BEDFORD CREDIT UNION LIMITED

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2025

FCA registration number 213900

BEDFORD CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2025

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under the Co-operative and Credit Unions Act 1979 and the Industrial and Provident Societies Act 1965, which has been superseded by the Community Benefit Societies Act 2014.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	Secretary
	Saqhib Ali	
	Noaman Hassan	
	Keith Gaunt	
	Haroon Iqbal - coopted 11 December 2024	
	Alasdair Gifford - coopted 18 June 2025	
	James Karpinski - coopted 17 September 2025	
	Raksha Malde-Kara - resigned 19 March 2025	
Other Officers	Supervisory Committee:	
	Kathy Goodwin	
	Anne Jones	

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	Cottons Accountants LLP Chestnut Field House Chestnut Field Rugby CV21 2PD

BEDFORD CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2025

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BEDFORD CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2025

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)	Keith Gaunt
Dan Canty (Secretary)	Haroon Iqbal - coopted 11 December 2024
Charles Mills (Treasurer)	Alasdair Gifford - coopted 18 June 2025
Saqhib Ali	James Karpinski - coopted 17 September 2025
Noaman Hassan	Raksha Malde-Kara - resigned 19 March 2025

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, Cottons Accountants LLP, have indicated their willingness to accept 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 March 2026

BEDFORD CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2025

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 2025 which comprise the Revenue Account, Balance Sheet, Statement of Changes in Retained Earnings and 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 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 2025 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.
- Have been prepared in accordance with UK Generally Accepted Accounting Practice

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 the provisions for small entities, 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 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.

We design procedures based on assessed risk and 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 commercial 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 company, including FRS102, Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979;
- 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.

Independent Auditors' Report to the members of Bedford Credit Union 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 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;
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors;

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. The areas in the financial statements that are most susceptible to fraud are loans and advances to members and subscribed capital. We have investigated in particular where there is:

- Insufficient levels of impairment allowance of loans made:

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.



Cottons Accountants LLP
Chestnut Field House
Chestnut Field
Rugby
CV21 2PD

Date 18.03.2026

BEDFORD CREDIT UNION LIMITED

REVENUE ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 2025

	Note	2025 £	2024 £
Loan interest receivable and similar income	4	153,788	147,539
Interest payable	5	(2,136)	(2,182)
Net interest income		151,652	145,357
Fees and commissions receivable	6a	9,103	9,079
Fees and commissions payable		-	-
Net fees, Interest and commissions receivable		160,755	154,436
Other income	6b	10,701	15,364
Administrative expenses	7a	(137,561)	(115,728)
Depreciation and amortisation	10	(1,879)	(1,781)
Other operating expenses	7b	(16,544)	(16,291)
Impairment losses on loans to members	11d	(18,528)	(15,875)
Surplus before taxation		(3,056)	20,125
Taxation	9a	(10,462)	(10,816)
(Loss) surplus for the financial year		(13,518)	9,309
Total comprehensive (expenditure) income		(13,518)	9,309

BEDFORD CREDIT UNION LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER 2025

	Note	2025 £	2024 £
ASSETS			
Cash, cash equivalents and liquid deposits		307,462	302,259
Deposits held at UK Financial Institutions		1,146,343	1,104,511
		1,453,805	1,406,770
Loans and advances to members	11b	607,016	531,172
Tangible fixed assets	10	2,978	3,113
Other receivables		28,691	22,848
Prepayments and accrued income		570	735
Total assets		2,093,060	1,964,638
LIABILITIES			
Share capital		1,796,921	1,652,428
Junior Savers		115,600	116,329
Other payables	12	53,367	55,191
		1,965,888	1,823,948
Subordinated Loans	15a	11,000	11,000
Retained earnings	15	116,172	129,690
Total liabilities		2,093,060	1,964,638

The financial statements were approved, and authorised for issue, by the Board on 12 March 2026 and signed on its behalf by:

Ian McEwen (Chair)

Charles Mills

BEDFORD CREDIT UNION LIMITED

STATEMENT OF CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED 30TH SEPTEMBER 2025

RESERVES	2025 £	2024 £
As at 1 October 2024	129,690	120,381
Total comprehensive (expenditure) income for the year	(13,518)	9,309
As at 30 September 2025	116,172	129,690

BEDFORD CREDIT UNION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER 2025

	Note	2025 £	2024 £
Cash flows from operating activities			
Surplus/(deficit) before taxation		(3,056)	20,125
Adjustments for non-cash items:			
Depreciation		1,879	1,781
Impairment losses	**11c**	18,538	15,885
		17,361	37,791
Movements in:			
Other receivables		(5,678)	543
Other payables		(914)	4,285
		10,769	42,619
Cash flows from changes in operating assets and liabilities			
Cash inflow from subscribed capital		4,912,256	4,915,291
Cash outflow from repaid capital		(4,768,487)	(5,035,003)
New loans to members		(628,394)	(500,555)
Repayment of loans by members		534,007	477,819
		60,151	(99,829)
Taxation paid		(11,372)	(8,350)
Net cash flows from operating activities		48,779	(108,179)
Cash flows from investing activities			
Purchase of property, plant and equipment	**10**	(1,744)	(1,995)
Net cash flow from managing liquid deposits		**47,035**	**(110,174)**
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		1,406,770	1,516,944
Cash and cash equivalents at end of year		1,453,805	1,406,770

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. 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 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 2025 four employees were members of the scheme (2024 four).
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

	2025	2024
	£	£
Loan interest receivable from members	98,725	99,549
Less: compensation paid for overcharged interest	-	(9,074)
Bank interest receivable on cash and liquid deposits	55,063	57,064
Total loan interest receivable and similar income	153,788	147,539

In the year ended 30 September 2024 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 members 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 ended 30 September 2024, although some of these overcharges also related 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 2024 or 2025.

	2025	2024
	£	£
Junior interest	2,136	2,182
Subordinated Loan interest	-	-
Interest paid during the year	2,136	2,182
Dividend Rate:		
Interest proposed, but not recognised	-	-
Dividend rate:	0.0%	0.0%

6a. Fees and commissions receivable

	£	£
Entrance and annual membership fees	9,103	9,079
Total fees and commissions receivable	9,103	9,079

6b. Other Income

Grants	10,000	7,000
Donations & Fundraising	247	6,411
Other income	454	1,953
Total other income	10,701	15,364

7a. Administrative expenses

		£	£
Employment costs	8a	96,054	77,714
Meeting and travel expenses		79	92
Auditors' remuneration	7c	3,024	4,000
Telephone		2,116	2,334
Computer maintenance		25,688	19,208
Legal and professional		47	35
General expenses (see analysis below)		2,034	5,633
Advertising & Marketing		6,801	5,104
Printing, postage and stationery		1,224	1,199
Other insurance		494	409
Total administrative expenses		137,561	115,728

General expenses includes the following items:

Accidental overpayment to member not repaid	-	3,710
Bank charges	867	587
Other items	1,167	1,336
	2,034	5,633

	2025 £	2024 £
7b. Other operating expenses		
Rent, rates & Utilities	4,812	4,678
Property Service Charge	6,500	6,500
Property Maintenance & Dilapidations	1,182	1,155
	12,494	12,333
Regulatory and financial management costs		
Financial Conduct Authority and Prudential Regulation Authority fees	249	266
Association of British Credit Unions Limited dues	1,931	1,945
Fidelity Bond Insurance	1,870	1,747
Total other operating expenses	16,544	16,291
7c. Auditors' remuneration		
Fees payable for audit	3,024	4,000
Fees payable to the auditor for other services	-	-
Total auditors' remuneration	3,024	4,000

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	2.7	2.4

8b. Directors' Remuneration

No remuneration is paid to the directors. At the year end, Directors held total shares of £577 (2024 £292) and total loans of £ Nil (2024 £ 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 (2024 £Nil).

9. Taxation

	2025 £	2024 £
a) Recognised in the Revenue Account		
The taxation charge for the year, based on the rate of Corporation Tax of 25% (2024 19%) taking into account marginal relief comprised:		
Current tax		
UK Corporation tax	10,462	10,816
Total current tax recognised in the Revenue Account	10,462	10,816

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
	2025	2024
Cost	£	£
Beginning of year	64,549	62,554
Additions	1,744	1,995
Disposals	(576)	-
End of year	65,717	64,549
Depreciation		
Beginning of year	61,436	59,655
Charge for year	1,879	1,781
Disposals	(576)	-
End of year	62,739	61,436
Net Book Value		
At 30th September 2025	2,978	
At 30th September 2024		3,113

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.

	Note	2025	2024
		£	£

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.

Not impaired:		
Loans not impaired	594,510	527,607
Sub-total: loans not impaired	594,510	527,607
Individually impaired:		
Up to 3 months past due	5,605	12,305
Between 3 and 6 months past due	13,839	1,866
Between 6 months and 1 year past due	17,449	16,903
Over 1 year past due	41,793	43,356
Total loans	673,196	602,037
Impairment allowance	(66,180)	(70,865)
Total carrying value	607,016	531,172

11c. Provision for impairment losses

As at 1 October 2024	70,865	54,980
Allowance for losses made during the year	18,538	15,885
Allowances reversed during the year	(23,223)	-
(Decrease) increase in allowances during the year	(4,685)	15,885
As at 30 September 2025	**66,180**	**70,865**

11d. Impairment losses recognised for the year

Impairment of individual financial assets	23,223	-
(Decrease) increase in impairment allowances during the year	(4,685)	15,885
	18,538	15,885
Reversal of impairment where debts recovered	(10)	(10)
Total impairment losses recognised for the year	**18,528**	**15,875**

12. Other payables

UK Corporation Tax	9,906	10,816
Junior interest	2,312	2,327
Accruals and deferred income	28,919	30,713
Unallocated credits	12,230	11,335
	53,367	**55,191**

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.

	2025		2024	
	Average Amount £	Average interest rate %	Average Amount £	Average interest rate %
Financial assets:				
Loans to members	557,709	17.7	536,435	18.6
Financial Liabilities				
Share capital	1,706,632		1,696,384	

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 2024	97,205	32,485	129,690
Loss for the year	(13,518)		(13,518)
Balance carried forward at 30th September 2025	83,687	32,485	116,172

15a. Other Capital Reserves

	2025	2024
	£	£
Subordinated Loans	11,000	11,000
	11,000	11,000

The subordinated loans of £11,000 are repayable on or before 31 December 2028. 80% of this loan can be treated as capital under the capital assets ratio specified in CREDS (2024 - 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 (2024 - £Nil).

15b. Capital Ratios

	2025	2024
Regulatory capital percentage	5.97%	7.16%
Regulatory capital percentage excluding loan notes	5.55%	6.60%

Regulatory capital is the sum of total reserves plus the proportion of subordinated loan notes specified in note 15a as a percentage of total assets. The Credit Union is required to maintain this ratio above 5%.

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 (2024 £nil) to members of the Board, staff and their close family members.
Directors, staff, volunteers or their close family members had share values of £2,538 at 30 September 2025 (2024 £1,767).

18. Employee benefits

Under the UK accounting standards, the Credit Union made a provision for holiday pay of £1,715 (2024 £1,011). 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.

20. Membership

There were 2,464 individual members at the year end (2024 2,297) and 318 junior depositors (2024 382). Junior depositors are account holders under the age of eighteen who are not yet elegible to be members of the credit union.