BEDFORD CREDIT UNION LIMITED

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2024

FCA registration number 213900

BEDFORD CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2024

Administrative information

Status	Bedford Credit Union Ltd was incorporated under the Co-operative and Credit Unions Act 1979 and the Industrial and Provident Societies Act 1965, which has been superseded by the Community Benefit Societies Act 2014.	
Directors	Ian McEwen	Chair
	Charles Mills	Treasurer
	Dan Canty - coopted 15 May 2024	Secretary
	Saqhib Ali	
	Noaman Hassan	
	Keith Gaunt	
	Haroon Iqbal - coopted 11 December 2024	
	Raksha Malde-Kara	
	Geraldine Ryan - resigned 13 March 2024	
	Stephen Clough - resigned 13 March 2024	
Other Officers	Supervisory Committee:	
	Kathy Goodwin	
	Anne Jones - appointed 13 March 2024	
	Julia Roman Quipe de Lenihan	
	Yogini Sathe - resigned 13 March 2024	
Bankers Registered Office	Lloyds Bank plc 25 Gresham Street London EC2N 7HN	
Credit Union Registered Office	6 St Paul's Square Bedford MK40 1SQ	
Prudential Regulation Authority No.	216633	
Auditors	PWH Accountancy Ltd Statutory Auditors The Counting House High Street Lutterworth Leicestershire LE17 4AY	

BEDFORD CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2024

Contents **Page**

Directors' Report	4
Independent Auditors' Report	5 - 6
Revenue Account	7
Balance Sheet	8
Statement of changes in Retained Earnings	9
Cash flow statement	10
Notes to the financial statements	11 - 20

BEDFORD CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2024

Directors' Report

The directors' present their annual report on the affairs of the Credit Union, together with the accounts and auditors' report for the year.

Principal Activities
The principal activities of the Credit Union are those of a Credit Union, accepting deposits from and lending sums to its members, with the objects of promoting thrift amongst its members and providing credit for their benefit at a fair and reasonable rate of interest.

Results of Operations and Dividends
The results for the year are as shown in the attached accounts, as are movements in the Credit Union's fixed assets.

Directors' of Management
The directors' during the year were:

Ian McEwen	Chair
Charles Mills	Treasurer
Dan Canty - coopted 15 May 2024	Secretary
Saqhib Ali	
Noaman Hassan	
Keith Gaunt	
Raksha Malde-Kara	
Geraldine Ryan - resigned 13 March 2024	
Stephen Clough - resigned 13 March 2024	

Haroon Iqbal was co-opted on 11 December 2024

Directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Co-operative and Community Benefit Act law and Credit Union law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the credit union and of the excess of income over expenditure of the credit union for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the society and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Act Societies 2014. 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.

The directors confirm that so far as they are aware, there is no relevant audit information of which the credit union's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the credit union's auditors are aware of that information.

Auditors
The auditors, PWH Accountancy Limited, have indicated their willingness to accept re-appointment under the provisions of the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

Signed on behalf of the directors' of management

Director
Date 12/3/2025

BEDFORD CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2024

Independent Auditors' Report to the members of Bedford Credit Union Limited

Opinion

We have audited the financial statements of Bedford Credit Union Limited (the 'society') for the year ended 30th September 2024 which comprise the Revenue Account and Balance Sheet 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society's members, as a body, in accordance with section 83 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30th September 2024 and of its income and expenditure for the period then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the 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 society 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors' are responsible for the other information. The other information comprises the information included in the Directors' Report other than the financial statements and our auditor's report thereon. 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. In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Auditors' Report to the members of Bedford Credit Union Limited

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 requires us to report to you if, in our opinion:

- a satisfactory system of internal control over transactions has not been maintained; or
- the society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations that we need for our audit.

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement 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 they 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 society'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 society 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

PWH Accountancy Ltd

PWH Accountancy Limited, Statutory Auditors
The Counting House
High Street
Lutterworth
Leicestershire
LE17 4AY

Date 12-02-25

BEDFORD CREDIT UNION LIMITED

REVENUE ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 2024

	Note	2024 £	2023 £
Loan interest receivable and similar income	4	147,539	121,419
Interest payable	5	(2,182)	(2,263)
Net interest income		145,357	119,156
Fees and commissions receivable	6a	9,079	10,429
Fees and commissions payable		-	-
Net fees, Interest and commissions receivable		154,436	129,585
Other income	6b	15,364	14,843
Administrative expenses	7a	(115,728)	(89,828)
Depreciation and amortisation	10	(1,781)	(1,314)
Other operating expenses	7b	(16,291)	(17,677)
Impairment losses on loans to members	11d	(15,875)	(8,401)
Surplus before taxation		20,125	27,208
Taxation	9a	(10,816)	(8,350)
Surplus for the financial year		9,309	18,858
Total comprehensive income		9,309	18,858

BEDFORD CREDIT UNION LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER 2024

	Note	2024 £	2023 £
ASSETS			
Cash, cash equivalents and liquid deposits		302,259	225,519
Deposits held at UK Financial Institutions		1,104,511	1,291,425
		1,406,770	1,516,944
Loans and advances to members	11b	531,172	523,929
Tangible fixed assets	10	3,113	2,899
Other receivables		22,848	23,122
Prepayments and accrued income		735	1,004
Total assets		1,964,638	2,067,898
LIABILITIES			
Share capital		1,652,428	1,774,858
Junior Savers		116,329	113,219
Other payables	12	55,191	48,440
		1,823,948	1,936,517
Subordinated Loans	15a	11,000	11,000
Retained earnings	15	129,690	120,381
Total liabilities		1,964,638	2,067,898

The financial statements were approved, and authorised for issue, by the Board on 12 March 2025 and signed on its behalf by:

Ian McEwen

Charles Mills

BEDFORD CREDIT UNION LIMITED

STATEMENT OF CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED 30TH SEPTEMBER 2024

RESERVES	2024 £	2023 £
As at 1 October 2023	120,381	101,523
Total comprehensive income for the year	9,309	18,858
As at 30 September 2024	129,690	120,381

BEDFORD CREDIT UNION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER 2024

	Note	2024	2023
		£	£
Cash flows from operating activities			
Surplus/(deficit) before taxation		20,125	27,208
Adjustments for non-cash items:			
Depreciation		1,781	1,314
Impairment losses	11c	15,885	8,516
		37,791	37,038
Movements in:			
Other receivables		543	(15,070)
Other payables		4,285	1,336
		42,619	23,304
Cash flows from changes in operating assets and liabilities			
Cash inflow from subscribed capital		4,915,291	4,799,836
Cash outflow from repaid capital		(5,035,003)	(4,838,435)
New loans to members		(500,555)	(556,345)
Repayment of loans by members		477,819	358,228
		(99,829)	(213,412)
Taxation paid		(8,350)	(2,333)
Net cash flows from operating activities		(108,179)	(215,745)
Cash flows from investing activities			
Subordinated loan subscriptions less repayments		-	(4,000)
Purchase of property, plant and equipment	10	(1,995)	(3,058)
Net cash flow from managing liquid deposits		**(110,174)**	**(222,803)**
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		1,516,944	1,739,747
Cash and cash equivalents at end of year		1,406,770	1,516,944

1. Legal and regulatory framework

The Credit Union is a society established under the Industrial and Provident Societies Act 1965, (now superseded by 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 Republic of Ireland*.

The financial statements are prepared on the historical cost basis.

Going concern

The financial statements are prepared on the going concern basis.

Income

Loan interest receivable and similar income: Interest on loans to members is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Fees and commissions receivable: Income relating to individual transactions is recognised when the transaction is completed.

Other income: Other income is recognised when receivable.

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. 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.

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. Deprecation 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 over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Office equipment	33%
Information systems	33%

Cash and cash equivalents

Cash, cash equivalents and liquid deposits comprise cash on hand and investments with a maturity of less than or equal to 8 days.

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.

Impairment of financial assets

The Credit Union assesses, on a monthly basis, 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.

Employee benefits

A pension is currently offered to all eligible employees through NEST. The contribution level during the year was 3% of salary for the Credit Union and 5% for the employee. At 30 September 2024 four employees were members of the scheme (2023 three).
Other employee benefits: Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

Reserves

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

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.

4. Loan interest receivable and similar income

	2024 £	2023 £
Loan interest received from members	98,834	76,573
Loan interest receivable from members	715	900
Less: compensaton paid for overcharged interest	(9,074)	-
Bank interest receivable on cash and liquid deposits	57,064	43,946
Total loan interest receivable and similar income	147,539	121,419

In the year a systems error was discovered which had led to some member loans being charged at higher interest rates than they should have been. The overcharged interest was calculated for each mis-priced loan and returned to the member together with a compensation amount of an additional 10% of the overcharged interest. We have treated this cost as a reduction in interest income for the year, although some of these overcharges also relate to the prior financial year.

5. Interest expense

Interest expense comprises interest paid on junior accounts and dividends paid to members for the prior year. Dividends are formally proposed by the Directors after the year end and confirmed at the following AGM. No dividends were proposed or paid in 2023 or 2024.

	2024 £	2023 £
Junior interest	2,182	2263
Subordinated Loan interest	-	-
Interest paid during the year	2,182	2,263
Dividend Rate:		
Interest proposed, but not recognised	-	-
Dividend rate:	0.0%	0.0%

6a. Fees and commissions receivable

	£	£
Entrance and annual membership fees	9,079	10,429
Total fees and commissions receivable	9,079	10,429

6b. Other Income

Grants	7,000	12,350
Donations & Fundraising	6,411	108
Other income	1,953	2,385
Total other income	15,364	14,843

7a. Administrative expenses

		£	£
Employment costs	8a	77,714	61,491
Meeting and travel expenses		92	74
Auditors' remuneration	7c	4,000	2,880
Telephone		2,334	2,175
IT costs		19,208	18,452
Legal and professional		35	35
General expenses (see analysis below)		5,633	1,303
Advertising & Marketing		5,104	1,826
Printing, postage and stationery		1,199	1,198
Other insurance		409	394
Total administrative expenses		115,728	89,828

General expenses includes the following items:

Accidental overpayment to member not repaid	3,710	-
Other items	1,923	1,303
	5,633	1,303

	2024 £	2023 £
7b. Other operating expenses		
Rent, rates & Utilities	4,678	4,591
Property Service Charge	6,500	7,683
Property Maintenance & Dilapidations	1,155	1,409
	12,333	13,683
Regulatory and financial management costs		
Financial Conduct Authority and Prudential Regulation Authority fees	266	262
Association of British Credit Unions Limited dues	1,945	1,985
Fidelity Bond Insurance	1,747	1,747
Total other operating expenses	16,291	17,677
7c. Auditors' remuneration		
Fees payable for audit	4,000	2,880
Fees payable to the auditor for other services	-	-
Total auditors' remuneration	4,000	2,880

8. Employees and employment costs

8a. Number of employees

The average number of employees during the year were:	Number	Number
Office staff - full time equivalent	2.4	2.0

8b. Directors' Remuneration

No remuneration is paid to the directors. At the year end, Directors held total shares of £ 292 (2023 £214) and total loans of £ Nil (2023 £ Nil).

All members of the committee are members of the Credit Union. They receive no remuneration for services and participate in the activities of the Credit Union on the same terms as other members. They received reimbursement of expenses in the year of £ Nil (2023 £Nil).

9. Taxation

	2024 £	2023 £
a) Recognised in the Revenue Account		
The taxation charge for the year, based on the rate of Corporation Tax of 19% (2023 19%) taking into account marginal relief comprised:		
Current tax		
UK Corporation tax	10,816	8,350
Total current tax recognised in the Revenue Account	10,816	8,350

b) The Credit Union is not liable to corporation tax payable on its activities of making loans to members. However, corporation tax is payable on investment income.

10. Tangible fixed assets

Tangible fixed assets comprise the following:

	Office Equipment & Computers	Office Equipment & Computers
	2024	2023
Cost	£	£
Beginning of year	62,554	59,496
Additions	1,995	3,058
Disposals		
End of year	64,549	62,554
Depreciation		
Beginning of year	59,655	58,341
Charge for year	1,781	1,314
Disposals		
End of year	61,436	59,655
Net Book Value		
At 30th September 2024	3,113	
At 30th September 2023		2,899

11a. Credit risk disclosures

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

11b. Carrying Value Analysis

The carrying amount of the loans to members represents the Credit Union's maximum exposure to credit risk. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	Note	2024	2023
		£	£
Not impaired:			
Loans not impaired		527,607	516,503
Sub-total: loans not impaired		527,607	516,503
Individually impaired:			
Up to 3 months past due		12,305	6,408
Between 3 and 6 months past due		1,866	10,620
Between 6 months and 1 year past due		16,903	4,839
Over 1 year past due		43,356	40,539
Total loans		602,037	578,909
Impairment allowance		(70,865)	(54,980)
Total carrying value		531,172	523,929
11c. Provision for impairment losses			
As at 1 October 2023		54,980	50,378
Allowance for losses made during the year		15,885	8,516
Allowances reversed during the year		-	(3,914)
Increase in allowances during the year		15,885	4,602
As at 30 September 2024		**70,865**	**54,980**
11d. Impairment losses recognised for the year			
Impairment of individual financial assets		-	3,914
Increase in impairment allowances during the year		15,885	4,602
		15,885	8,516
Reversal of impairment where debts recovered		(10)	(115)
Total impairment losses recognised for the year		**15,875**	**8,401**
12. Other payables			
UK Corporation Tax		10,816	8,350
Junior interest		2,327	2,266
Accruals and deferred income		30,713	23,950
Suspense account - unallocated credits		11,335	13,874
		55,191	**48,440**

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 this risk the Board approves the Credit Union 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 repayment has changed.

Liquidity risk: The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the 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.

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 it 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 operation and 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. The risk is monitored on a regular basis by the Board.

13b. Interest rate risk disclosures

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

	2024		2023	
	Average Amount £	Average interest rate %	Average Amount £	Average interest rate %
Financial assets:				
Loans to members	536,435	18.6	429,129	18.1
Financial Liabilities				
Share capital	1,696,384		1,785,660	

The interest rates applicable to loans to members are fixed and range from 12.7% to 42.6% APR.
The interest payable on share capital is determined at the AGM. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

13c. Liquidity risk disclosures

Excluding short-term other payables, as noted in 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.

14. Post balance sheet events

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

15. Reserves

	Voluntary Reserve £	Statutory Reserve £	Total £
At 1st October 2023	89,758	30,623	120,381
Surplus for the year	9,309		9,309
Transfer between funds	(1,862)	1,862	-
Balance carried forward at 30th September 2024	97,205	32,485	129,690

15a. Other Capital Reserves

	2024	2023
	£	£
Subordinated Loans	11,000	11,000
	11,000	11,000

The subordinated loans of £11,000 are repayable on or before 31 December 2028. 100% of this loan can be treated as capital under the capital assets ratio specified in CREDS (2023 - 100%). Interest is payable in respect of the subordinated loans at a variable rate, equivalent to the rate of dividends payable to members. No interest is payable on the subordinated loans in the year (2023 - £Nil).

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) had 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, the Credit Union made loans of £nil (2023 £1,000) to members of the Board, staff and their close family members. The £1,000 loan issued in 2022-23 was fully repaid by 28 March 2024. Any such loans are approved on the same basis as loans to other members and do not have preferential terms. Directors, staff, volunteers or their close family members had share values of £1,767 at 30 September 2024 (2023 £770).

18. Employee benefits

Under the UK accounting standards, the Credit Union made a provision for holiday pay of £1,011 (2023 £1,393). FRS 102 requires the cost of holiday pay to be recognised when employees render the service that gives rise to the entitlement.

19. Loan Interest

The Credit Union is required to ensure that all members loan interest is on a receivable basis.