Moy Credit Union Limited
Financial Statements
For the year ended 30th September 2024

Moy Credit Union Limited

Directors	Brendan Conlon (Chairperson) Tony Mackle (Treasurer) Paul McKearney (Secretary) Gerard White Barry Fox Declan Hagan Jacqueline Rooney John Kilpatrick (retired 29/08/2024) Michael Kelly
Secretary	Paul McKearney
Supervisors	Margaret Cunniffe
Company Number	CU49
Registered Office	6 Dungannon Street Moy, Co Tyrone BT71 7SH
Auditors	Mary Mackle and Co. Ltd. CIDO Innovation Centre 73 Charlestown Road Portadown Armagh BT63 5PP

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Directors' Report

for the year ended 30th September 2024

The directors present their report and the financial statements for the year ended 30 September 2024.

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.

On the 8th February 2024 Moy Credit Union Ltd formally amalgamated with Aghaloo Credit Union Ltd, starting a new chapter for all stakeholders. This process was undertaken to ensure that all members and the community get the best possible set of outcomes from their local Credit Unions. The directors feel it gives all members improved access to services, improves returns and promotes sustainability into the future with the sharing of resources. We would like to acknowledge the work done by all parties to aid the process of transfer of engagement.

The credit union, after welcoming Aghaloo CU members, now stands at 3,338 (2023: 2,410). There are also 910 (2023: 556) junior depositors.

The Credit Union, having reviewed its investment strategy and with increases in the underlying interest rates being passed on by institutions, has achieved better rates of return which has impacted favourably on the year's results. This has been reflected in the increases in both dividend and interest rebates proposed.

The Directors continues to 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 £18,756 in the current year in relation to bad debt write-offs and provisions, compared to £22,252 in the previous year.

The Credit Union is continuing to maintain a General Reserve of at least 10% of assets as required by legislation. This will strengthen the Credit Union's position in the future and, having reviewed the results, the directors recommend a transfer of £290,000 to General Reserve for this year, which is inclusive of the reserves on of the transfer of engagement from Aghaloo Credit Union Ltd.

Dividend and interest rebate policies

A final dividend in relation to 2023 of £18,202 (0.3%) was paid during the year. A final dividend of £45,637 (0.5%) has been proposed by the directors. An interest payment to juniors in relation to 2023 of £1,496 (0.3%) was paid during the year. An interest payment to juniors of £4,356 (0.5%) 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 2023 of £43,995 (18%) was paid during the year. An interest rebate of £63,564 (20%) 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 £425 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 25 November 2024

Mr Brendan Conlon
President

Statement of Directors' Responsibilities

for the year ended 30th September 2024

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 25 November 2024

Mr Brendan Conlon
President

Mr Tony Mackle
Treasurer

Mr Paul McKearney
Secretary

Independent Auditors' Report to the Members of Moy Credit Union Limited for the year ended 30 September 2024

Opinion
We have audited the financial statements of Moy Credit Union Limited (the 'Credit Union) for the year ended 30th September 2024, which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, 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 the 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 2024 and of its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council; and
- have been prepared in accordance with the requirements of 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 th 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included the following; We considered as part of our risk assessment of the nature of the company, its business model and related risks including the impact of the Cost of living crisis, the requirements of the applicable financial reporting framework and the system of internal control.
We evaluated the directors' assessment of the company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.
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.

Matters on which we are required to report by exception.
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.
We have nothing to report in respect of the following matters in relation to which the Credit Unions (Northern Ireland) Order 1985 requires us to report to you if, in our opinion:

• proper books of account have not been kept.
• the credit union has not maintained a satisfactory system of control over its transactions;
• the income and expenditure account to which the report relates, and the balance sheet are not in agreement with the books of account; or
• we have not received all the information and explanations necessary for the purposes of 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 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 noncompliance 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

• the nature of the industry and sector, control environment and business performance.
• results of our enquiries of management and internal auditors about their own identification and assessment of the risks of irregularities.
• any matters we identified having obtained from management and directors whether they were aware of any instances of noncompliance and whether they have knowledge of any actual, suspected or alleged fraud; and reviewing the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
• the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we identified the greatest potential for fraud in the areas in which management is required to exercise significant judgement.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Credit Union operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements.

The key laws and regulations we considered in this context included the Credit Unions (Northern Ireland) Order 1985, pensions, and tax legislation. We also considered regulation and reporting requirements of PRA, FCA and ILCU.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included data protection, employment, environmental and health and safety regulations.

Audit response to risks identified

As a result of performing the above, we identified the potential for management and board override of the controls as a key audit matter related to the potential risk of fraud. Our procedures to respond to the risks identified included the following:

• reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements.
• enquiring of management concerning actual and potential litigation and claims.
• performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
• reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
• in addressing the risk of fraud through management or board override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report. Use of our report This report is made solely to the Credit Union's members, as a body, in accordance with Article 47 of the Credit Unions (Northern Ireland) Order 1985.

Use of our report

This report is made solely to the Credit Union's members, as a body, in accordance with Article 47 of the 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 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.

Mary Mackle and Co. Ltd (Statutory auditors)
Chartered Accountants and Registered Auditors
CIDO Innovation Centre
73 Charlestown Road
Portadown
Co. Armagh
BT63 5PP
25 November 2024

Income and Expenditure Account
for the year ended 30th September 2024

	Note	2024 £	2023 £
Interest on members' loans	4	327,421	251,384
Other interest income and similar income	5	223,231	129,117
Interest payable on minors' deposits	7	(1,496)	(453)
Net interest income		549,156	380,048
Other income	6	99	1,574
Employment costs	10b	(137,632)	(100,800)
Depreciation	13	(8,565)	(11,176)
Other management expenses (Schedule 1)		(209,495)	(113,622)
Net losses on loans to members	14d	(18,756)	(22,232)
Surplus for the financial year before taxation		174,807	133,792
Taxation	11	(54,823)	(24,532)
Surplus for the financial year after taxation		119,984	109,260
Other comprehensive income		-	-
Total comprehensive income		119,984	109,260

The financial statements were approved, and authorised for issue, by the Board on 25 November 2024.

Mr Brendan Conlon
President

Mr Tony Mackle
Treasurer

Mr Paul McKearney
Secretary

Balance Sheet
as at 30th September 2024

	Note	2024 £	2023 £
ASSETS			
Cash and cash equivalents	12	**8,156,803**	**6,415,881**
Tangible fixed assets	13	**104,605**	**90,592**
Loans to members – Gross	14a	**3,171,029**	**2,247,873**
Provisions against loans to members	14c	**(302,990)**	**(165,284)**
Prepayments and accrued income	15	**244,952**	**143,722**
Total assets		**11,374,399**	**8,732,784**
LIABILITIES			
Members' shares	16	**(8,969,766)**	**(7,101,954)**
Minors' deposits	17	**(940,484)**	**(556,037)**
Other payables	18	**(116,882)**	**(59,448)**
Total liabilities		**(10,027,132)**	**(7,717,439)**
ASSETS LESS LIABILITIES		**1,347,267**	**1,015,345**
RESERVES			
General reserve		**1,170,000**	**880,000**
Unappropriated surplus		**177,267**	**135,345**
Total reserves		**1,347,267**	**1,015,345**

The financial statements were approved, and authorised for issue, by the Board on 25 November 2024 and signed on its behalf by:

Mr Brendan Conlon
President

Mr Tony Mackle
Treasurer

Mr Paul McKearney
Secretary

Statement of Changes in Reserves
for the year ended 30th September 2024

	General reserve	Unappropriated surplus	Total reserves
Opening balance at 1st October 2022	**860,000**	**81,695**	**941,695**
Total comprehensive income for the year	-	109,260	109,260
Interest Rebate and Dividends paid during the year (Note 8)	-	(35,610)	(35,610)
Transfer between reserves	20,000	(20,000)	-
Closing balance at 30th September 2023	**880,000**	**135,345**	**1,015,345**
Opening balance at 1st October 2023	**880,000**	**135,345**	**1,015,345**
Total comprehensive income for the year	-	119,984	119,984
Transfer of engagement reserves net adjustment	-	274,135	274,135
Interest Rebate and Dividends paid during the year (Note 8)		(62,197)	(62,197)
Transfer between reserves	290,000	(290,000)	-
Closing balance at 30th September 2024	**1,170,000**	**177,267**	**1,347,267**

(1) The General reserve of the Credit Union as a % of total assets as at 30th September 2024 was 10.28% (2023: 10.07%). This was after transferring £290,000 (2023: £20,000) of the Credit Union's current year surplus to the General reserve this includes the totality of the net reserves related to the transfer of Aghaloo Credit Union Ltd.

(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.

Cash Flow Statement
for the year ended 30th September 2024

	Note	2024 £	2023 £
Loans repaid by members	14a	**1,130,931**	**865,500**
Loans granted to members	14a	**(1,332,115)**	**(1,079,057)**
Loan interest received	4	**314,973**	**245,387**
Interest paid on minors' deposits	7	**(1,495)**	**(453)**
Investment income received		**144,952**	**64,783**
Other income received		**99**	**1,574**
Bad debts recovered	14d	**17,433**	**5,318**
Dividends & rebates paid	8	**(62,197)**	**(35,610)**
Operating expenses paid to include employment costs		**(346,169)**	**(205,960)**
Corporation tax paid		**(18,375)**	**(5,326)**
Net cash flows from operating activities		**(151,963)**	**(143,844)**
Purchase of property, plant and equipment	13	**(7,581)**	**(27,552)**
Net cash flows from investing activities		**(7,581)**	**(27,552)**
Members' shares and minor deposits received	16/17	**2,710,299**	**2,078,340**
Members' shares and minor deposits withdrawn	16/17	**(2,837,946)**	**(1,987,635)**
Transfer of engagement cash received		**2,028,105**	**-**
Net cash flows from financing activities		**1,900,458**	**90,705**
Net increase / (decrease) in cash and cash equivalents		**1,740,914**	**(80,691)**
Cash and cash equivalents at beginning of year		**6,415,881**	**6,496,572**
Cash and cash equivalents at end of year	12	**8,156,795**	**6,415,881**

Notes to the Financial Statements
for the year ended 30th September 2024

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 daily.

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 remain above minimum regulatory requirements.

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 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.

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, because 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.

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 comprise items listed below, 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 asset, less its estimated residual value over its estimated useful life. The categories of asset are depreciated as follows:

Freehold land and buildings	No depreciation
Office equipment	20% Reducing balance.
Computers and website	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.

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 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.

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

	2024 £	2023 £
Closing accrued loan interest receivable	35,592	23,144
Loan interest received in year	314,973	245,387
Opening accrued loan interest receivable	(23,144)	(17,147)
Total interest on members' loans	327,421	251,384

5. Other interest income and similar income

	2024 £	2023 £
Investment income and gains received by the Balance Sheet date	27,709	15,034
Receivable within 12 months of Balance Sheet date	195,522	114,083
Total investment income	223,231	129,117

6. Other income

	2024 £	2023 £
Other income	-	1,496
Entrance fees	99	78
Total other income	99	1,574

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:

	2024 £	2023
Interest payable for the year	1,496	453
Interest rate: Minors' deposits	0.30%	0.10%

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:

	2024 £	2023 £
Dividend paid during the year.	18,202	7,411
Dividend rate:		
Members' shares	0.30%	0.10%
Interest rebate paid during the year	43,995	28,199
Interest rebate rate: Members' loans	18%	10%
Dividend proposed, but not recognised	45,637	22,853
Dividend rate:		
Members' shares	0.50%	0.30%
Interest rebate proposed, but not recognised	63,564	41,141
Interest rebate rate:		
Members' loans	20%	18%

9. Expenses

	Note	2024 £	2023 £
Employment costs	10b	137,632	100,800
Depreciation	13	8,565	11,175
Other management expenses (Schedule 1)		209,495	113,623
		355,692	225,598

10. Employees and employment costs

10a. Number of employees

The average monthly number of employees during the year was:

	2024 Number	2023 Number
Management staff	2	2
Other staff	9	2
Total	11	4

10b. Employment costs

	2024 £	2023 £
Wages and salaries	124,322	89,709
Social security costs	5,867	3,676
Payments to defined contribution pension schemes	7,443	7,415
Total employment costs	137,632	100,800

10c. Key management personnel

The remuneration of key management personnel was as follows:

	2024 £	2023 £
Short term employee benefits	96,158	80,371
Payments to defined contribution pension schemes	7,442	7,415
Total key management personnel compensation	103,600	87,786

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

11. Taxation

	2024 £	2023 £
Corporation Tax	54,823	24,532

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.

12. Cash and cash equivalents

	2024 £	2023 £
Minor current account	38,918	19,592
Minor deposits	555,994	454,826
Bank deposits	6,883,466	5,664,826
Bank current accounts	659,144	255,393
Cash in hand	19,281	21,244
Total cash and cash equivalents	8,156,803	6,415,881

	2024 £	2023 £
Cash and balances at bank (maturity less than 3 months)	1,610,947	704,579
Deposits with banks (maturity greater than 3 months)	6,545,855	5,711,302
Total cash and cash equivalents	8,156,803	6,415,881

13. Tangible fixed assets

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

	Freehold land & buildings £	**Office equipment £**	**Computers & website £**	**Total £**
Cost				
At 1st October 2023	95,598	49,090	99,181	243,869
Additions	-	3,240	4,278	7,518
Received in transfer of engagement	-	-	15,060	15,060
At 30th September 2024	95,598	52,330	118,519	266,447
Depreciation				
At 1st October 2023	31,828	43,915	77,534	153,277
Charge for the year	-	2,104	6,461	8,565
At 30th September 2024	31,828	46,019	83,995	161,842
Net book value				
At 30th September 2024	63,770	6,311	34,524	104,605
At 30th September 2023	63,770	5,175	21,647	90,592

14. Loans to members – financial assets

14a. Loans to members

	Note	2024 £	2023 £
As at 1st October		2,247,873	2,060,758
Advanced during the year		1,332,116	1,079,057
Received in transfer of engagement		749,267	-
Repaid during the year		(1,130,931)	(865,500)
Loans written off		(27,296)	(26.442)
Gross loans to members		3,171,029	2,247,873
Loan provision	14c	(302,990)	(165,284)
As at 30th September	14b	2,868,039	2,082,589

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

	2024 £	2023 £
As at 1st October	165,284	164,176
Allowance/(Reduction) for loan losses made during the year	137,706	1,108
Increase/(Decrease) in loan provisions during the year	137,706	1,108
As at 30th September	302,990	165,284

Notes to the financial statements
for the year ended 30th September 2024

14d. Net recoveries or losses recognised for the year

	2024 £	2023 £
Bad debts recovered	17,433	5,318
Decrease/(Increase) in loan provisions during the year	(8,893)	(1,108)
	8,540	4,210
Loans written off	(27,296)	(26,442)
Net gains/(losses) on loans to members recognised for the year	(18,756)	(22,232)

15. Prepayments and accrued income

	2024 £	2023 £
Prepayments	13.839	6,495
Accrued income investments	195.521	114,083
Accrued loan interest income	35.592	23,144
	244,952	143,722

16. Members' Shares – financial liabilities

	2024 £	2023 £
As at 1st October	7,101,954	7,041,013
Received during the year	2,643,247	2,036,736
Received in transfer of engagement	2,044,620	-
Repaid during the year	(2,820,055)	(1,975,795)
As at 30th September	8,969,766	7,101,954

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

	2024 £	2023 £
Unattached shares	8,082,168	6,194,146
Attached shares	887,598	907,808
Total members' shares	8,969,766	7,101,954

Notes to the financial statements
for the year ended 30th September 2024

17. Minors' Deposits – financial liabilities

	2024 £	2023 £
Minors' deposits are repayable on demand:		
As at 1st October	556,037	526,273
Received during the year	67,052	41,604
Received in transfer engagement	335,285	-
Repaid during the year	(17,890)	(11,840)
As at 30th September	940,484	556,037

18. Other payables

	2024 £	2023 £
Corporation tax	80,620	33,974
Creditors and other accruals	36,262	25,474
	116,882	59,448

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. 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 always maintain sufficient funds in liquid form 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.

	2024		2023	
	Amount £	Average interest rate	Amount £	Average interest rate
Financial assets				
Gross loans to members	3,171,029	11.98%	2,247,873	11.98%
Financial liabilities				
Members' shares	8,969,766	0.30%	7,101,954	0.10%
Minors' deposits	940,489	0.30%	556,037	0.10%

The interest rates applicable to loans to members are fixed at 11.98% (9.56% 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 more than the minimum requirement set down by the PRA and stands at 11.34% (2023: 10.07%) 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 which would require communication to members at this time.

21. Contingent liabilities

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

22. Capital commitments

There are no capital commitments in place at financial year end 30 September 2024.

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 in the amount of £5,600 (2023: £13,600). The loans outstanding from these parties on 30th September 2024 £63,861 were (2023 £74,871). These loans amounted to 2.01% of total gross loans due on 30th September 2024 (2023: 3.33%).

There were provisions of £5,714 (2023: £nil) against the loans due from related parties at the current Balance Sheet date. No loans to related parties were written off in the year (2023: £Nil).

The corresponding share balances amounted to £51,398 on 30th September 2024 (2023: £50,378).

25. Approval of Financial Statements

The financial statements were approved, and authorised for issue, by the Board on the 25th of November 2024.

Schedule to the Financial Statements
for the year ended 30th September 2024

Schedule 1 - Other management expenses

	2024 £	2023 £
Rent	1,440	-
Rates	2,822	1,987
Light & heat	4,187	3,103
Repairs & maintenance	15,495	2,350
Office expenses	7,770	3,749
Postage & telephone	7,834	2,126
Donations and sponsorship	425	450
Cleaning	1,235	1,359
Promotion and advertising	1,858	981
Training & education	2,173	852
AGM/Convention expenses	4,556	3,284
Travel & subsistence	2,201	743
Bank charges	6,468	5,399
Audit fees	7,200	7,200
General insurance	8,701	8,561
Share and loan insurance	47,688	35,988
Legal and professional	9,332	6,904
Computer costs	60,900	24,317
Miscellaneous	7,810	1,162
SPS contribution	200	592
Regulatory and other levies	1,798	1,764
Death benefit insurance	7,402	751
Total other management expenses	209,495	113,622