our offer price which meant we had to either put down a larger deposit, reduce our offer or miss out on the house we had fallen in love with from the moment we saw it. It was an emotional time but the Chorley were fantastic. Lee explained all the options and helped us secure our dream first home after all.

From there on, it was smooth sailing and within 12 weeks we were all moved in. The icing on the cake was on moving day, my partner 'popped the question' and we are now engaged.

Chorley's professionalism and personal service allowed us to secure our dream first home in the midst of a housing market boom and global pandemic. We also feel much more confident and knowledgeable about the house buying process in general.

**Thank you Chorley from Rosie and Jamie!**



"Helping people secure their new home, is a fantastic part of my role at Chorley Building Society. It was an absolute pleasure to help Rosie and Jamie move into their first house together. I hope they will be very happy in their dream home."

Lee Ellison, Mortgage Underwriter

# Summary Financial Statements

This financial statement is a summary of information in the audited Annual Accounts, the Directors' Report and Annual Business Statement, all of which are available to Members and depositors, free of charge on demand at every branch of The Chorley and District Building Society and from its website [www.chorleybs.co.uk](http://www.chorleybs.co.uk) from 11 April 2022.

## Summary Directors' Report

The Directors have pleasure in presenting the Business Review, including the Summary Financial Statements, for the year ended 7 February 2022.

The Board remains unanimous in its belief that the mutual form is the most appropriate and beneficial to the interests of all existing and future Members.

Throughout the global COVID-19 pandemic which persisted during 2021, resilience in the UK housing market continued with further activity potentially stimulated by the changing needs of borrowers and extension to the temporary reduction in stamp duty.

The UK savings market has seen further growth in 2021 with investors turning to cash savings in a volatile investment market. In addition, savings have continued to increase by the reduced spending opportunities available for those with disposable income. However, despite this prolonged period of economic uncertainty and intermittent lockdowns, the Directors are pleased that the Society is reporting another successful year. A summary of the year end performance against the Society's strategic objectives is outlined below.

### Deliver a personal service crafted to meet your needs

The Society places great value on offering a professional and personalised experience for all Members, both through our friendly and well-trained staff in our branches and through our complementary online offerings. During the past year we were delighted to launch our online facility allowing savings accounts to be applied for and opened, online as well as introducing a facility to allow Members to accept a mortgage offer digitally.

### Remain a safe home for your money

One of the Board's roles is to set the Society's strategy. The main Key Performance Indicators which are used by the Board to monitor the performance of the Society's strategy are detailed in the following table.

Key Performance Indicators	2022	2021
Total assets	£311.7m	£300.3m
Total asset growth	3.8%	12.7%
Profit after taxation	£1.18m	£0.57m
Net interest margin	1.9%	1.7%
Management expenses as a percentage of mean total assets	1.5%	1.4%
Gross mortgage lending	£66.3m	£66.4m
Net mortgage balances	£259.0m	£240.0m
Mortgage asset growth	7.8%	12.6%
Shares and deposit balances	£269.5m	£266.1m
Capital	£22.0m	£20.8m
Gross capital as a percentage of shares and borrowings	7.6%	7.5%
Free capital as a percentage of shares and borrowings	7.1%	6.9%
Tier 1 capital ratio	20.2%	20.7%
Liquid assets as a percentage of shares and borrowings	17.3%	20.7%

### Encourage our Member base to flourish

Despite the backdrop of a global pandemic, the Society achieved record levels of mortgage balances in the year. Our teams have been dedicated to supporting our Members, providing a high quality service and a flexible approach. During the year we launched a range of new mortgage products such as 'Shared Ownership' and 'Holiday Let' products, which acknowledge the ever changing needs of our Members, whilst remaining a responsible lender. Our product range for savers Members continued to include instant access and a range of notice products with competitive rates. The Society keeps its savers and mortgage product offerings and market positioning under constant review and makes changes accordingly.

We were delighted to introduce numerous initiatives during the year to provide added value to our Members. These included the launch of regular Member newsletters as well as the launch of a relationship with Accord Legal Services to ensure all Members have access to a will writing service.

## Always live by our BRITE Values

The Society's service proposition is founded upon highly qualified and well-trained employees who are motivated to act in the best interests of our Members, equipped with the appropriate training, systems and tools to do the job properly. The Society remains committed to training and career development for all employees. Remote working facilities successfully continued throughout 2021 for all appropriate employees.

As an equal opportunities' employer, the Society values the differences that a diverse workforce can bring and is committed to ensuring that its workplaces are free from discrimination because of race, nationality, ethnic or national origin, gender (including gender reassignment), sexual orientation, age, religious beliefs, marital status or disability.

## Make a difference in the local community in which we operate

### Charitable and Political Donations

The communities in which our branches operate form the heart of the Society. During the year, supporting local community groups and charities has been more important than ever. As a Society we have continued to support charities with much needed donations and our employees have been involved in many activities to raise money for charity and community groups. As well as this, in April 2021, we made a commitment to donate a minimum of 5% of operating profits each year to support great causes within our community of Lancashire.

We call it the Chorley High Five! The 5% donation is available to local charities, community groups, not-for-profit organisations and grassroots clubs that support our aims of:

- › Supporting Member and community wellbeing
- › Tackling poverty and homelessness
- › Supporting grassroots sporting activities

During the year, £52,002 was donated in relation to the High Five and comprised 24 beneficiaries including our Member voted Charity of the year, the North West Air Ambulance Charity. In addition, we donated Christmas gifts to local children who would not otherwise receive presents at Christmas. We also gave to the following affinity savings partners during the year; Rosemere Cancer Foundation, Age Concern, The North West Air Ambulance Charity, Derian House, St Catherine's Hospice, Galloways Society for the Blind, Chorley Football Club and Age UK Lancashire.

No donations were made for political purposes. Further details on the Society's charitable giving during the year can be found in the Charity and Community Support information on page 6.

## Profitability

The Society seeks to make sufficient profit in order to invest in and grow the business for the benefit of its current and future Members. Profit enhances our financial strength and is necessary to meet the levels of capital, including protection buffers, required under the Capital Requirements Directive. Financial strength also protects the Society against its principal risks and uncertainties and safeguards Members' funds. The Society prepares its results under Financial Reporting Standard (FRS) 102.

Income Statement Overview	2022 £m	2021 £m
Total income	5.9	4.9
Management expenses	(4.6)	(4.0)
Loan impairment provisions	0.1	(0.2)
<b>Profit before tax</b>	<b>1.4</b>	<b>0.7</b>

Profit before tax increased by £0.7m to £1.4m during the year from £0.7m in the previous year due to increased mortgage balances. The Society anticipates that the market will remain competitive and that our business model will ensure that sufficient profitability will be generated in 2022/23 to meet our future-planned objectives.

## **Events since the Year End**

On 24 February 2022 Russian Forces entered Ukraine, resulting in a reaction from Western nations including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy and the resulting impact on borrower's affordability. The Directors have taken account of these potential impacts in their going concern assessments.

## **The Future Outlook**

The outlook for the UK economy remains uncertain for 2022/23 and it can be expected to impact financial performance. As a UK organisation, the Society has no direct exposure to the EU however the wider economic implications of Brexit may still have an impact.

The war in Ukraine is devastating and the long term impacts will bring uncertainty to many. The expectation is that the invasion will apply further upward pressure to already rising living costs in the UK.

Furthermore, the full economic impact of rising inflation and the cost of living is still unknown and can be reasonably expected to impact mortgage affordability.

In addition, the possibility of new COVID-19 variants causing further disruption creates a high level of uncertainty. The Board remains confident in the quality of the Society's underwriting however, profitability may be impacted by further economic uncertainty.

The Board considers the Society to be well positioned for a potential severe economic downturn as evidenced in stress tests carried out including rising inflation, rising cost of living, the COVID-19 pandemic, Brexit and the war in Ukraine.

The Society maintains adequate levels of liquidity and capital and is able to withstand the stresses it has undertaken. Our Board remains vigilant and continues to watch for any adverse economic indicators. Whilst there may be challenges on the horizon, the Society is well placed to continue its successful business performance and to deliver our vision 'to be the provider of choice for savings and residential mortgages whilst remaining true to our mutual values' and mission statement 'to make a difference to the lives of our Members and the local community'.

Our business model remains viable and the risks to our business are understood, well controlled and our assets are of high quality, with low levels of arrears and substantial equity. We have more than sufficient levels of capital and liquidity to meet our objectives and our underlying profitability performance is strong. The Board believes that a successful future outlook lies ahead.

## **Going Concern**

As outlined above, the current economic conditions present risks and uncertainties for all businesses. The Directors have carefully considered the risks and uncertainties and the extent to which they might affect the preparation of the financial statements on a going concern basis.

### The Directors consider that:

- › The availability and quality of liquid assets is such that funds are available to repay exceptional demand from retail saver Members;
- › Other assets are primarily in the form of mortgages secured on residential property. Regular assessment of the recoverability of all mortgage assets is undertaken and provisions are made where appropriate and;
- › Reasonable profits have been generated in order to keep gross capital at a suitable level to meet regulatory requirements.

The Society has considered the financial impacts of the risks arising as a result of rising inflation, rising cost of living, the COVID-19 pandemic, Brexit and the war in Ukraine by undertaking rigorous stress-testing of the potential outcomes, the results of which demonstrate that it has sufficient capital resources to withstand a range of severe stress scenarios. The Directors are therefore satisfied that the Society has adequate resources to continue in business for the foreseeable future and at least twelve months from 30 March 2022. For this reason, the accounts are prepared on a going concern basis.

### Provision of Information to the Auditor

Each person who is a Director at the date of approval of this report confirms that:

- › So far as the Director is aware, there is no relevant audit information of which the Society's Auditor is unaware and;
- › Each Director has taken all the steps that they ought to have taken as a Director to be aware of any relevant audit information and to establish that the Society's Auditor is aware of that information.

### Independent Auditor

The Society regularly assesses the effectiveness of the external audit process and the approach

taken to the appointment and reappointment of the external Auditor. This assessment is done on an annual basis, after the completion of the year end audit. This is reported to and discussed at the Audit, Risk & Compliance Committee meeting.

Mazars LLP has expressed its willingness to continue in office as Auditor and in accordance with Section 77 of the Building Societies Act 1986, a resolution for the reappointment of Mazars LLP as Auditor will be proposed at the Annual General Meeting on 24 May 2022.

### A Final Note from the Chair of the Board

The Summary Financial Statements tell of the progress of your Society in 2021 and I am very proud of what has been accomplished through what has been another challenging year. The financial performance demonstrates that we continue to keep your money safe whilst providing mortgages to our Members at a fair price, including those with complex financial circumstances.

During the year, Julia Cattanaach was co-opted to the Board as a Non-Executive Director. Julia has held the position of Chief Risk Officer at Experian since 2016 as well as being a qualified solicitor in England and Wales. She has a wealth of experience in legal and compliance, especially in the financial services sector and further strengthens your Board of Directors.

I am proud to be Chair of the Board and to serve your Society. As a Board, we will continue to focus on delivering benefits to you, our Members and to our local community as we move forward into 2022.

On behalf of the Board

**John Sandford**  
Chair of the Board

30 March 2022



## Summary Financial Statement

For the 53-week period ended 7 February 2022 and for the 52-week prior period ended 1 February 2021.

Statement of Income and Movements in Members' Interests	2022 £000	2021 £000
Net interest income	5,806	4,855
Other income and charges	80	24
Administrative expenses	(4,563)	(3,958)
Operating profit before provisions and taxation	<b>1,323</b>	<b>921</b>
Provisions for impairment losses	123	(216)
<b>Profit for the year before taxation</b>	<b>1,446</b>	<b>705</b>
Tax on profit on ordinary activities	(264)	(130)
<b>Profit for the financial year</b>	<b>1,182</b>	<b>575</b>

Statement of Financial Position	2022 £000	2021 £000
<b>Assets</b>		
Liquid assets	50,095	57,812
Mortgages	259,031	239,999
Fixed and other assets	2,557	2,484
<b>Total Assets</b>	<b>311,683</b>	<b>300,295</b>
<b>Liabilities</b>		
Shares	268,621	265,236
Borrowings	20,133	13,638
Other liabilities	911	585
General reserves	22,018	20,836
<b>Total Liabilities</b>	<b>311,683</b>	<b>300,295</b>

Summary of Key Financial Ratios	2022 %	2021 %
Gross capital as a percentage of shares and borrowings	7.63	7.47
Liquid assets as a percentage of shares and borrowings	17.35	20.73
Profit for the year as a percentage of mean total assets	0.39	0.20
Management expenses as a percentage of mean total assets	1.49	1.40

## Notes

The percentages shown opposite are taken from the Society's Annual Report and Accounts for the financial year ended 7 February 2022.

### Gross Capital

Gross capital represents the general reserves. The gross capital ratio measures the proportion of which the Society's capital bears to the Society's liabilities to investors. The Society's capital consists of profits accumulated over many years in the form of reserves. Capital provides a financial cushion against unforeseen eventualities which might arise in the Society's business and ensures that Members are properly protected.

### Liquid Assets

The liquid assets ratio measures the proportion of the Society's shares and borrowings which are held in the form of cash, short term deposits and securities which can be readily converted into cash. Liquid assets are maintained at a level which enables the Society to meet requests from investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

### Profit

The profit ratio measures the proportion which profit after taxation for the financial year bears to the average of the Society's total assets during the year. The Society needs to make a reasonable level of profit each year in order to maintain its capital ratios at an appropriate level to protect Members and to satisfy regulatory requirements.

### Management Expenses

The management expenses ratio measures the proportion of the Society's administrative expenses, depreciation and amortisation to the average of the Society's total assets during the year. Administrative expenses consist mainly of the costs of employing staff, operating computer systems and other office expenses.

A copy of the Society's full Annual Report and Accounts is available to Members on our website at [www.chorleybs.co.uk](http://www.chorleybs.co.uk) or upon request at any Branch Office or by telephoning the Society on 01257 235000.

Approved by the Board of Directors on 30 March 2022 and signed on its behalf by:

**John Sandford**  
Chair of the Board

**Kevin Bernbaum**  
Vice Chair

**Stephen Penlington**  
Chief Executive

# Independent Auditor's Statement

to the Members and Depositors of  
The Chorley and District Building Society

We have examined the Summary Financial Statement of The Chorley & District Building Society set out on pages 13 to 19.

## Respective responsibilities of Directors and Auditor

The Directors are responsible for preparing the Business Review, including the Summary Financial Statement, in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Business Review with the full Annual Report and Accounts, Annual Business Statement and Directors' Report and its conformity with the relevant requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

## Basis of opinion

Our examination of the Summary Financial Statement consisted primarily of:

- Agreeing the amounts included in the Summary Financial Statement to the corresponding items within the full Annual Report and Accounts, Annual Business Statement and Directors' Report of the Society for the period ended 7 February 2022;
- Checking that the format and content of the Summary Financial Statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it and;
- Considering whether information has been omitted which although not specifically prescribed by section 76 of the Building Societies Act 1986 and regulations made under it, in our opinion, is necessary to ensure consistency with the full Annual Report and Accounts, the Annual Business Statement and Directors' Report of the Society for the period ended 7 February 2022.

We also read the other information contained in the Business Review and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. Our report on the Society's full Annual Report and Accounts describes the basis of our opinions on those Annual Report and Accounts, the Annual Business Statement and Directors' Report.

## Opinion on Summary Financial Statement

In our opinion the Summary Financial Statement is consistent with the full Annual Report and Accounts, the Annual Business Statement and Directors' Report of The Chorley and District Building Society for the period ended 7 February 2022 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

## Use of the statement

This statement is made solely to the Society's Members and Depositors as a body in accordance with section 76(5) of the Building Societies Act 1986. Our audit work has been undertaken so that we might state to the Society's Members and Depositors those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's Members and Depositors as a body for our audit work, for this statement, or for the opinions we have formed.

## Mazars LLP

### Senior Statutory Auditor

One St Peter's Square  
Manchester M2 3DE

30 March 2022

# Directors' Remuneration Report

This report informs Members of the Society about the remuneration of Non-Executive Directors and Executive Directors. It provides details of Directors' remuneration and explains the basis of its calculation.

Further details are available under our separate Pillar 3 Disclosure Document which is available on the Society's website at [chorleybs.co.uk](http://chorleybs.co.uk).

Remuneration is delegated to the Nominations & Remuneration Committee, which reports to the full Board.

## The Procedure for Determining Remuneration

The Nominations & Remuneration Committee is a Board Sub-Committee that forms part of the Society's Corporate Governance Framework. The Committee operates within the Terms of Reference agreed by the Board which are reviewed annually. The Committee comprises two Non-Executive Directors. The Chair of the Board, Chief Executive, Finance Director and Head of HR, Training & Facilities and H&S attend each meeting of the Committee although none are involved in consideration of any matters relating to their own remuneration and are absented from any such discussion. The Chief Risk Officer provides an Independent Report on Remuneration to the Nominations & Remuneration Committee regarding pay awards. The Committee reviews Non-Executive Directors and Executive Directors' remuneration annually, taking into consideration data from comparable organisations and from the market within which the Society operates.

Minutes of all Committee meetings are distributed to all Board members and the Chair of the Committee reports to the Board at the Board meeting following every Committee meeting.

The Society has adopted a simple remuneration structure which is appropriate to its business and is efficient and cost effective in promoting its long-term strategy.

Transparent salary, other benefits and pension contributions are supplemented by a modest and straight-forward bonus scheme that promotes continued involvement in the Society's ongoing success.

The Remuneration Policy does not include significant performance related variable remuneration. The Society does not offer guaranteed variable remuneration, share options, or medium or long-term incentive schemes. The Society does not offer variable remuneration, commission, retention awards or cash payments in excess of a set percentage of overall basic salary.

This is considered an important element of risk management so that variable remuneration does not form a significant element of total remuneration and so avoids incentivising behaviour inconsistent with the proper management and control of risk.

The Nominations & Remuneration Committee will consider the maximum to be paid in terms of variable remuneration on an annual basis.

## The Policy for Remuneration

### Non-Executive Directors' Remuneration

The Society's remuneration policy is to reward Directors through fees according to the time commitment and their expertise, experience and overall contribution to the successful performance of the Society.

### Executive Directors' Remuneration

The Society's remuneration policy is to set remuneration levels which will attract and retain Executive Directors and to set rewards that reflect responsibilities, time commitment and overall contribution to the successful performance of the Society.

### Contractual Terms

Non-Executive Directors have contracts for services and are appointed for an initial term of three years.

The Chief Executive is employed on a contract of employment that may be terminated by either party giving twelve months' notice.

The Finance Director and Customer Services Director are employed on a contract of employment that may be terminated by either party giving six months' notice.

## Directors' Remuneration

Total remuneration of the Society's Directors is shown in the tables below.

### Non-Executive Directors

	2022 £000	2021 £000
John Sandford (Chair of the Board)	30	28
Kevin Bernbaum (Vice Chair)	23	21
David Bagley	21	19
Julia Cattanaach	-	-
Joanna Hall	21	20
Andrew Horsley (to 26 May 2021)	8	23
Erfana Mahmood (to 26 May 2021)	7	19
Gail Teasdale	21	6
	<b>131</b>	<b>136</b>

### Executive Directors

2022	Salary £000	Pension Contributions £000	Bonus £000	Benefits £000	Total £000
Stephen Penlington	158	22	21	1	202
Angela Kos	121	12	16	1	150
Kimberley Roby	98	9	13	1	121
	<b>377</b>	<b>43</b>	<b>50</b>	<b>3</b>	<b>473</b>
2021	Salary £000	Pension Contributions £000	Bonus £000	Benefits £000	Total £000
Stephen Penlington	151	21	21	1	194
Angela Kos	114	11	15	1	141
Kimberley Roby	90	8	11	1	110
	<b>355</b>	<b>40</b>	<b>47</b>	<b>3</b>	<b>445</b>

# Our Directors



**John Sandford BA, MA, FCA**

**Chair of the Board**

John was co-opted to the Board in June 2014. He previously worked for KPMG for 33 years, the last 21 as an Audit Partner/Director, leaving KPMG at the end of 2010. John has developed a small portfolio of other Non-Executive and advisory roles within the mutual sector, chairing the Boards of Johnnie Johnson Housing and Epworth Investment Management Limited. He believes that Chorley has an important role to play within the mutual sector. John has been Chair of the Society since September 2016 having previously been Chair of the Audit, Risk & Compliance Committee. John is married to Judith and has two adult children. His interests include trying to reduce his golf handicap and he is a qualified cricket coach.



**Stephen Penlington BSc, MBA**

**Chief Executive**

Stephen joined the Society in 2006 as Chief Executive. He has a wealth of experience in financial services and has been in the building society movement ever since graduating from the University College of Wales in 1980 with a BSc Economics Honours degree. Stephen is Chair of the Assets & Liabilities Committee and Risk & Compliance Committee. A committed family man, he is an avid reader, loves music, keep-fit and is a rugby enthusiast. Stephen lives in Chorley and is a trustee of the Chorley Constituency (2015) Charitable Trust.



**Kevin Bernbaum BSc, MBA**

**Vice Chair and Chair of Audit, Risk & Compliance Committee**

Kevin was co-opted to the Board in June 2014. Kevin holds a degree in Accounting and Financial Analysis and an MBA (Finance). He has over 35 years' experience working within the banking and building society sector specialising in treasury, risk and balance sheet management. Having been brought up in Leicester, Kevin now lives in London and he has three grown-up children.



### **David Bagley FCA**

#### **Senior Independent Director and Non-Executive Director**

David was co-opted to the Board in July 2016. He is a graduate of Lancaster University and a Fellow of the Institute of Chartered Accountants in England & Wales. David has spent his career in professional services and finance, specialising in corporate finance, commercial and investment banking and private equity. He is married with two daughters and lives in Sheffield. David and his wife are active supporters of Guide Dogs where, for 10 years, he was a trustee and board member. David sits on the Nominations & Remuneration Committee and is the Society's Senior Independent Director. He is available to the Society's Members if they have concerns regarding their membership of the Society where contact through the normal channels of either Chair of the Board or Executive Directors has failed to resolve the matter or for which it is considered inappropriate.



### **Julia Cattanach LLB (Hons)**

#### **Non-Executive Director**

Julia was co-opted to the Board in February 2022. She is qualified as a solicitor in England & Wales. She has had a career in legal and compliance in financial services and has been the Chief Risk Officer for Experian in the UK since 2016. Experian is a global data and analytics firm, well known in the UK for its credit reference agency activities. Julia was born and grew up in New Zealand before coming to the UK in 1996. She lives in Nottingham with her husband and son.



### **Joanna Hall CIM**

#### **Chair of Nominations & Remuneration Committee and Non-Executive Director and Employee Champion**

Joanna was co-opted to the Board in June 2019 and now chairs the Nominations & Remuneration Committee. She is also the Whistleblowing Champion. She is Chartered Institute of Marketing qualified and digital marketing certified with over 30 years' experience in financial services. Joanna's passion is to help companies get closer to their customers, demonstrate their value and make it easier for them to do business. She is also a Non-Executive Director for Brewin Dolphin PLC and a Member Trustee Director for AON's £4bn Retirement Plan. Previous industry roles include AXA Health, Fidelity and eValue. She has also worked for a number of consulting firms, including KPMG, EY, Bacon & Woodrow (now Deloitte) and Tillinghast Towers Perrin (now Willis Towers Watson). Joanna was born and grew up in the North West and now resides in Kent with her husband, two children and dog.



### **Angela Kos FCCA, MSc, FCMI**

#### **Finance Director**

Angela joined the Society in 1999 and was co-opted to the Board in April 2013 as Finance Director. She is a Fellow of the Association of Chartered Certified Accountants and graduated from Loughborough University in 2018 with an MSc degree in Leadership and Management. Angela has since become a Fellow of the Chartered Management Institute. Angela has over 22 years' experience working in financial management at the Society and is also responsible for the Society's Secretarial, HR, Training, Facilities and Health & Safety functions. Angela is a member of the Assets & Liabilities Committee, Risk & Compliance Committee and Mortgage Credit Risk Committee. Angela was born in Chorley and lives in Adlington with her husband and three children.



### **Kimberley Roby BA (Hons), MSc**

#### **Customer Services Director**

Kimberley joined the Society in 2006 and was co-opted to the Board in September 2017 as Customer Services Director. She has responsibility for the Society's Marketing, Product, Mortgage, Savings, Business Development and IT operations. Kimberley is Chair of the Mortgage Credit Risk Committee and a member of the Assets & Liabilities Committee, Risk & Compliance Committee and Charity Committee. As a member of the Society's Charity Committee, Kimberley plays a key part in organising numerous charity events during the year, ensuring we support the local community as much as possible. She is passionate about mutuality and putting our Members at the heart of everything we do. Kimberley has a degree in Business Studies as well as a master's degree in Leadership and Management from Loughborough University. She lives in Coppull Moor with her husband and three young children.



### **Gail Teasdale ACA**

#### **Non-Executive Director**

Gail was co-opted to the Board in October 2020. She is a member of the Institute of Chartered Accountants England & Wales having qualified in 1993. She has held various Finance Director roles in a variety of industries before becoming the Chief Executive of Broadacres in January 2018. Broadacres is a housing association owning 6,500 homes across North Yorkshire. Gail is also a member of the Audit, Risk & Compliance Committee. Gail believes it is important that Members are at the core of decision making. Gail was born in Bradford and now lives near Harrogate with her husband and dogs. In her spare time she loves walking and running.

## Notice of Annual General Meeting

Notice is given that the 163rd ANNUAL GENERAL MEETING of The Chorley and District Building Society will be held on Tuesday 24th May 2022 at The Mill Café, St Catherine's Hospice, Lostock Lane, Preston, PR5 5XU at 18:00 p.m. to consider and vote on the resolutions and election and re-election of Directors as set out below:

### Ordinary resolutions

1. To receive the Auditor's Report.
2. To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 7 February 2022.
3. To consider and if thought fit, approve the Directors' Remuneration Report for the year ended 7 February 2022.
4. To consider and if thought fit, re-appoint Mazars LLP as Auditor.

### Election and re-election of Directors

5. To consider and if thought fit, re-elect Angela Kos as Director.
6. To consider and if thought fit, elect Julia Mary Cattnach as Director.

Light refreshments will be provided.

By order of the Board

**Angela Kos FCCA, MSc, FCMI**  
**Secretary**

30 March 2022

# Voting Conditions

1. These notes form part of the Notice of Meeting.
2. A Member entitled to attend the Meeting and vote may appoint one proxy to attend and vote on his or her behalf. You may appoint the Chairman of the Meeting or anyone else as your proxy and your proxy does not have to be a Member of the Society. Your proxy may vote for you at the Meeting but only on a poll. A poll is a formal vote which may take place after an initial vote by a show of hands.
3. You may instruct your proxy how to vote at the Meeting. Please read the instructions on the proxy form.
4. The voting date for those employee Members who will attend the Meeting in person in order to meet the legal quorum requirements is the date of the meeting which is 24 May 2022. For all other Members who are required to vote by proxy, the voting date is 17 May 2022.

5. In order to attend and vote at the Meeting, or appoint a proxy, you must qualify as either a **shareholding Member** or a **borrowing Member**.

## Shareholding Members

- a) **To qualify as a shareholding Member, you must:**

- i. If you are an individual, be at least 18 years of age on 24 May 2022; and
- ii. have held shares to the value of not less than £100 in the Society on 7 February 2022; and
- iii. Not have ceased to hold a share or shares in the Society at any time between 7 February 2022 and the voting date; and
- iv. Hold a share or shares in the Society on the voting date.

- b) Where the shares are held jointly by two or more persons, only the first named in the records of the Society in respect of those shares can have any voting rights.

## Borrowing Members

- a) **To qualify as a borrowing Member, you must:**

- i. Be at least 18 years of age on 24 May 2022; and
- ii. have owed the Society not less than £100 in respect of a mortgage debt on 7 February 2022; and
- iii. Owe the Society not less than £100 in respect of a mortgage debt on the voting date.

- b) **Where a mortgage debt is owed jointly by two or more persons, only the first named in the records of the Society in respect of that mortgage can have any voting rights.**

6. In addition, **you can vote only once** as a Member irrespective of:

The number of accounts you hold and whether you hold accounts in different capacities (for example, on your own behalf and as a trustee); and

Whether you qualify to vote as both a **shareholding Member** and a **borrowing Member**.

**Chorley  
Building  
Society**

TRUSTED SINCE 1859



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**chorleybs.co.uk**



**The Chorley and District Building Society is a member of the Building Societies Association.**

The Chorley and District Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Registered on the Financial Services Register under number 206023.