



Alexander Sloan
Accountants and Business Advisers

CLYDEBANK MUNICIPAL BANK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2021

Company Registration No. SC011770 (Scotland)



CLYDEBANK MUNICIPAL BANK LIMITED

COMPANY INFORMATION

Directors	Provost William Hendrie Bailie Denis Agnew Councillor James Brown Councillor Gail Casey Councillor Diane Docherty Councillor James Finn Councillor Daniel Lennie Councillor Douglas McAllister Councillor Marie McNair Councillor John Mooney Councillor Lawrence O'Neill
Secretary	Miss Karen Shannon
Company number	SC011770
Registered office	10 Sylvania Way South Clydebank G81 1EA
Auditor	Alexander Sloan Accountants and Business Advisers 7th Floor 180 St Vincent Street Glasgow G2 5SG

CLYDEBANK MUNICIPAL BANK LIMITED

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CLYDEBANK MUNICIPAL BANK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 5 APRIL 2021

The directors present the strategic report for the year ended 5 April 2021.

Fair review of the business

We consider that the key financial performance indicators are those that communicate the financial performance of the company as a whole, being the amount of interest received on short term loans, the number of active depositors, the transactions handled in the year and the total due to depositors.

Interest Rates

The gross rates of interest applied during the year were as follows:

- Savings of £1 to £999 0.1%
- Savings of £1,000 and over 0.4%

It should be noted due to the prevailing low bank base rate, deposits invested with West Dunbartonshire Council attracted interest as stated below:

Type of Investment	Rate of Interest 2021 (%)	Balance 2021	Rate of Interest 2020 (%)	Balance 2020
Short term Loan 1	0.57	£100,000.00	0.57	£100,000.00
Short term Loan 2	0.57	£25,000.00	0.57	£25,000.00
Long term Loan 1	3.57	£560,540.00	3.57	£560,540.00
Long term Loan 2	2.19	£200,000.00	2.19	£200,000.00
Long term Loan 3	2.20	£150,000.00	2.20	£150,000.00
Long term Loan 4	2.14	£120,000.00	2.14	£120,000.00
Long term Loan 5	2.19	£150,000.00	2.19	£150,000.00

Key Performance Indicators

	2021	2020
Interest received on loans	£34,721	£32,843
Total number of depositors	2,467	2,468
Total number of transactions handled in the course of business	13,491	16,550
Total amount due to depositors at the year end	£1,734,636	£1,540,992
Total interest paid to depositors	£6,101	£5,264

Principal risks and uncertainties

The principal risks facing the company are the failure of the information technology system, a disaster recovery situation and the maintenance of sufficient liquidity. A risk management framework has been implemented and procedures have been put in place to minimise these risks and any impact upon the company's activities.

The directors are aware of the current financial position of the bank, and with the continued financial support of West Dunbartonshire Council, intend to continue with the company's existing activities.

Approved by the board and signed on its behalf by

.....
Provost William Hendrie
Director
.....

CLYDEBANK MUNICIPAL BANK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 5 APRIL 2021

The directors present their annual report and financial statements for the year ended 5 April 2021.

Principal activities

The principal activity of the company is a municipal bank, as defined by Part 1, Section 3 of the Payment Services Regulations 2009, and as such exempt from the prohibition comprised in Section 19 of the Financial Services and Markets Act 2010 ("the Act"), by means of an Exemption Order (SI 2001/1201), issued in accordance with Section 38 of the Act. It is not a banking company for the purposes of the Companies Act 2006.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Provost William Hendrie
Bailie Denis Agnew
Councillor James Brown
Councillor Gail Casey
Councillor Diane Docherty
Councillor James Finn
Councillor Daniel Lennie
Councillor Douglas McAllister
Councillor Marie McNair
Councillor John Mooney
Councillor Lawrence O'Neill

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Alexander Sloan Accountants and Business Advisers be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the board and signed on its behalf by

William Hendrie

.....
Provost William Hendrie
Director

7/12/2021
Date:

CLYDEBANK MUNICIPAL BANK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 5 APRIL 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CLYDEBANK MUNICIPAL BANK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLYDEBANK MUNICIPAL BANK LIMITED

Opinion

We have audited the financial statements of Clydebank Municipal Bank Limited (the 'company') for the year ended 5 April 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 5 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

CLYDEBANK MUNICIPAL BANK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CLYDEBANK MUNICIPAL BANK LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our wider knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and taxation legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

CLYDEBANK MUNICIPAL BANK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CLYDEBANK MUNICIPAL BANK LIMITED

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Steven Cunningham

Steven Cunningham BA (Hons) CA (Senior Statutory Auditor)
For and on behalf of Alexander Sloan Accountants and Business
Advisers

9/12/2021
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Accountants & Business Advisers
Statutory Auditor

7th Floor
180 St Vincent Street
Glasgow
G2 5SG

CLYDEBANK MUNICIPAL BANK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 5 APRIL 2021

		2021	2020
	Notes	£	£
Administrative expenses		(28,620)	(27,579)
Interest receivable and similar income	6	34,721	32,843
Interest payable and similar expenses	7	(6,101)	(5,264)
		<hr/>	<hr/>
Profit before taxation		-	-
Tax on profit		-	-
		<hr/>	<hr/>
Profit for the financial year		-	-
		<hr/>	<hr/>
Total comprehensive income for the year		-	-
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 11 to 16 form an integral part of these financial statements.

CLYDEBANK MUNICIPAL BANK LIMITED

BALANCE SHEET

AS AT 5 APRIL 2021

	Notes	2021 £	£	2020 £	£
Current assets					
Debtors	8	1,306,009		1,316,714	
Cash at bank and in hand		499,438		245,175	
		<u>1,805,447</u>		<u>1,561,889</u>	
Creditors: amounts falling due within one year	9	<u>(1,804,441)</u>		<u>(1,560,883)</u>	
Net current assets			<u>1,006</u>		<u>1,006</u>
Capital and reserves					
Called up share capital	10		6		6
Profit and loss account			<u>1,000</u>		<u>1,000</u>
Total equity			<u>1,006</u>		<u>1,006</u>

The financial statements were approved by the board of directors and authorised for issue on 7/12/2021 and are signed on its behalf by:

William Hendrie

 Provost William Hendrie
 Director

Diane Docherty

 Councillor Diane Docherty
 Director

The notes on pages 11 to 16 form an integral part of these financial statements.
 Company Registration No. SC011770

CLYDEBANK MUNICIPAL BANK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 5 APRIL 2021

	Share capital £	Own shares £	Total £
Balance at 6 April 2019	6	1,000	1,006
Year ended 5 April 2020:			
Profit and total comprehensive income for the year	-	-	-
Balance at 5 April 2020	6	1,000	1,006
Year ended 5 April 2021:			
Profit and total comprehensive income for the year	-	-	-
Balance at 5 April 2021	6	1,000	1,006

Clydebank Municipal Bank views its share capital and reserves as the capital of the company. It is the policy of the bank to maintain capital at least at the levels shown above. There are no regulatory limits with regards to the level of capital that the company must maintain

The notes on pages 11 to 16 form an integral part of these financial statements.

CLYDEBANK MUNICIPAL BANK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 5 APRIL 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	13	225,643		19,488	
Interest paid		(6,101)		(5,264)	
Net cash inflow from operating activities		<u>219,542</u>		<u>14,224</u>	
Investing activities					
Interest received		<u>34,721</u>		<u>32,843</u>	
Net cash generated from investing activities			34,721		32,843
Net increase in cash and cash equivalents			<u>254,263</u>		<u>47,067</u>
Cash and cash equivalents at beginning of year			245,175		198,108
Cash and cash equivalents at end of year			<u><u>499,438</u></u>		<u><u>245,175</u></u>

The notes on pages 11 to 16 form an integral part of these financial statements.

CLYDEBANK MUNICIPAL BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2021

1 Accounting policies

Company information

Clydebank Municipal Bank Limited is a private company limited by shares incorporated in Scotland. The registered office is 10 Sylvania Way South, Clydebank, G81 1EA. The principle place of business is West Dunbartonshire Council, Centre Office, 10 Sylvania Way, Clydebank, G81 1EA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.4 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

CLYDEBANK MUNICIPAL BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

CLYDEBANK MUNICIPAL BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2021

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.6 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2021	2020
	£	£
Other significant revenue		
Interest income	34,721	32,843
	<u> </u>	<u> </u>

4 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	7,140	6,300
	<u> </u>	<u> </u>

5 Employees

Staff were provided by West Dunbartonshire Council and the related costs are incorporated in the management services charge levied by the Council for the use of Council resources

CLYDEBANK MUNICIPAL BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2021

6	Interest receivable and similar income			2021	2020
				£	£
	Interest income				
	Other interest income			34,721	32,843
				<u></u>	<u></u>
7	Interest payable and similar expenses			2021	2020
				£	£
	Interest on bank overdrafts and loans			6,101	5,264
				<u></u>	<u></u>
8	Debtors			2021	2020
				£	£
	Amounts falling due within one year:				
	Due from related undertaking			1,305,540	1,306,009
	Other debtors			469	10,705
				<u></u>	<u></u>
				1,306,009	1,316,714
				<u></u>	<u></u>
9	Creditors: amounts falling due within one year			2021	2020
				£	£
	Trade creditors			1,734,636	1,540,992
	Balance due to West Dunbartonshire Council			21,630	13,591
	Accruals and deferred income			48,175	6,300
				<u></u>	<u></u>
				1,804,441	1,560,883
				<u></u>	<u></u>
10	Share capital			2021	2020
		2021	2020	2021	2020
	Ordinary share capital	Number	Number	£	£
	Issued and fully paid				
	Ordinary shares of £0.05 each of 5p each	125	125	6	6
		<u></u>	<u></u>	<u></u>	<u></u>

CLYDEBANK MUNICIPAL BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2021

11 Financial Risk Management

Clydebank Municipal Bank Limited manages its member deposits and loans so that it earns income from the margin between interest receivable and interest payable.

The main financial risk arising from the activities of Clydebank Municipal Bank Limited are credit risk, liquidity risk and market 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 repayment to Clydebank Municipal Bank Limited, resulting in financial loss to Clydebank Municipal Bank. Clydebank Municipal Bank invests its funds with West Dunbartonshire Council and its bankers. The bank does not hold security for either of these assets. The directors view the balances as fully recoverable and therefore no balances are impaired. There are no balances due to the bank which are past due and all these balances are repayable on demand. Clydebank Municipal Bank monitors its banking arrangements for Credit Risk. The maximum exposure to credit risk is the amount stated for current assets in the Statement of Financial Position.

Liquidity Risk

The policy of Clydebank Municipal Bank Limited is to maintain sufficient funds in liquid form at a time to ensure that it can meet its liabilities as they fall due. The objective of the policy is to provide a degree of protection against any unexpected developments that may arise. Customers deposits can be withdrawn on demand. Funds with West Dunbartonshire Council can, however, also be withdrawn on demand and as a result the company views liquidity risk as low.

Market Risk

Market risk generally comprises of interest rate risk, currency risk and other price risk. The main market risks impacting Clydebank Municipal Bank are set out below:

Interest rate risk: The main interest rate risk for Clydebank Municipal Bank Limited arises between the interest rate exposure on loans, bank deposits and individual's deposits with the bank that form an integral part of the company's operations. Clydebank Municipal Bank Limited considers rates of interest receivable when deciding on the rates it offers savers. The bank does not use interest rate options to hedge its own positions.

Foreign currency risk: All transactions are carried out in sterling and therefore Clydebank Municipal Bank is not exposed to any form of foreign currency risk.

Other price risk: Clydebank Municipal Bank does not hold any listed investments.

12 Related party transactions

The company is under the control of its directors who are all elected councillors of West Dunbartonshire Council. West Dunbartonshire Council charged the bank £51,280 (2020: £50,892) in management fees during the year and contributed £42,772 (2020: £43,413), under an underwriting guarantee, to cover the losses of Clydebank Municipal Bank for the year.

Loans invested with West Dunbartonshire Council at the balance sheet date amounted to £1,305,540 (2020: £1,305,540). The company is also due to pay £21,630 (2020: £13,591) to West Dunbartonshire Council in respect of the net balance between management fees and the underwriting guarantee. An amount of £469 (2020: £469) is due to the company from West Dunbartonshire Council for interest on loans for the current year.

Interest on loans of £34,721 (2020: £32,843) is all derived from loans to West Dunbartonshire Council.

At the year end Directors of the company held £9,592 in deposits in the company (2020: £9,067).

CLYDEBANK MUNICIPAL BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2021

13 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	-	-
Adjustments for:		
Finance costs	6,101	5,264
Investment income	(34,721)	(32,843)
Movements in working capital:		
Decrease/(increase) in debtors	10,705	(162,175)
Increase in creditors	243,558	209,242
Cash generated from operations	225,643	19,488

14 Analysis of changes in net funds

	6 April 2020 £	Cash flows £	5 April 2021 £
Cash at bank and in hand	245,175	254,263	499,438

15 Interest Rate Risk

The interest received and paid on investments is shown below. The company sets the rate for customer dependent on the rate it receives from the council for the loans that it provides West Dunbartonshire Council.

	2021 £	2020 £
Interest receivable	34,721	32,843
Interest payable	(6,101)	(5,264)
	28,620	27,579