

**Report of the Directors and
Financial Statements
for the Year Ended 30 September 2024
for
Enterprise Credit Union Limited**

Enterprise Credit Union Limited

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for the Year Ended 30 September 2024**

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Enterprise Credit Union Limited

**Company Information
for the Year Ended 30 September 2024**

BOARD OF DIRECTORS:

A Denny
J Delaney-Lynn
A McGlashan
K McGlashan
J France
P Jones
K Davies
J Austin
C Wohlers
P Crawley

SECRETARY:

Mrs J Delaney-Lynn

REGISTERED OFFICE:

Wynsford
Hall Lane
Huyton
Merseyside
L36 6AX

REGISTERED NUMBER:

IP00115C (England and Wales)

FCA REFERENCE:

213291

AUDITORS:

SB&P
Oriel House
2-8 Oriel Road
Bootle
Liverpool
Merseyside
L20 7EP

Enterprise Credit Union Limited

**Report of the Board of Directors
for the Year Ended 30 September 2024**

The Board of Directors present their report with the financial statements of the company for the Year Ended 30 September 2024.

PRINCIPAL ACTIVITY

The principal activity of the credit union in the year under review was that of providing loans to its members. Enterprise Credit Union Ltd 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. Enterprise Credit Union Ltd has registered with the Financial Conduct Authority under the provisions of the Financial Services and Markets Act 2000.

BOARD OF DIRECTORS

The directors shown below have held office during the period from 1 October 2023 to the date of this report.

- A Denny
- J Delaney-Lynn
- A McGlashan
- K McGlashan
- J France
- P Jones
- K Davies
- J Austin
- C Wohlers
- P Crawley

BOARD OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979 require the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

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 the 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the credit union's auditors are aware of that information.

AUDITORS

The auditors, SB&P, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

.....
Mrs J Delaney-Lynn – Director & Secretary

Date:

Report of the Independent Auditors to the Members of Enterprise Credit Union Limited

Opinion

We have audited the financial statements of Enterprise Credit Union Limited for the Year Ended 30 September 2024 which comprise the Revenue Account, the Balance Sheet, the Statement of changes in retained earnings, the Cash Flow Statement 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).

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 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

In auditing the financial statements, we have concluded that the Board of 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 Board of 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 Report of the Directors and Financial Statements, other than the financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information contained within the Report of the Directors and Financial Statements. Our opinion on the financial statements does not cover the other information and 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.

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:

- 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 revenue account, any other accounts to which our report relates, and the balance sheet 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 Board of Directors

As explained more fully in the Board of Directors' responsibilities statement set out on page 2, the Board of Directors is 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 Board of Directors is 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 Board of Directors either intends 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Credit Union and the sector in which it operates, and identified the key laws and regulations that:
 - had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979; and
 - do not have a direct effect on the financial statements but compliance with which may be fundamental to the Credit Union's ability to operate or to avoid a material penalty. These included the Credit Union's regulatory requirements.
- We obtained an understanding of how the scheme is complying with those legal and regulatory frameworks by making enquiries of management, reviewing minutes of Board of Directors' meetings, and reviewing any correspondence with regulatory bodies.
- We assessed the susceptibility of the Credit Union's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit engagement team included:
 - identifying the controls that are in place to prevent and detect fraud;
 - challenging assumptions and judgements made in connection with significant accounting estimates;
 - addressing the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business;
 - assessing the extent of compliance with the relevant laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

**Report of the Independent Auditors to the Members of
Enterprise Credit Union Limited**

Use of our report

This report is made solely to the society'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 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 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.

SB&P
Statutory Auditor
2-8 Oriel Road
Bootle
Liverpool
Merseyside
L20 7EP

Date

Enterprise Credit Union Limited**Revenue Account
for the Year Ended 30 September 2024**

	Notes	30.9.24 £	30.9.23 £
Loan interest receivable and similar income	4	4,975,014	4,255,985
Interest payable	5	(1,121,914)	(583,417)
NET INTEREST INCOME		3,853,100	3,672,568
Fees and commissions payable		(53,716)	(52,474)
NET FEES AND COMMISSIONS RECEIVABLE		(53,716)	(52,474)
Other income		29,146	26,660
Administrative expenses		(1,375,846)	(1,243,420)
Depreciation and amortisation	9 & 10	(74,847)	(83,541)
Other operating expenses		(299,544)	(269,042)
Impairment losses on loans to members	11	(1,079,846)	(649,026)
SURPLUS BEFORE TAXATION	8	998,447	1,401,725
Taxation	8	(70,965)	(27,867)
SURPLUS FOR THE FINANCIAL YEAR		927,482	1,373,858
TOTAL COMPREHENSIVE INCOME		927,482	1,373,858

A note of the additional recognised gains and losses are set out on page 8

Enterprise Credit Union Limited

**Balance Sheet
30 September 2024**

	Notes	30.9.24 £	30.9.23 £
ASSETS			
Cash		20,658	63,329
Balances at banks		9,456,810	9,148,830
		<u>9,477,468</u>	<u>9,212,159</u>
Loans and advances to members	11	35,008,225	31,107,115
Intangible fixed assets	9	1,950	18,900
Tangible fixed assets	10	568,918	512,611
Prepayments and accrued income		254,022	190,827
		<u>45,310,583</u>	<u>41,041,612</u>
LIABILITIES			
Subscribed capital – repayable on demand	12	34,456,698	31,381,223
Deferred shares	13	100,000	50,000
Other payables	14	681,920	465,906
		<u>35,238,618</u>	<u>31,897,129</u>
Retained earnings	18	10,071,965	9,144,483
		<u>45,310,583</u>	<u>41,041,612</u>

The financial statements were approved and authorised for issue by the Board of Management on
were signed on its behalf by:

and

.....
Mrs J Delaney-Lynn - Director & Secretary

.....
A Denny - Director

.....
K McGlashan - Director

Enterprise Credit Union Limited

Statement of changes in retained earnings
30 September 2024

	Notes	30.9.24 £	30.9.23 £
As at 1 October 2023		9,144,483	7,770,625
Total comprehensive income for the year		927,482	1,373,858
AS AT 30 SEPTEMBER 2024		<u><u>10,071,965</u></u>	<u><u>9,144,483</u></u>

Enterprise Credit Union Limited

Cash Flow Statement
for the Year Ended 30 September 2024

	Notes	30.9.24 £	30.9.23 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		998,447	1,401,725
Adjustments for non – cash items:			
Depreciation & Amortisation	9 & 10	74,846	75,345
Disposal of tangible fixed assets		-	8,195
Impairment losses	11	1,186,800	732,662
		<u>2,260,093</u>	<u>2,217,927</u>
Movements in:			
Prepayments and accrued income		(63,195)	(70,745)
Other payables	14	172,916	(7,284)
		<u>2,369,814</u>	<u>2,139,898</u>
CASH FLOWS FROM CHANGES IN OPERATING ASSETS AND LIABILITIES			
Cash inflow from subscribed capital	12	18,059,119	15,599,737
Cash outflow from repaid capital	12	(14,983,644)	(14,967,415)
New loans to members	11	(25,263,748)	(23,152,819)
Repayment of loans by members	11	20,175,838	18,731,695
		<u>357,379</u>	<u>(1,648,904)</u>
Taxation paid		(27,867)	(2,210)
		<u>329,512</u>	<u>(1,651,114)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(114,203)	(46,305)
Deferred Shares issued	13	50,000	-
		<u>265,309</u>	<u>(1,697,419)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		<u>9,212,159</u>	<u>10,909,578</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		<u><u>9,477,468</u></u>	<u><u>9,212,159</u></u>

**Notes to the Financial Statements
for the Year Ended 30 September 2024**

1. LEGAL AND REGULATORY FRAMEWORK

The credit union is 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.

2. ACCOUNTING POLICIES

Basis of preparation

The 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. The directors of the credit union believe this is appropriate despite a mismatch in the maturity analysis of subscribed capital and loans to members, because £15,070,605 (2023 - £13,328,614) of the subscribed capital is not redeemable at short notice unless loans with the same members have been repaid.

Interest on members' loans

Interest on both loans to members and cash and cash equivalents held on deposit is calculated and accrued on a daily basis, and is recognised in the Revenue Account on an accruals basis.

Fees and commissions receivable

Fees and commissions receivable 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.

Intangible fixed assets

Intangible fixed assets comprise computer software, which is stated at cost, less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer software	10% on cost
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Tangible fixed assets

Tangible fixed assets comprise items of property, plant and equipment, which are stated at cost, less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long Leasehold building	4% on cost
Enhancements to property	4% on cost
Fixtures, Fittings & Equipment	10% on cost
Computer equipment	33.3% on cost

2. **ACCOUNTING POLICIES (continued)**

Taxation

The tax charge for the year reflects the 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 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.

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 maturity of less than or equal to three months.

Financial assets - Loans to members

Loans to members are financial assets with fixed determinable payments and are not quoted in an active market.

Loans to members are recognised when cash is advanced and measured at amortised cost using the effective interest method so as to generate a constant rate of interest when applied to the amount of debt outstanding at the beginning of any period. Loans may be for a period up to seven years. 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 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. Provision for doubtful debts is made against current loan balances which the directors consider are uncollectible. The amount provided is calculated based on the number of weeks a loan is in arrears adjusted for any specific bad debts (using as a minimum a formula set out by the PRA). 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 are redeemable on demand, subject to settlement of any attached loans 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.

Deferred shares

Member's shareholdings in deferred shares are not redeemable on demand and are repayable only after all other liabilities have been paid. They are treated as part of the equity of the credit union. The dividends payable on these shares are treated as a distribution to members and are recognised in the Statement of Changes in Retained Earnings.

Grants and Service Contract Income

Revenue grants are recognised as income in the Revenue Account so as to match them with the expenditure towards which they are intended to contribute. Where the related expenditure has not yet been recognised in the Revenue Account the relevant amount of the grant is treated as deferred income.

Capital grants towards expenditure on fixed assets are taken to the Balance Sheet and amortised over the life of the assets to which they relate.

Reserves

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

Under FCA regulations, if the amount in its General reserve stands at less than 10% of its total assets the credit union must transfer to its General reserve at least 20% of its profits after tax for the year.

Employee benefits – including pension costs

The credit union operates a group personal pension scheme for the benefit of the employees. The contributions are charged to the Revenue Account as they accrue. The assets of the scheme are held separately in an independently administered fund.

Other employee benefits including holiday pay are recognised as an expense over the period they are earned.

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2024**

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 the impairment reviews of the financial assets as described in Note 2. The credit union uses observable evidence relating to the arrears of certain groups of loans in assessing the impairment provision together with evidence of past impairment reviews relating to loans with similar credit risk characteristics.

4. LOAN INTEREST RECEIVABLE AND SIMILAR INCOME

	30.9.24 £	30.9.23 £
Loan interest receivable from members	4,691,153	4,125,311
Bank interest receivable on cash and liquid deposits	283,861	130,674
Total loan interest receivable and similar income	4,975,014	4,255,985

5. INTEREST PAYABLE

Interest payable 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 balance sheet date.

	30.9.24 £	30.9.23 £
Dividends paid on non- deferred shares	1,010,050	538,016
Interest payable on interest bearing shares	111,864	45,401
	1,121,914	583,417
Dividend rate	2.5%	3.5%
Dividend proposed, but not recognised	756,000	1,030,000
Juvenile dividend proposed but not recognised	9,000	10,000
Dividend rate	2.5%	3.5%

6. EMPLOYEES AND EMPLOYMENT COSTS

	30.9.24	30.9.23
Average monthly number of employees during the year		
Office staff	26	26
	26	26
	30.9.24	30.9.23
	£	£
Wages and salaries	802,243	749,685
Social security costs	73,055	71,142
Payments to defined contribution pension schemes	62,286	56,222
	937,584	877,049

7. SURPLUS BEFORE TAXATION

The surplus before taxation is stated after (receiving) and charging:

	30.9.24 £	30.9.23 £
Other grants receivable	(13,905)	(16,173)
Amortisation – owned assets	16,950	16,950
Depreciation – owned assets	57,897	58,396
Loss on sale of assets	-	8,195
Auditors' remuneration	17,498	15,140
	-	-
Directors' remuneration and other benefits etc	-	-

8. TAXATION

Recognised in the Revenue Account

The tax charge on the profit on ordinary activities for the year was as follows:

	30.9.24 £	30.9.23 £
Current tax:		
UK corporation tax	70,965	27,867
Total current tax and total taxation expense recognised in the Revenue Account	70,965	27,867

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

	30.9.24 £	30.9.23 £
Surplus before taxation	998,447	1,401,725
Surplus before taxation multiplied by the profits rate of Corporation tax in the UK of 25%	249,612	308,380

Effects of

Non – taxable surplus on transactions with members	(178,647)	(280,513)
Total current tax and total taxation expense recognised in the Revenue Account	70,965	27,867

9. INTANGIBLE FIXED ASSETS

	Computer Software £	Totals £
COST		
At 1 October 2023	169,500	169,500
Additions	-	-
Disposals	-	-
At 30 September 2024	169,500	169,500
AMORTISATION		
At 1 October 2023	150,600	150,600
Charge for year	16,950	16,950
Eliminated on disposal	-	-
At 30 September 2024	167,550	167,550
NET BOOK VALUE		
At 30 September 2024	1,950	1,950
At 30 September 2023	18,900	18,900

10. TANGIBLE FIXED ASSETS

	Long leasehold £	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 October 2023	255,875	543,578	124,308	78,643	1,002,404
Additions	-	108,155	2,925	3,123	114,203
At 30 September 2024	255,875	651,733	127,233	81,766	1,116,607
DEPRECIATION					
At 1 October 2023	142,216	199,280	86,625	61,671	489,792
Charge for year	10,235	25,168	10,126	12,368	57,897
At 30 September 2024	152,451	224,448	96,751	74,039	547,689
NET BOOK VALUE					
At 30 September 2024	103,424	427,285	30,482	7,727	568,918
At 30 September 2023	113,659	344,298	37,683	16,972	512,612

11. LOANS AND ADVANCES TO MEMBERS**Members Loans**

	30.9.24 £	30.9.23 £
At 1 October 2023	32,027,951	28,290,012
Advanced during the year	25,263,748	23,152,819
Repaid during the year	(20,175,838)	(18,731,695)
Gross loans and advances to members	37,115,861	32,711,136
Impairment losses individual assets - Loans written off	(930,668)	(683,185)
Impairment losses groups of financial assets provision for doubtful loans	(1,176,968)	(920,836)
At 30 September 2024	35,008,225	31,107,115

11. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

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. A member may not withdraw their savings below the threshold limits that applied. The maximum amount that a member may borrow is £15,000.

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 recovered in full.

The provision for loan impairment includes loans which do not meet the criteria for being derecognised (written off) under FRS 102. However the Board of Management believes it is prudent to make the provision based on historical outcomes.

	30.9.24 Amount £	30.9.24 Proportion %	30.9.23 Amount £	30.9.23 Proportion %
Individually impaired:				
Not yet past due, but impaired	25,299,726	69.9	25,229,251	78.8
Up to 3 months past due	10,024,664	27.7	6,462,773	20.1
Between 3 months and 6 months past due	609,038	1.7	249,344	0.8
Between 6 months and 1 year past due	251,765	0.7	86,583	0.3
Over 1 year past due				
	36,185,193	100%	32,027,951	100%
Impairment allowance	1,176,968		920,836	
	35,008,225		31,107,115	

Allowance account for impairment losses

	30.9.24 £	30.9.23 £
At 1 October 2023	920,836	871,360
Movement in allowances during the year	256,132	49,476
At 30 September 2024	1,176,968	920,836

11. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

Impairment losses recognised for the year

	30.9.24	30.9.23
	£	£
Impairment of individual financial assets	930,668	683,185
Movement in impairment allowances during the year	256,132	49,476
	<u>1,186,800</u>	<u>732,661</u>
Reversal of impairment where debts recovered	(106,954)	(83,636)
	<u>1,079,846</u>	<u>649,025</u>

12. SUBSCRIBED CAPITAL – FINANCIAL LIABILITIES MEMBERS SHARES

	30.9.24	30.9.23
	£	£
At 1 October 2023	31,381,223	30,748,901
Received during the year	18,059,119	15,599,737
Withdrawn during the year	(14,983,644)	(14,967,415)
At 30 September 2024	<u>34,456,698</u>	<u>31,381,223</u>

Included above are shares amounting to £15,070,605 (2023 - £13,328,614) which are attached to the loans above. The shares above also include £1,741,622 (2023 - £1,781,580) relating to corporate members.

13. DEFERRED SHARES – FINANCIAL LIABILITIES

	30.9.24	30.9.23
	£	£
At 1 October 2023	50,000	50,000
Received during the year	50,000	-
Withdrawn during the year	-	-
At 30 September 2024	<u>100,000</u>	<u>50,000</u>

14. OTHER PAYABLES - CREDITORS

	30.9.24	30.9.23
	£	£
Trade creditors	29,869	16,727
Corporation Tax	70,965	27,867
Social security and other taxes	16,987	14,879
Accrued expenses	181,429	119,694
Grants in advance	6,054	19,960
Juvenile deposits	376,616	266,779
	<u>681,920</u>	<u>465,906</u>

15. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES

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'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 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 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 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 and interest-bearing shares. The credit union does not use interest rate options to hedge its own positions.

Interest rate risk disclosures

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

	30.9.24 Amount	30.9.24 Average interest rate	30.9.23 Amount	30.9.23 Average interest rate
	£	%	£	%
Financial assets				
Loans to members	36,185,193	13.0	32,027,951	12.9
Financial liabilities				
Subscribed capital	30,803,199	3.5	29,784,782	2.0
Deferred shares	100,000	-	50,000	-
Interest bearing shares	3,653,499	4.0	1,596,441	2.0
	34,556,698		31,431,223	

The interest rates applicable to loans to members are fixed and range from 0.7% per month to 2.3% per month. The interest payable on subscribed capital is determined on the basis of income less administrative expenses and as can be seen above, a consistent margin is maintained between interest receivable and interest payable. As a result the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

15. **ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (CONTINUED)**

Liquidity risk disclosures

Excluding short term other payables, as noted in the Balance Sheet, the credit union's financial liabilities, the subscribed capital, are payable on demand.

Fair value of financial instruments

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

16. **RELATED PARTY TRANSACTIONS**

During the year, 57 members of the Board, senior management and their close family members (2023: 53 members) had loans and savings with the credit union. These loans were approved on the same basis as loans to other members of the credit union. None of the directors, senior management or their close family members, have any preferential terms on their loans.

17. **OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid:

	30.9.24	30.9.23
	£	£
Within one year	9,360	9,360
Between one and five years	9,360	19,500
More than five years	-	
	18,720	28,860

18. RESERVES

	General Reserves	Other Reserve	Development Reserve	Deferred Shares Reserve	Totals
At 1 October 2023	2,790,985	6,053,498	250,000	50,000	9,144,483
Dividends	-	(1,010,050)	-	-	(1,010,050)
Surplus for year	-	1,937,532	-	-	1,937,532
Transfer	387,506	(437,506)	-	50,000	-
At 30 September 2024	3,178,491	6,543,474	250,000	100,000	10,071,964

The Development Reserve was created to provide for future capital expenditure in Information Technology and other related costs.

The directors have agreed to transfer 20% of the Surplus for the year (2023 - 20%) to the General Reserve. The accounting policies on page 11 states that under PRA regulations at least 20% of the surplus must be transferred if the General reserve stands at less than 10% of the total assets.

19. OTHER INFORMATION

Number of loans at 30 September	30.9.24 30,082	30.9.23 26,819
Percentage movement	12.2%	8.2%
Members at 30 September	24,879	23,358
Percentage movement	6.5%	6.2%
General reserve as a percentage of total assets	5.3%	6.8%
Capital asset ratio	20.9%	22.3%
Liquidity ratio	28.7%	30.6%
Risk adjusted capital ratio	23.2%	23.3%

Enterprise Credit Union Limited

Revenue Account
for the Year Ended 30 September 2024

	30.9.24		30.9.23	
	£	£	£	£
Turnover				
Loan interest received		4,691,153		4,125,311
Other income				
Grants income	13,905		16,173	
Bad debts recovered	106,954		83,636	
Other income	15,241		10,487	
Deposit account interest	283,861		130,674	
		<u>419,961</u>		<u>240,970</u>
		5,111,114		4,366,281
Expenditure				
Staffing Costs	954,379		913,753	
Computer Maintenance	125,055		77,505	
Training and Events	55,297		61,093	
LP/LS Insurance	203,945		167,352	
Building and Maintenance	16,516		20,185	
Operating/Running Costs	114,828		105,453	
Credit Control Fees	24,464		16,474	
Professional & Regulatory Fees	113,729		114,156	
General Expenses	12,776		9,068	
Business Development Expenditure	31,052		27,423	
Amortisation of intangible fixed assets				
- Computer software	16,950		16,950	
Depreciation of tangible fixed assets				
- Long leasehold	10,235		10,235	
- Improvements to property	25,168		21,684	
- Fixtures and fittings	10,126		13,137	
- Computer equipment	12,368		13,340	
Disposal of tangible fixed assets	-		8,195	
Bad debts	930,668		683,185	
Bad debt provision	256,132		49,477	
Donations	23,350		-	
		<u>2,937,038</u>		<u>2,328,665</u>
		2,174,076		2,037,616
Finance costs				
Bank charges		53,716		52,474
Interest on Shares		111,864		45,401
NET SURPLUS		<u>2,008,496</u>		<u>1,939,741</u>