



Moy Credit Union Limited
Financial Statements
For the year ended 30th September 2022

Moy Credit Union Limited

Directors

Brendan Conlon (Chairperson)
Tony Mackle (Treasurer)
Gerard White
Barry Fox
Declan Hagan
Jacqueline Rooney
Paul McKearney (Assistant Secretary)
John Kilpatrick

Secretary

Jacqueline Rooney

Supervisors

Margaret Cunniffe

Company Number

CU49

Registered Office

6 Dungannon Street
Moy,
Co Tyrone
BT71 7SH

Auditors

Mary Mackle and Co.
CIDO Innovation Centre
73 Charlestown Road
Portadown
Armagh
BT63 5PP

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Directors' Report

for the year ended 30th September 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

Principal activity and review of the business

The principal activity of the credit union is the maintenance of savings and provision of loans to the local community.

The credit union has had a challenging year with membership now standing at 2,410 (2021: 2,238). There are also 527 (2021: 508) junior depositors. The Credit Union has reviewed its investment strategy and has achieved better rates of return which has impacted favourably on the year's results.

The directors consider bad debts to be a major area of risk in the credit union. Robust procedures remain in place to closely monitor members' accounts to promptly identify problems. Even with these procedures in place there was a charge of £23,754 in the current year in relation to bad debt write-offs and provisions, compared to £18,995 credit in the previous year.

The Credit Union is striving to maintain a General Reserve of 10% of assets. This will strengthen the Credit Union's position in the future and, having reviewed the results, the directors recommend a transfer of £34,000 to General Reserve for this year.

Dividend and interest rebate policies

A final dividend in relation to 2021 of £6,607 (0.10%) was paid during the year. A final dividend of £7,482 (0.10%) has been proposed by the directors. An interest payment to juniors in relation to 2021 of £429 (0.10%) was paid during the year. An interest payment to juniors of £497 (0.10%) has been proposed. The dividends and interest have not been accounted for within the current year financial statements as they have yet to be approved.

An interest rebate in relation to 2021 of £22,761 (10.00%) was paid during the year. An interest rebate of £28,570 (12.50%) has been proposed by the directors. The interest rebate has not been accounted for within the current year financial statements as it has yet to be approved.

Directors and their interests

The directors of the credit union are stated in the Annual Report.

In accordance with the articles of association the directors retire by rotation.

Charitable and political contributions

During the year the company donated £500 to a local charity.

Results for the financial year

The Income and Expenditure account is set out on page 5.

On behalf of the Board of Directors

Mr Brendan Conlon
President

Date: 17/11/2022

Statement of Directors' Responsibilities

for the year ended 30th September 2022

Statement of Directors' Responsibilities

The Credit Unions (Northern Ireland) Order 1985 and amendments there to require 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 the Income and Expenditure Account 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.
- prepare the financial statements on a 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 Credit Union and to enable them to ensure that the financial statements are prepared in accordance with applicable law in Northern Ireland and UK Generally Accepted Accounting Practice, including the standards issued by the Financial Reporting Council, and in particular FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". They are 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.

On behalf of the Board of Directors

Mr Brendan Conlon
President

Mr Tony Mackle
Treasurer

Mr Paul McKearney
Assistant Secretary

Date: 17/11/2022

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

Opinion

We have audited the financial statements of Moy Credit Union Ltd (the 'Credit Union') for the year ended 30th September 2022, which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement, the Accounting Policies and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their presentation 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 in all material respects:

- give a true and fair view of the state of the Credit Union's affairs as at 30th September 2022 and of its surplus for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practices and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Credit Unions (Northern Ireland) Order 1985.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 Credit Union'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 Report of the Directors but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion on other matters

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Credit Union and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Credit Unions (Northern Ireland) Order 1985 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- a satisfactory system of control over transactions has not been maintained by the Credit Union in accordance with the requirements of the legislation;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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 the directors 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 Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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.

We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud.

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

Purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Credit Union's members, as a body, in accordance with Credit Unions (Northern Ireland) Order 1985. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in a Report of the Auditors 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.

Mary Mackle FCA (Senior Statutory Auditor)
For and on behalf of
Mary Mackle and Co. Ltd
Chartered Accountants and Registered Auditors
CIDO Innovation Centre
73 Charlestown Road
Portadown
Co. Armagh
BT63 5PP
17/11/2022

Income and Expenditure Account
for the year ended 30th September 2022

	Note	2022 £	2021 £
Interest on members' loans	4	238,627	228,685
Other interest income and similar income	5	53,848	52,660
Interest payable on minors' deposits	7	(429)	(385)
Net interest income		292,046	280,960
Other income	6	35,768	13,485
Employment costs	10b	(88,205)	(91,178)
Depreciation	13	(3,141)	(3,937)
Other management expenses (Schedule 1)		(107,784)	(95,786)
Net losses on loans to members	14d	(23,754)	18,995
Surplus for the financial year before taxation		104,930	122,539
Taxation	11	(10,236)	(9,798)
Surplus for the financial year after taxation		94,694	112,741
Other comprehensive income		-	-
Total comprehensive income		94,694	112,741

The financial statements were approved, and authorised for issue, by the Board on the 17 November 2022.

Mr Brendan Conlon
President

Mr Tony Mackle
Treasurer

Mr Paul McKearney
Assistant Secretary

Balance Sheet
as at 30th September 2022

	Note	2022 £	2021 £
ASSETS			
Cash and cash equivalents	12	6,496,572	6,330,474
Tangible fixed assets	13	74,216	71,357
Loans to members – Gross	14a	2,060,758	1,957,834
Provisions against loans to members	14c	(164,176)	(147,695)
Prepayments and accrued income	15	72,651	45,614
Total assets		8,540,021	8,257,584
LIABILITIES			
Members' shares	16	(7,041,013)	(6,873,275)
Minors' deposits	17	(526,273)	(468,722)
Other payables	18	(31,040)	(39,218)
Total liabilities		(7,598,326)	(7,381,215)
ASSETS LESS LIABILITIES		941,695	876,369
RESERVES			
General reserve		860,000	826,000
Unappropriated surplus		81,695	50,369
Total reserves		941,695	876,369

The financial statements were approved, and authorised for issue, by the Board on 17 November 2022 and signed on its behalf by:

Mr Brendan Conlon
President

Mr Tony Mackle
Treasurer

Mr Paul McKearney
Assistant Secretary

Statement of Changes in Reserves
for the year ended 30th September 2022

	General reserve	Unappropriated surplus	Total reserves
Opening balance at 1 October 2020	759,000	27,934	786,934
Total comprehensive income for the year		112,741	112,741
Interest Rebate and Dividends paid during the year (Note 7)		(23,306)	(23,306)
Transfer between reserves	67,000	(67,000)	-
Closing balance at 30 September 2021	826,000	50,369	876,369
Opening balance at 1st October 2021	826,000	50,369	876,369
Total comprehensive income for the year	-	94,694	94,694
Interest Rebate and Dividends paid during the year (Note 7)	-	(29,368)	(29,368)
Transfer between reserves	34,000	(34,000)	-
Closing balance at 30th September 2022	860,000	81,695	941,695

- (1) *The General reserve of the Credit Union as a % of total assets as at 30th September 2022 was 10.07% (2021: 10.00%). This was after transferring £34,000 (2020: £67,000) of the Credit Union's current year surplus to the General reserve.*
- (2) *The Unappropriated surplus is the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the General reserve.*
- (3) *The directors have approved expenditure of at least £25,000 in relation to the website, hardware and security of the IT system, which will reduce Unappropriated surplus accordingly.*

Cash Flow Statement
for the year ended 30th September 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Loans repaid by members	14a	911,897	966,202
Loans granted to members	14a	(1,027,899)	(927,941)
Loan interest received	4	236,409	228,560
Interest paid on minors' deposits	6	(429)	(385)
Investment income received		29,097	48,378
Other income received		35,768	13,485
Bad debts recovered	14d	5,805	10,555
Dividends & rebates paid	8	(29,368)	(23,298)
Operating expenses paid to include employment costs		(204,235)	(162,521)
Corporation tax paid		(10,236)	(10,254)
Net cash flows from operating activities		(53,191)	121,517
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(6,000)	(883)
Net cash flows from investing activities		(6,000)	(883)
Cash flow from financing activities			
Members' shares received	16/17	2,101,974	2,291,491
Members' shares withdrawn	16/17	(1,876,685)	(1,712,837)
Net cash flows from financing activities		225,289	578,654
Net increase / (decrease) in cash and cash equivalents		166,098	699,288
Cash and cash equivalents at beginning of year		6,330,474	5,531,186
Cash and cash equivalents at end of year	12	6,496,572	6,330,474

Notes to the Financial Statements

for the year ended 30th September 2022

1. Legal and regulatory framework

Moy Credit Union Ltd. is established under the Credit Unions (Northern Ireland) Order 1985. The Credit Union is registered with the Department for the Economy and is regulated by the Financial Conduct Authority (“FCA”) and Prudential Regulation Authority (“PRA”). The principal place of business is 6 Dungannon Street, Moy, Co Tyrone, BT71 7SH.

2. Accounting policies

2.1. Statement of compliance and 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” (“FRS 102”).

The financial statements have been prepared on the historical cost basis.

2.2. Currency

The financial statements are prepared in Sterling, which is the functional currency of the Credit Union. Monetary amounts in these financial statements are rounded to the nearest £.

2.3. Going concern

The financial statements are prepared on the going concern basis. The directors of Moy Credit Union Ltd. Believe this is appropriate as the Credit Union:

- Is generating annual surpluses;
- Maintains an appropriate level of liquidity; and
- Has reserves that are currently above the minimum requirements of the PRA.

2.4. Income

Interest on members’ loans

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

Investment income

The Credit Union currently only has investments that are valued at amortised cost, and use the effective interest method to recognise investment income.

Other income

Other income such as commission’s receivable on insurance products and foreign exchange services arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed

2.5. Interest on minors’ deposits

Interest on minors’ deposits is recognised using the effective interest method.

2.6. Dividends on shares and loan interest rebates

Dividends are made from current year’s surplus or the un-appropriated surpluses set aside for that purpose. The Board’s proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union.

The rate of dividend and loan interest rebate recommended by the Board will reflect:

- the risk profile of the Credit Union, particularly in its loan and investment portfolios;
- the Board’s desire to maintain a stable rather than a volatile rate of dividend each year; and
- members’ legitimate dividend and loan interest rebate expectations;

all dominated by prudence and the need to sustain the long-term welfare of the Credit Union.

For this reason the Board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements.

Notes to the financial statements for the year ended 30th September 2022

The Credit Union accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting.

2.7. Taxation

Corporation tax is provided for on taxable interest from investments and non-mutual income. All other income of the Credit Union is exempt from Corporation tax.

2.8. Cash and cash equivalents

Cash and cash equivalents comprise operating cash on hand and cash deposited with banks with original maturity of less than or equal to three months.

2.9. Financial instruments

The Credit Union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

2.10. Basic financial assets

Basic financial assets are initially measured at the transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method. Basic financial instruments include the following:

Loans to members

Loans to members are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Investments held at amortised cost

Investments comprise cash deposits which are initially measured at the amount deposited and are subsequently measured at amortised cost using the effective interest method.

2.11. Other receivables

Other receivables such as prepayments are initially measured at transaction price including transaction costs and are subsequently measured at amortised cost using the effective interest method.

2.12. Impairment of financial assets

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the expected cash flows discounted at the asset's original effective interest rate.

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans which are assessed on a loan by loan basis for impairment.

Notes to the financial statements for the year ended 30th September 2022

Any impairment losses are recognised in the Income and Expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Income and Expenditure account.

2.13. De-recognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. Moy Credit Union Ltd. does not transfer loans to third parties.

2.14. Basic financial liabilities

Basic financial liabilities are initially recognised at the transaction price, including transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial liabilities members' shares and deposits

Members' shares and Deposits are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently minors' deposits are measured at amortised cost.

Other payables

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

2.15. De-recognition of financial liabilities

Financial liabilities are derecognised when the obligations of the Credit Union specified in the contract are discharged, cancelled or expire.

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

Freehold land and buildings	No depreciation
Office equipment	20% Reducing balance
Fixtures and fittings	25% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the Income and Expenditure account.

Notes to the financial statements for the year ended 30th September 2022

2.17. Impairment of tangible fixed assets

At each reporting end date, the Credit Union reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income and Expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure account.

2.18. Employee benefits

Pension

The pension costs charged in the financial statements represent the contribution payable by the credit union in the year.

Other Employee Benefits

The costs of short-term employee benefits, including holiday pay, are recognised as a liability and as an expense (unless those costs are required to be recognised as part of the cost of fixed assets) over the period they are earned.

2.19. Reserves

General reserve

The PRA requires the Credit Union to have a 'flat' capital requirement of 5%.

Additionally, the Credit Union must transfer 20% of its annual surplus to general reserves until it reaches 10% of total assets.

Unappropriated surplus

The Unappropriated surplus is the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the General reserve.

Notes to the financial statements
for the year ended 30th September 2022

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 Moy Credit Union Ltd.'s accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 2.13. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. At all times the Credit Union ensures that its provisions meet the minimum requirements contained within the PRA Credit Union Rule book. Over and above the regulatory requirements, the Credit Union reviews the loan book for evidence of impairment. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on months in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics are based on the historical experiences of the Credit Union allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of 12 months, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

4. Interest on members' loans

	2022 £	2021 £
Closing accrued loan interest receivable	17,147	14,929
Loan interest received in year	236,409	228,560
Opening accrued loan interest receivable	(14,929)	(14,804)
Total interest on members' loans	238,627	228,685

5. Other interest income and similar income

	2022 £	2021 £
Investment income and gains received by the Balance Sheet date	4,152	27,715
Receivable within 12 months of Balance Sheet date	49,696	24,945
Total investment income	53,848	52,660

Notes to the financial statements
for the year ended 30th September 2022

6. Other income

	2022 £	2021 £
Other income	35,701	13,416
Entrance fees	67	69
Total other income	<u>35,768</u>	<u>13,485</u>

Other income includes government grants of £Nil (2021: £5,000).
Other income includes SPS refund £31,426 (2021: £0).

7. Interest payable

The interest expense for the Credit Union comprises of interest payable on deposits from minors, and was as follows for the current and prior year:

	2022 £	2021
Interest payable for the year	<u>429</u>	<u>385</u>
Interest rate: Minors' deposits	0.10%	0.10%

Notes to the financial statements
for the year ended 30th September 2022

8. Dividends and Loan Interest Rebate

The dividend and any loan interest rebate are formally proposed by the directors after the year end and are confirmed at an AGM of the members. As a result, the proposed dividend for the current year does not represent a liability at the Balance Sheet date and the dividend included in the Statement of Reserves in the current year relates to dividends paid to members for the prior year.

The dividends and loan interest rebate for the current and prior year periods were as follows:

	2022 £	2021 £
Dividend paid during the year	6,607	6,006
Dividend rate:		
Members' shares	0.10%	0.10%
Interest rebate paid during the year	22,761	17,294
Interest rebate rate:		
Members' loans	10.00%	10.00%
	<hr/>	<hr/>
Dividend proposed, but not recognised	7,482	7,115
Dividend rate:		
Members' shares	0.10%	0.10%
Interest rebate proposed, but not recognised	28,750	22,856
Interest rebate rate:		
Members' loans	12.50%	10.00%
	<hr/>	<hr/>

9. Expenses

		2022 £	2021 £
Employment costs	Note 10b	88,205	91,178
Depreciation	13	3,141	3,937
Other management expenses (Schedule 1)		107,784	95,786
		<hr/>	<hr/>
		199,130	190,901
		<hr/>	<hr/>

Notes to the financial statements
for the year ended 30th September 2022

10. Employees and employment costs

10a. Number of employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Management staff	2	2
Other staff	2	2
Total	4	4

10b. Employment costs

	2022 £	2021 £
Wages and salaries	78,710	83,053
Social security costs	3,795	4,141
Payments to defined contribution pension schemes	5,700	3,984
Total employment costs	88,205	91,178

Employment costs are net of Job Retention scheme income of £Nil (2021: £2,620).

Employment costs include an adjustment related to holiday pay of £Nil (2021: £4,429).

10c. Key management personnel

The remuneration of key management personnel was as follows:

	2022 £	2021 £
Short term employee benefits	79,565	81,889
Payments to defined contribution pension schemes	5,700	3,984
Total key management personnel compensation	85,265	85,873

Short-term employee benefits include pensions, salaries and paid annual leave.

11. Taxation

	2022 £	2021 £
Corporation Tax at 19%	10,236	9,798

As disclosed in the accounting policy for taxation in note 2.7 all income other than income from investments and non-mutual income is exempt from Corporation Tax.

Notes to the financial statements
for the year ended 30th September 2022

12. Cash and cash equivalents

	2022 £	2021 £
Minor current account	14,913	20,982
Minor deposits	526,327	460,741
Bank deposits	5,828,338	5,658,472
Bank current accounts	116,876	180,232
Cash in hand	10,118	10,047
Total cash and cash equivalents	6,496,572	6,330,474

	2022 £	2021 £
Cash and balances at bank (maturity less than 3 months)	307,059	543,670
Deposits with banks (maturity greater than 3 months)	6,189,513	5,786,804
Total cash and cash equivalents	6,496,572	6,330,474

13. Tangible fixed assets

Tangible fixed assets comprise the following property, plant and equipment:

	Freehold land & buildings £	Office equipment £	Computers & website £	Total £
Cost				
At 1 st October 2021	95,598	48,126	66,593	210,317
Additions	-	-	6,000	6,000
At 30th September 2022	95,598	48,126	72,593	216,317
Depreciation				
At 1st October 2021	31,828	41,245	65,887	138,960
Charge for the year	-	1,376	1,765	3,141
At 30th September 2022	31,828	42,621	67,652	142,101
Net book value				
At 30th September 2022	63,770	5,505	4,941	74,216
At 30 th September 2021	63,770	6,881	706	71,357

Notes to the financial statements
for the year ended 30th September 2022

14. Loans to members – financial assets

14a. Loans to members

	Note	2022 £	2021 £
As at 1 st October		1,957,834	2,012,068
Advanced during the year		1,027,899	927,941
Repaid during the year		(911,897)	(966,202)
Loans written off		(13,078)	(15,973)
Gross loans to members		2,060,758	1,957,834
Loan provision	14c	(164,176)	(147,695)
As at 30th September	14b	1,896,582	1,810,139

14b. Credit risk disclosures

Moy Credit Union Ltd. does not offer mortgages and as a result all loans to members, except loans covered by shares or a guarantor, are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There are maximum amounts set down by the PRA in terms of what amount a member can borrow from the Credit Unions.

14c. Loan provision account for impairment losses

	2022 £	2021 £
As at 1 st October	147,695	172,108
Allowance/(Reduction) for loan losses made during the year	16,481	(24,413)
Increase/(Decrease) in loan provisions during the year	16,481	(24,413)
As at 30th September	164,176	147,695

Notes to the financial statements
for the year ended 30th September 2022

14d. Net recoveries or losses recognised for the year

	2022 £	2021 £
Bad debts recovered	5,805	10,555
Decrease/(Increase) in loan provisions during the year	(16,481)	24,412
	<u>(10,676)</u>	<u>34,967</u>
Loans written off	(13,078)	(15,972)
Net gains/(losses) on loans to members recognised for the year	<u>(23,754)</u>	<u>18,995</u>

15. Prepayments and accrued income

	2022 £	2021 £
Prepayments	5,808	5,740
Accrued income investments	49,696	24,945
Accrued loan interest income	17,147	14,929
	<u>72,651</u>	<u>45,614</u>

16. Members' Shares – financial liabilities

	2022 £	2021 £
As at 1 st October	6,873,275	6,348,586
Received during the year	2,002,965	2,200,078
Repaid during the year	(1,835,227)	(1,675,389)
As at 30th September	<u>7,041,013</u>	<u>6,873,275</u>

Members' shares are repayable on demand except for shares attached to loans. The breakdown of the shares between attached and unattached is as follows:

	2022 £	2021 £
Unattached shares	6,114,031	6,174,183
Attached shares	926,982	699,092
Total members' shares	<u>7,041,013</u>	<u>6,873,275</u>

Notes to the financial statements
for the year ended 30th September 2022

17. Minors' Deposits – financial liabilities

	2022 £	2021 £
Minors' deposits are repayable on demand		
As at 1 st October	468,722	414,757
Received during the year	99,009	91,413
Repaid during the year	(41,458)	(37,448)
As at 30th September	<u>526,273</u>	<u>468,722</u>

18. Other payables

	2022 £	2021 £
Corporation tax	14,769	13,724
Creditors and other accruals	16,271	25,494
	<u>31,040</u>	<u>39,218</u>

Notes to the financial statements

for the year ended 30th September 2022

19a. Financial risk management

Moy Credit Union Ltd. is a provider of personal and business loans and provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

The main financial risks arising from Moy Credit Union's activities are credit risk, liquidity risk, market 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 Moy Credit Union Ltd, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit policy, and all changes to it. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit union also have guarantors on loans where the Board assess this would mitigate the risk of bad debt. The credit risk on members' loans is disclosed in Note 14b.

The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the PRA. The credit ratings of the financial institutions where investments are held are disclosed in Note 16.

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 Credit Union adheres on an ongoing basis to the minimum liquidity ratio liquidity ratio as set out in the PRA Rulebook.

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

Interest rate risk: The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable on investments and members' loans when deciding on the dividend rate payable on shares and on any loan interest rebate.

19b. Liquidity risk disclosures

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans.

	2022		2021	
	Amount £	Average interest rate	Amount £	Average interest rate
Financial assets				
Gross loans to members	2,060,758	11.42%	1,957,834	11.42%
Financial liabilities				
Members' shares	7,041,013	0.10%	6,873,275	0.10%
Minors' deposits	526,273	0.10%	469,618	0.10%

Notes to the financial statements

for the year ended 30th September 2022

The interest rates applicable to loans to members are fixed at 12.68% (11.42% after interest rebate). The dividend on shares, interest rebate and interest on deposits 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 dividend on shares and interest payable on deposits. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

19c. Fair value of financial instruments

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

19d. Capital

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current General reserve is in excess of the minimum requirement set down by the PRA and stands at 10.07% (2021: 10.00%) of the total assets of the Credit Union at the Balance Sheet date.

20. Post Balance Sheet events

There are no material events after the Balance Sheet date to disclose.

21. Contingent liabilities

Moy Credit Union Ltd. had no contingent liabilities at the current or prior Balance Sheet date.

22. Capital commitments

The directors have approved expenditure in relation to upgrading the website, hardware, and security of the IT system in the coming financial year. An amount of £25,000 has been included in the Unappropriated surplus in this financial year related to this spend.

23. Insurance against fraud

Moy Credit Union has insurance against fraud in compliance with the PRA Rulebook.

24. Related party transactions

During the year loans were advanced to directors and the management team of the Credit Union (to include their family members or any business in which the directors or management team had a significant shareholding) in the amount of £26,200 (2021: £25,900). The loans outstanding from these parties at 30th September 2022 £160,558 were (2021: £140,360). These loans amounted to 7.79% of total gross loans due at 30th September 2022 (2021: 7.17%).

There were provisions of £15,947 (2021: £13,572) against the loans due from related parties at the current Balance Sheet date. No loans to related parties were written off in the year (2021: £Nil).

The corresponding share balances amounted to £161,900 at 30th September 2022 (2021: £129,152).

25. Approval of Financial Statements

The financial statements were approved, and authorised for issue, by the Board on the 17 November 2022.

Schedule to the Financial Statements
for the year ended 30th September 2022

Schedule 1 - Other management expenses

	2022 £	2021 £
Rates	1,943	2,077
Light & heat	3,034	2,275
Repairs & maintenance	9,563	783
Office expenses	4,342	2,966
Postage & telephone	1,433	1,637
Donations and sponsorship	500	700
Cleaning	1,298	690
Promotion and advertising	1,003	1,485
Training & education	-	313
AGM/Convention expenses	4,508	2,622
Travel & subsistence	641	384
Bank charges	5,493	5,384
Audit fees	6,300	6,300
General insurance	7,567	5,006
Share and loan insurance	35,916	35,194
Legal and professional	2,400	3,768
Computer costs	17,960	20,358
Miscellaneous	587	777
SPS contribution	524	423
Regulatory and other levies	2,216	595
Death benefit insurance	556	2,049
Total other management expenses	107,784	95,786

