

## DACORUM FIRST CREDIT UNION LTD

## Revenue Account for the year ended 30 September 2023

	Note	2023 £	2022 £
Loan Interest receivable and similar income	4	49,966	29,067
Interest payable	5	(11,863)	0
<b>Net interest income</b>		<b>38,103</b>	<b>29,067</b>
Fees and commissions payable		(461)	0
<b>Net fees and commissions receivable (payable)</b>		<b>(461)</b>	<b>0</b>
Other income	6	1,232	2,023
Administrative expenses	7a	(6,048)	(6,266)
Depreciation and amortisation	9	(4,011)	(3,907)
Other operating expenses	7b	(25,929)	(24,444)
Impairment gains on loans to members	10e	2,278	9,678
<b>Surplus Before Taxation</b>		<b>5,164</b>	<b>6,151</b>
Taxation		(2,623)	(129)
<b>Surplus for the Financial Year</b>		<b>2,541</b>	<b>6,022</b>
Other comprehensive income		0	0
<b>Total comprehensive income</b>		<b>2,541</b>	<b>6,022</b>

Note: There is no comprehensive income other than those included on the Revenue Account.

## DACORUM FIRST CREDIT UNION LTD

Balance Sheet as at 30 September 2023

	Note	2023 £	2022 £
<b>ASSETS</b>			
Loans and advances to banks	14	<u>1,247,892</u>	<u>1,237,860</u>
Loans and advances to members	10	257,094	309,001
Tangible fixed assets	9	8,129	11,720
Prepayments and accrued income		3,077	1,791
<b>Total assets</b>		<b><u>1,516,192</u></b>	<b><u>1,560,372</u></b>
<b>LIABILITIES</b>			
Subscribed capital - repayable on demand	11	1,345,300	1,395,140
Other payables	12	<u>9,429</u>	<u>6,310</u>
		1,354,729	1,401,450
Retained earnings		161,463	158,922
<b>Total liabilities</b>		<b><u>1,516,192</u></b>	<b><u>1,560,372</u></b>

The financial statements were approved, and authorised for issue by the board on \_\_\_\_\_ and signed on its behalf by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Secretary

## DACORUM FIRST CREDIT UNION LTD

## Statement of Changes in Retained Earnings for the year ended 30 September 2023

	2023	2022
	£	£
As at 1 October 2022	158,922	152,900
Total comprehensive income for the year	2,541	6,022
<b>As at 30 September 2023</b>	<b>161,463</b>	<b>158,922</b>

## Movement in reserves

	Retained earnings		Total
	General reserve	Other reserves	
As at 1 October 2022	146,126	12,796	158,922
Surplus for year	2,541	0	2,541
<b>As at 30 September 2023</b>	<b>148,667</b>	<b>12,796</b>	<b>161,463</b>

## DACORUM FIRST CREDIT UNION LTD

## Cash flow statement for the year ended 30 September 2023

	Note	2023 £	2022 £
<b>Cash Flows from operating activities</b>			
Surplus Before Taxation		5,164	6,151
Adjustments for non-cash items			
Depreciation	9	4,011	3,907
Impairment losses	10e	(869)	(9,746)
		<b>3,142</b>	<b>(5,839)</b>
 Movements in:			
Prepayments and accrued income		(1,286)	435
Other payables		3,118	(939)
		<b>1,832</b>	<b>(504)</b>
 <b>Cash flows from changes in operative assets and liabilities</b>			
Cash inflow from subscribed capital	11	321,699	388,380
Cash outflow from repaid capital	11	(371,539)	(347,375)
New loans to members	10a	(280,294)	(352,650)
Repayment of loans by members	10a	333,071	274,530
		<b>2,937</b>	<b>(37,115)</b>
Taxation paid		(2,623)	(129)
<b>Net Cash flows from operating activities</b>		<b>10,452</b>	<b>(37,436)</b>
 <b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(420)	(15,627)
Net cash flow from managing liquid deposits	14	0	0
		<b>(420)</b>	<b>(15,627)</b>
 <b>Net increase (decrease) in cash and cash equivalents</b>		<b>10,032</b>	<b>(53,063)</b>
Cash and cash equivalents at beginning of year		1,237,860	1,290,923
<b>Cash and cash equivalents at end of year</b>	14	<b>1,247,892</b>	<b>1,237,860</b>

## DACORUM FIRST CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023

### 1 Legal and regulatory framework

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 has registered with the Financial Conduct Authority and is regulated by the Prudential Regulation Authority under the provisions of the Financial Services and Markets Act 2000.

In accordance with the regulatory environment for credit unions, deposits from members can be made by subscription for redeemable shares, deferred shares and interest - bearing shares. At present the Credit Union has only issued redeemable shares.

### 2 Accounting policies

#### Basis of preparation

These financial statements have been prepared in accordance with FRS 102 - the Financial Reporting Standard applicable in the UK and Ireland.

The financial statements are prepared on the historical cost basis.

#### Going concern

The directors of the Credit Union believe that it is appropriate to prepare the financial statements on the going concern basis. In accordance with PRA Rulebook Guidelines outlined in Section 8.5 (1), the credit union must maintain a minimum Capital-To-Total assets ratio of 3%.

	2023	2022
The relevant ratios are:-	10.65%	10.18%

#### Income

**Loan interest receivable and similar income:** Interest on both loans to members and loans to banks (i.e. cash and cash equivalents held on deposit with other financial institutions) is recognised using the effective interest method, and is calculated and accrued on a daily basis. Exempt interest on members loans is not recognised.

**Fees and commissions receivable:** Fees and charges either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is completed.

**Other income:** Other income is recognised either evenly over the period to which it relates or when the transaction is complete.

#### 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.

#### Deferred grants and funding / revenue contributions

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

## DACORUM FIRST CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

**2 Accounting policies (cont.)****Tangible fixed assets**

Tangible fixed assets comprises items of property, plant and equipment, which 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 of property, plant and equipment, less its estimated residual value, on a straight line basis/reducing balance over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Software	25% straight line
Computers	25% reducing balance
Furniture and fittings	25% reducing balance

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and with the Bank of England and loans and advances to banks (i.e. cash deposited with banks) with maturity of less than or equal to three months.

**Financial assets – loans and advances to members**

Loans to members are financial assets with fixed or determinable payments. Loans are made to members for provident or productive purposes on such security (or without security) and terms as the rules of the Credit Union provide. 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.

**Impairment of financial assets**

The Credit Union assesses, at each balance sheet date, 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 revenue account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

**Financial liabilities – subscribed capital**

Members' shareholdings in the Credit Union are redeemable and therefore are classified as financial liabilities, and described as subscribed capital. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

**Reserves**

Retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to members.

**Operating lease commitments**

Rentals paid under operating leases are charged to the Revenue Account on a straight line basis over the period of the lease.

## DACORUM FIRST CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

**3 Use of estimates and judgements**

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the Credit Union's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

**Impairment losses on loans to members**

Impaired losses are stated after specifically reviewing all loans in arrears. The criteria used is whether the loan will be repaid within the term of the loan based upon the current regular pattern of repayments.

<b>4 Loan interest receivable and similar income</b>	<b>2023</b>	<b>2022</b>
	£	£
Loan interest receivable from members	36,160	28,386
Bank interest receivable from cash and liquid deposits	13,806	681
<b>Total loan interest receivable and similar income</b>	<b>49,966</b>	<b>29,067</b>

  

<b>5 Interest expense</b>	<b>2023</b>	<b>2022</b>
	£	£
Interest paid during the year	11,863	0
Dividend rate	1.00%	0.00%
Interest previously proposed (paid after the year end in 2023)	0	12,796
Dividend rate	0.00%	1.00%
Interest proposed, but not recognised	6,851	6,677
Dividend rate	0.50%	0.50%

  

<b>6 Other Income</b>	<b>2023</b>	<b>2022</b>
	£	£
Grants and deferred income	0	2,000
Miscellaneous income	1,232	23
	<b>1,232</b>	<b>2,023</b>

  

<b>7 Expenses</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		£	£
Administrative expenses	7a	6,048	6,266
Depreciation and amortisation	9	4,011	3,907
Other operating expenses	7b	25,929	24,444
		<b>35,988</b>	<b>34,617</b>

## DACORUM FIRST CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

<b>7a Administrative Expenses</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		£	£
Travelling		50	120
Other development costs		758	723
Auditors remuneration	7c	3,300	3,000
Telephone		369	453
Computer maintenance		173	576
General expenses		309	299
Printing, Postage and Stationery		1,089	799
Other insurances		0	296
<b>Total Administrative Expenses</b>		<b>6,048</b>	<b>6,266</b>
<b>7b Other Operating Expenses</b>		<b>2023</b>	<b>2022</b>
<b>Cost of occupying offices (excluding depreciation)</b>		£	£
Rents and Rates		9,248	7,164
<b>Regulatory and financial management costs</b>			
Financial Conduct Authority, Prudential Regulation Authority Fees and FSCS Levy		124	1,890
National Body Dues		1,468	1,087
Fidelity Insurance		2,956	1,478
Loan Protection and life savings insurance		12,061	12,610
Debt recovery fees & Credit Checks		72	215
		16,681	17,280
<b>Total Other operating Expenses</b>		<b>25,929</b>	<b>24,444</b>
<b>7c Auditors remuneration</b>			
The Credit Union voluntarily presents an analysis of its auditors' remuneration in accordance with Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.			
		<b>2023</b>	<b>2022</b>
		£	£
Fees payable for the audit of the Credit Union's annual accounts		3,210	2,910
Fees payable to the Credit Union's Auditor for other services:			
Services relating to taxation		90	90
<b>Total Auditors remuneration</b>		<b>3,300</b>	<b>3,000</b>



## DACORUM FIRST CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

**8 Taxation****8a Recognised in the Revenue Account**

The taxation charge for the year, based on the small profits rate of Corporation Tax of 19% (2020 19%) comprised:

	Note	2023	2022
Current tax		£	£
UK Corporation tax	8b	2,623	129
<b>Total current tax and total taxation expense recognised in the Revenue Account</b>		<b>2,623</b>	<b>129</b>

**8b Reconciliation of taxation expense**

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, tax charge for the year differs from the standard rate of corporation tax. The differences are explained below:

	2023	2022
	£	£
Surplus Before Taxation	5,164	6,151
Surplus before taxation multiplied by small profits rate of corporation tax in the UK of 19% (2020 19%)	981	1,169
Effects of:		
Non-taxable surplus/(deficit) on transactions with members	1,642	(1,040)
<b>Total tax charge for the year</b>	<b>2,623</b>	<b>129</b>

**9 Tangible Fixed Assets**

Tangible Fixed Assets comprise the following property, plant and equipment:

	Furniture & Fittings	Computers	Software	Total
<b>Cost</b>	£	£	£	
As at 1 October 2022	6,532	919	15,627	23,078
Additions	420	0	0	420
Disposals	0	0	0	0
<b>As at 30 September 2023</b>	<b>6,952</b>	<b>919</b>	<b>15,627</b>	<b>23,498</b>
<b>Depreciation</b>				
As at 1 October 2022	6,532	919	3,907	11,358
Charge for the year	105	0	3,906	4,011
Charge on disposal	0	0	0	0
<b>As at 30 September 2023</b>	<b>6,637</b>	<b>919</b>	<b>7,813</b>	<b>15,369</b>
<b>Net Book Value</b>				
<b>As at 30 September 2023</b>	<b>315</b>	<b>0</b>	<b>7,814</b>	<b>8,129</b>
As at 30 September 2022	0	0	11,720	11,720

## DACORUM FIRST CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

## 10 Loans and advances to members

10a Loans and advances to members	Note	2023 £	2022 £
As at 1 October 2022		353,382	275,262
Advanced during the year		280,295	352,650
Interest receivable		36,160	28,386
Repaid during the year		(369,231)	(302,916)
<b>Gross loans and advances to members</b>	10b	<b>300,606</b>	<b>353,382</b>
Impairment losses:			
Individual financial assets	10b, 10e	0	0
Groups of financial assets	10d	(43,512)	(44,381)
	10c	(43,512)	(44,381)
<b>As at 30 September 2023</b>		<b>257,094</b>	<b>309,001</b>

## 10b Memorandum - Total loan assets regulatory purposes

	Note	2023 £	2022 £
Gross loans and advances to members		300,606	353,382
Impairment of individual financial assets		0	0
<b>Total loan assets for regulatory purposes</b>	13b	<b>300,606</b>	<b>353,382</b>

## 10c Credit risk disclosures

The credit union does not offer mortgages and as a result all loans to members are unsecured, except where there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding.

The carrying amount of the loans to members represents the credit union's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2023		2022	
	Amount	Proportion	Amount	Proportion
<b>Not impaired:</b>				
Neither past due nor impaired	233,390	77.64%	304,027	86.03%
Up to 3 months past due	18,974	6.31%	14,548	4.12%
Between 3 and 6 months past due	0	0.00%	0	0.00%
Between 6 and 9 months past due	0	0.00%	0	0.00%
Between 9 months and 1 year past due	0	0.00%	0	0.00%
Over 1 year past due	0	0.00%	0	0.00%
<b>Sub-total: loans not impaired</b>	<b>252,364</b>	<b>83.95%</b>	<b>318,575</b>	<b>90.15%</b>
<b>Individually impaired:</b>				
Not yet past due, but impaired	6,756	2.25%	0	0.00%
Up to 3 months past due	0	0.00%	0	0.00%
Between 3 and 6 months past due	1,012	0.34%	0	0.00%
Between 6 and 9 months past due	4,513	1.50%	0	0.00%
Between 9 months and 1 year past due	0	0.00%	0	0.00%
Over 1 year past due	35,961	11.96%	34,807	9.85%
<b>Total loans</b>	<b>300,606</b>	<b>16.05%</b>	<b>353,382</b>	<b>9.85%</b>
<b>Impairment allowance</b>	<b>(43,512)</b>		<b>(44,381)</b>	
<b>Total carrying value</b>	<b>257,094</b>		<b>309,001</b>	

## DACORUM FIRST CREDIT UNION LTD

## Notes to the Financial Statements for the year ended 30 September 2023 (continued)

Factors that are considered in determining whether loans are impaired are discussed in note 3.

<b>10d Allowance account for impairment losses</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		£	£
As at 1 October 2022		44,381	54,127
Allowances reversed during the year		(869)	(9,746)
<b>Decrease in allowance during the year</b>	<b>10e</b>	<b>(869)</b>	<b>(9,746)</b>
<b>As at 30 September 2023</b>		<b>43,512</b>	<b>44,381</b>
<b>10e Impairment losses recognised for the year</b>		<b>2023</b>	<b>2022</b>
		£	£
Impairment of individual financial assets		0	0
Decrease in impairment allowances during the year		(869)	(9,746)
		<b>(869)</b>	<b>(9,746)</b>
Reversal of impairment where debts recovered		(1,409)	68
<b>Total impairment gains recognised for the year</b>		<b>(2,278)</b>	<b>(9,678)</b>
<b>11 Subscribed capital - financial liabilities</b>		<b>2023</b>	<b>2022</b>
		£	£
As at 1 October 2022		1,395,140	1,354,135
Received during the year		309,836	388,380
Dividends paid during the year		11,863	0
Repaid during the year		(371,539)	(347,375)
<b>As at 30 September 2023</b>		<b>1,345,300</b>	<b>1,395,140</b>
Deposits from members are made by way of subscription for shares. The balance includes deposits made by juvenile members - £26,269 (2022: £23,669)			
<b>12 Other payables</b>		<b>2023</b>	<b>2022</b>
		£	£
UK Corporation tax		2,990	367
Accruals and deferred income		5,130	4,634
Grants		1,309	1,309
		<b>9,429</b>	<b>6,310</b>

## DACORUM FIRST CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

**13 Additional financial instruments disclosures****13a Financial risk management**

The Credit Union manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable.

The main financial risks arising from the Credit Union's activities are credit risk, liquidity risk and interest rate 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 repayments to the Credit Union, resulting in financial loss to the Credit Union. In order to manage the 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 that the likelihood of payment has changed. The Credit Union also monitors its banking arrangements closely in light of the current banking situation.

**Liquidity risk:** The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it meets its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Note 2 provides further details about the impact of the maturity mismatch on the going concern status of the Credit Union.

**Market risk:** Market risk is generally comprised of interest rate risk, currency risk and other price risk. The Credit Union conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore the Credit Union is not exposed to any form of *currency risk* or *other price risk*.

**Interest rate risk:** The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a credit union's operations. The Credit Union considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. The Credit Union does not use interest rate options to hedge its own positions.

**13b Interest rate risk disclosures**

The following table shows the average interest rates applicable to relevant financial assets and financial liabilities.

	2023		2022	
	Amount	Average Interest Rate	Amount	Average Interest Rate
Financial assets	£	%	£	%
Loans to members	300,606	11.06%	353,382	9.03%

The interest rates applicable to loans to members are fixed at 12% per annum

**13c Liquidity risk disclosures**

Excluding short-term other payables, as noted on the balance sheet, the Credit Union's financial liabilities, the subscribed capital, are repayable on demand.

**13d Fair value of financial instruments**

The Credit Union does not hold any financial instruments at fair value.

## DACORUM FIRST CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

<b>14 Cash and cash equivalents</b>	<b>2023</b>	<b>2022</b>
	£	£
Loans and advances to banks	1,247,892	1,237,860
Less: amounts maturing after three months	0	0
<b>Total cash and cash equivalents</b>	<b><u>1,247,892</u></b>	<b><u>1,237,860</u></b>

**15 Post balance sheet events**

There are no material events after the balance sheet date to disclose.

**16 Contingent liabilities**

The Credit Union participates in the Financial Services Compensation Scheme (FSCS) and therefore has a contingent liability, which cannot be quantified, in respect of contributions to the FSCS, as required by the Financial Services and Markets Act 2000. The Financial Conduct Authority (FCA) has provided details of how the calculation of next year's contribution towards the FSCS will be calculated and full provision has been included for this liability. However this is subject to future changes in interest rates and levels of deposits held by UK deposit takers. Therefore there is inherent uncertainty regarding the totality of the levy that the Credit Union will have to pay.

**17 Related Party Transactions**

During the year, .... members of the board, staff or volunteers (none of their close family members), had or were issued with loans with the Credit Union (2022 - 2). These loans were approved on the same basis as loans to other members of the Credit Union. None of the directors, staff, volunteers and close family members have preferential terms on loans.

**18 Commitments under operating leases**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	<b>2023</b>	<b>2022</b>
	£	£
Within one year	0	0
Between one and five years	0	0
	<b><u>0</u></b>	<b><u>0</u></b>

**19 Financial Commitments**

The credit union does not have any financial commitments

**20 Non-audit services**

In common with many other Credit Unions of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist us with the preparation of the financial statements.