

THE CO-OPERATIVE FAMILY CREDIT UNION LIMITED

Annual Report & Financial Statements

For the year ended

30 September 2024



CHARTERED ACCOUNTANTS

KM

Chartered Accountants & Statutory Auditors

Burnley Wharf

Manchester Road

Burnley

BB11 1JG

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

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CREDIT UNION INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2024

Credit union name The Co-operative Family Credit Union Limited

FCA reference number 213649

Registered society number 558C

Website www.co-operativecreditunion.coop

Directors David Fawell
Andrew Cheatle
Samuel Hale
Peter Harris
Grant Mitchell
Lisa Parry
Nisha Ravat
Robin Webster

Other Directors who served during the year Ofeoritseju Grey Resigned 07/2024

Secretary Claire Dalton

Registered office 1 Angel Square
Manchester
M60 0AG

Auditors KM
Chartered Accountants & Statutory Auditors
Burnley Wharf
Manchester Road
Burnley
BB11 1JG

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

The Directors present their report and financial statements for the year ended 30 September 2024.

Principal activity and common bond

The principal activity of the credit union continued to be that defined in the Credit Union Act 1979 and there have been no significant changes in the activities during the year.

The credit union's common bond covers those working in the co-operative and retail sectors as well as members of the co-operative sector and the Usdaw trade union.

Statement of Directors' Responsibilities

Credit union legislation requires the Directors to prepare financial statements for each financial year. Under that legislation, 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 credit union legislation, 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 credit union and of the surplus or deficit of the credit union for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the credit union's transactions and disclose with reasonable accuracy at any time the financial position of the credit union and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and Credit Unions Act 1979. They are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

So far as the Directors are aware:

- there is no relevant audit information of which the credit union's auditors are unaware; and
- each Director has taken all the necessary steps that they ought to have taken as a Director in order to make themselves aware of all relevant audit information and to establish that the credit union's auditors are aware of that information.

Approval

This report was approved by the Directors on 21 November 2024 and signed on their behalf by:



David Fawell
Chair



Grant Mitchell
Director



Claire Dalton
Secretary

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Independent Auditor's Report to the Members of The Co-operative Family Credit Union Limited

We have audited the financial statements of The Co-operative Family Credit Union Limited (the 'credit union') for the year ended 30 September 2024, which comprise the Statement of Comprehensive Income, Statement of Retained Earnings, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 - 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 credit union's affairs as at 30 September 2024 and of its income and expenditure 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 Co-operative and Community Benefit Societies Act 2014 and Credit Unions Act 1979.

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 credit union 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 credit union'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.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 and Credit Unions Act 1979 requires us to report to you if, in our opinion:

- the credit union has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the statement of comprehensive income, any other accounts to which our report relates, and the statement of financial position are not in agreement with the credit union's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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 it determines 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 credit union'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 credit union or to cease operations, or has 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 specific procedures for this engagement and the extent to which these 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 credit union through discussions with directors and other management, and from our knowledge and experience of the credit union 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 credit union, including the Co-operative and Community Benefit Societies Act 2014, Credit Union Act 1979 and the Financial Services and Markets Act 2000;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we identified laws and regulations which were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the credit union'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; and

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 3 were indicative of potential bias: and
- 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; and
- enquiring of management as to actual and potential litigation and claims.

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 for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 credit union's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the credit union'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 credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

KM

Chartered Accountants & Statutory Auditors

Burnley Wharf

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21 November 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Note	2024	2023
Net interest receivable		£	£
Interest receivable and similar income	4	763,773	685,032
Interest payable and similar charges	5	(108,517)	(22,933)
		655,256	662,099
Other operating income			
Fees and commissions receivable		-	-
Grant income	6	20,337	43,423
Other income		20,500	19,500
		40,837	62,923
Expenditure			
Impairment losses on loans to members	7	(104,774)	(117,961)
Administrative expenses	8	(546,083)	(478,985)
Other operating expenses	11	(12,438)	(12,039)
		(663,295)	(608,985)
Surplus before taxation		32,798	116,037
Taxation	12	(23,473)	(13,703)
Surplus for the financial year		9,325	102,334

All income and expenditure derives from continuing activities.

There are no other items of comprehensive income.

The Notes on pages 12 to 20 form an integral part of these financial statements.

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	2024	2023
General Reserve	£	£
As at 01 October 2023	752,157	649,823
Surplus for the financial year	9,325	102,334
As at 30 September 2024	761,482	752,157

The Notes on pages 12 to 20 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

	Note	2024	2023
Assets		£	£
Bank and cash balances	13	3,295,961	3,044,639
Loans and advances to members	14	3,519,506	3,490,445
Tangible fixed assets	15	-	-
Receivables	16	36,232	41,882
		6,851,699	6,576,966
Liabilities			
Members' deposits	17	5,989,259	5,788,652
Payables	18	100,958	36,157
		6,090,217	5,824,809
Retained earnings		761,482	752,157
		6,851,699	6,576,966

The Notes on pages 12 to 20 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 21 November 2024 and signed on their behalf by:



David Fawell
Chair



Grant Mitchell
Director



Claire Dalton
Secretary

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Note	2024	2023
		£	£
Cash flows from operating activities			
Surplus for the financial year		9,325	102,334
Adjustments for non-cash items:			
Interest on members' loans	4	(661,043)	(616,589)
Interest on members' deposits	5	106,351	22,933
Loan impairment	7	162,142	152,760
Corporation tax	12	23,473	13,703
		(359,752)	(324,859)
Changes in operating assets and liabilities:			
Loans advanced	14	(2,839,960)	(2,847,609)
Loans repaid	14	3,309,800	3,254,595
(Increase)/reduction in receivables	16	5,650	(24,519)
Deposits received	17	5,632,730	5,204,496
Deposits withdrawn	17	(5,538,474)	(6,083,490)
Increase/(reduction) in payables	18	55,031	(526)
		265,025	(821,912)
Corporation tax paid		(13,703)	(3,568)
Net cash provided by/(used in) operating activities		251,322	(825,480)
Net increase/(decrease) in cash and cash equivalents		251,322	(825,480)
Cash at bank and in hand as at 01 October 2023		3,044,639	3,870,119
Cash at bank and in hand as at 30 September 2024		3,295,961	3,044,639

The Notes on pages 12 to 20 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1. Background information

The Co-operative Family Credit Union Limited ("the credit union") is a society established under the Co-operative and Community Benefit Societies Act 2014, whose principal activity is to operate as a credit union, within the meaning of the Credit Unions Act 1979.

The credit union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

2. Accounting policies

2.1. Basis of Preparation

These financial statements have been prepared on the historical cost basis in accordance with "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Co-operative and Community Benefit Societies Act 2014.

2.2. Going Concern

The Directors have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the credit union to continue as a going concern. Based on the reserves held, the operating model, an assessment of risks, and forward looking budgets, the Directors are comfortable that the credit union is adequately resourced to continue in operation for the foreseeable future. At the date of sign off, the Directors confirm there are no material uncertainties in relation to the going concern assumption. The credit union therefore continues to adopt the going concern basis in preparing the financial statements.

2.3. Income

Interest receivable on loans to members is calculated on a daily basis and is recognised when payment is received.

Bank interest receivable is recognised as it accrues.

Other income receivable either arises in connection with a specific transaction, or accrues evenly over the year. Income relating to individual transactions is recognised when the transaction is complete.

2.4. Taxation

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

As a result of the limited activities of the credit union from which profits are chargeable to corporation tax, it is unlikely that deferred tax will arise.

2.5. Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost of each item, less its estimated residual value, over its estimated useful life, as follows:

Asset class	Method	%
Office equipment	Straight line	33.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

2.6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and loans and advances to banks (i.e. cash deposited with banks) with original maturities in 8 days or less.

2.7. Deferred grants and funding / revenue contributions

Deferred grants in respect of capital expenditure are credited to the Statement of Comprehensive Income over the estimated useful life of the relevant fixed assets. Deferred grants and funding in respect of revenue items are credited to the Statement of Comprehensive Income over the period to which they relate or to match the relevant expenditure. The grants / funding shown in the Statement of Financial position represent the grants / funding receivable to date less the amount so far credited to the Statement of Comprehensive Income.

2.8. Fair value of financial instruments

The credit union does not hold any financial instruments at fair value.

2.9. Financial assets – loans and advances to members

Loans to members are financial assets with fixed or determinable payments, and are not quoted in an active market. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member. The credit union does not transfer loans to third parties.

2.10. Impairment of financial assets

The credit union assesses, at each year end, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

Any impairment losses are recognised in the Statement of Comprehensive Income, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

2.11. Financial liabilities

Members' shareholdings in the credit union are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

2.12. Retirement Benefits

The amounts charged as expenditure for the defined contribution plan are the contributions payable by the credit union for the relevant period.

3. Judgements and key sources of estimation uncertainty

In the application of the credit union'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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Loan Impairment

The credit union assesses, at each reporting date, if there is objective evidence that any of its loans to customers are impaired. The loans are assessed collectively in groups that share similar credit-risk characteristics.

In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the Statement of Comprehensive Income, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

4. Interest receivable and similar income

	2024	2023
	£	£
Loan interest receivable from members	661,043	616,589
Bank interest receivable	102,730	68,443
	763,773	685,032

5. Interest payable and similar charges

	2024		2023	
	%	£	%	£
Dividend on dividend bearing shares	2.00	106,351	0.40	22,933
Interest on interest bearing shares	5.00	2,166	0.00	-

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

6. Grant income

	2024	2023
	£	£
Fair4All Finance - Community Finance Resilience Fund	51,692	-
Fair4All Finance - Revolving Credit Pilot	20,337	43,423
	72,029	43,423
Grants deferred to 2025	(51,692)	-
Grants recognised in the year	20,337	43,423

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

7. Loan impairment

	2024	2023
	£	£
Loan impairment provision		
As at 01 October 2023	119,567	176,961
Decrease in provision for the year	(22,543)	(57,394)
As at 30 September 2024	97,024	119,567
Impairment charge for the year		
Decrease in provision for the year	(22,543)	(57,394)
Loans derecognised	184,685	210,154
	162,142	152,760
Bad debts recovered	(57,368)	(34,799)
Charge for the year	104,774	117,961

8. Administrative expenses

	Note	2024	2023
		£	£
Employment costs	9	335,473	312,554
Auditors' remuneration	10	13,920	12,302
Bank charges		13,107	11,756
Computer software and maintenance costs		103,270	77,260
Conference, training and travel expenses		3,055	1,973
Credit control costs		18,162	25,757
General expenses		11,233	7,778
Legal and professional fees		1,900	1,534
Marketing, advertising and member communication		33,123	22,647
Other insurance		4,155	1,057
Printing, postage and stationery		1,062	983
Telephone and internet		7,623	3,384
		546,083	478,985

9. Employees and employment costs

	2024	2023
	£	£
Employment costs		
Wages and salaries	295,118	272,500
Social security costs	24,278	24,982
Payments to defined contribution pension schemes	16,077	15,072
	335,473	312,554
Employees	Number	Number
Average monthly number of employees	9	10

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024

10. Auditor's Remuneration

	2024	2023
	£	£
Audit fees	6,600	5,400
Internal audit fees	7,020	6,602
Taxation fees	300	300
	13,920	12,302

11. Other operating expenses

	2024	2023
	£	£
Cost of occupying offices	-	-
Regulatory costs	12,438	12,039
	12,438	12,039

12. Taxation

Corporation tax is calculated on the bank interest receivable as follows:

	2024		2023	
	%	£	%	£
Current tax				
UK Corporation tax	22.85	23,473	20.02	13,703

13. Bank and cash balances

	2024	2023
	£	£
Bank deposits	1,338,000	1,583,593
Cash held at banks	1,957,961	1,461,046
	3,295,961	3,044,639
Cash in hand	-	-
	3,295,961	3,044,639

Repayment period analysis

Cash and cash equivalents	1,957,961	1,461,046
Amounts maturing in over 8 days	1,338,000	1,583,593
	3,295,961	3,044,639

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024

14. Loans and advances to members

	Note	2024	2023
		£	£
Loan movement			
As at 01 October 2023		3,610,012	3,610,563
Interest on loans		661,043	616,589
Loans advanced		2,839,960	2,847,609
Loans repaid		(3,309,800)	(3,254,595)
Loans derecognised		(184,685)	(210,154)
As at 30 September 2024		3,616,530	3,610,012
Loan arrears analysis			
Not past due		2,969,186	2,891,829
Up to 3 months past due		517,285	599,465
Between 3 and 6 months past due		50,533	35,261
Between 6 and 9 months past due		35,559	46,389
Between 9 months and 1 year past due		24,476	23,323
Over 1 year past due		19,491	13,745
		3,616,530	3,610,012
Loan impairment provision	7	(97,024)	(119,567)
Recognised as at 30 September 2024		3,519,506	3,490,445

Factors that are considered in determining whether loans are impaired are discussed in Note 2.10

15. Tangible fixed assets

	Total
	£
Office equipment	
Cost	
As at 01 October 2023	9,656
Additions	-
Disposals	-
As at 30 September 2024	9,656
Depreciation	
As at 01 October 2023	9,656
Charge for year	-
Eliminated on disposals	-
As at 30 September 2024	9,656
Carrying amount	
As at 01 October 2023	-
As at 30 September 2024	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024

16. Receivables

	<u>2024</u>	<u>2023</u>
	£	£
Prepayments and accrued income	36,232	41,882
Other receivables	-	-
	<u>36,232</u>	<u>41,882</u>

17. Members' deposits

	<u>2024</u>	<u>2023</u>
	£	£
Deposit movement		
As at 01 October 2023	5,788,652	6,644,713
Interest on deposits	106,351	22,933
Deposits received	5,632,730	5,204,496
Deposits withdrawn	(5,538,474)	(6,083,490)
As at 30 September 2024	<u>5,989,259</u>	<u>5,788,652</u>
 Deposits by type		
Dividend bearing shares	5,851,533	5,788,652
Interest bearing shares	137,726	-
	<u>5,989,259</u>	<u>5,788,652</u>

18. Payables

	<u>2024</u>	<u>2023</u>
	£	£
Accruals	23,657	18,626
Corporation tax	23,473	13,703
Deferred grant income	51,692	-
Other payables	2,136	3,828
	<u>100,958</u>	<u>36,157</u>

19. Financial risk management

The credit union manages its shares and loans so that it earns income from the margin between interest receivable and interest payable (including dividends paid).

The main financial risks arising from the credit union's activities 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 the credit union, resulting in financial loss to the credit union. In order to manage this risk the Board approves the credit union's lending policy and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate the likelihood of repayment has changed. The credit union also monitors its banking arrangements for credit risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Liquidity risk

The credit union's policy is to maintain sufficient funds in liquid form at any time to ensure that it can meet its liabilities as they fall due and meet the liquidity ratios set by the regulators. The objective of the policy is to provide a degree of protection against any unexpected developments that may arise.

Market risk

Market risk generally comprises of interest rate risk, currency risk and other price risk. The main risks impacting the credit union are set out below:

Interest rate risk

The credit union's main interest rate risk arises between the interest rate exposure on loans, bank deposits and shares that form an integral part of a credit union's operations. The credit union considers rates of interest receivable when deciding on proposed dividend rates. Dividend rates are based on the historical results of the credit union and the credit union's strategic plans. The credit union does not use interest rate options to hedge its own positions.

Foreign Currency Risk

All transactions are carried out in sterling and therefore the credit union is not exposed to any form of foreign currency risk.

Other price risk

The credit union only holds investments in government securities and those with credit institutions that meet the criteria of Chapter 6 of the PRA rulebook. The credit union monitors the investments throughout the year.

20. Credit risk on lending

The credit union holds the following security against its loans to members:

	2024	2023
	£	£
Attached shares	824,124	813,834

21. Interest rates on financial instruments

The following table shows the interest earned during the year divided by the average loan balance and the dividend/interest paid during the year divided by the average share balance. The average balance is taken as the average of the opening and closing balances.

	2024		2023	
Financial assets	£	%	£	%
Loans and advances to banks	3,295,961	3.24	3,044,639	1.98
Loans and advances to members	3,616,530	18.29	3,610,012	17.08
Financial liabilities				
Dividend bearing shares	5,851,533	1.83	5,788,652	0.37
Interest bearing shares	137,726	3.15	-	0.00

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22. Capital

The credit union classes all of its reserves as capital and manages its reserves through its financial and budgeting policies and procedures. The Prudential Regulation Authority sets out requirements for the capital ratio that the credit union must maintain. The credit union's compliance with the ratio at the year end is set out below:

	2024	2023
	%	%
Actual capital to asset ratio	11.11	11.44
Regulatory requirement		
Base capital requirement	5.00	5.00
Capital buffer	-	-
Total capital requirement	5.00	5.00

23. Related party transactions

The credit union classes the Directors and members of the senior management team as key management. None of the Directors received any remuneration.

	2024	2023
	£	£
Remuneration of key management		
Wages and salaries	109,136	101,550
Social security costs	12,550	11,582
Payments to defined contribution pension schemes	7,298	6,895
	128,984	120,027

Balances held by members of key management and their close family in the credit union are set out below. Loans to key management and their close family are on standard terms and conditions.

	2024	2023
	£	£
Loans to key management and their close family	-	-
Shares held by key management and their close family	58,759	55,754

24. Contingent liabilities

The credit union participates in the Financial Services Compensation Scheme ("FSCS"), which provides protection for its members up to the level of protection offered by the FSCS. As a result of the credit union's participation, it has a contingent liability, which cannot be quantified, in respect of future contributions to the FSCS, as required by the Financial Services and Markets Act 2000.