Directors' Report and

Financial Statements for the Year Ended 30 September 2025

for

CAPITAL CREDIT UNION LTD

CAPITAL CREDIT UNION LTD

Contents of the Financial Statements
for the Year Ended 30 September 2025

CAPITAL CREDIT UNION LTD

Credit Union Information
for the Year Ended 30 September 2025

DIRECTORS:	D Urquhart A S Forrest Y Guven F N Mirza K A McKinnie W A Boyle S L Homer R Gaffney M McAlpine
SECRETARY:	Y Guven
REGISTERED OFFICE:	Credit Union House 31 Dunedin Street Edinburgh EH7 4JG
REGISTERED NUMBER:	213575 (Scotland)
AUDITORS:	Sharles Audit Limited Statutory Auditors 29 Brandon Street Hamilton ML3 6DA

Directors' Report
for the Year Ended 30 September 2025

The directors present their report with the financial statements of the Credit Union for the year ended 30 September 2025.

REVIEW OF BUSINESS
The directors are satisfied with the results for the year under review. Some financial KPI's are set out in the table below to show the performance of the Credit Union over the trading year.

	Year to 30 September 2025	Year to 30 September 2024
Turnover	£2,520,632	£2,192,972
(Deficit)/Surplus after taxation	£(24,695)	£300,228
Capital asset ratio	12%	13%
Liquidity	24%	27%

Reserves amount to £5,038,062 (2024 - £5,420,443). The directors are confident that the Credit Union has sufficient reserves to finance the anticipated levels of activity in the future.

DIVIDENDS
No dividends will be distributed for the year ended 30 September 2025.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 October 2024 to the date of this report.

A S Forrest
Y Guven
F N Mirza
K A McKinnie
W A Boyle

Other changes in directors holding office are as follows:

D Urquhart - appointed 16 September 2025
T Harrison - resigned 22 August 2025
A McKeever - resigned 22 August 2025
M McAlpine - resigned 29 April 2025 - appointed 16 September 2025
G J Walker - resigned 22 August 2025
S L Homer - appointed 20 May 2025
M L Twomey - appointed 17 June 2025 - resigned 22 August 2025
R Gaffney - appointed 26 August 2025

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information of which the Credit Union's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the credit union's auditors are aware of that information.

AUDITORS
The auditors, Sharles Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Yasmin Guven (Nov 27, 2025 09:24:14 GMT)
....
Y Guven - Secretary

Date: Nov 27, 2025

Statement of Directors' Responsibilities
for the Year Ended 30 September 2025

The directors and committee of management are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Credit Union at the end of the financial year, and of the income and expenditure of the Credit Union for that year.

In preparing these financial statements they are required to
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; state whether accounting standards have been followed, and give details of any departures; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

They are also responsible for:
- ensuring that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Credit Union Act 1979; keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the credit union; and
- comply with the rules set out within the Prudential Regulation Authority Credit Union Rulebook;
- safeguarding the Credit Union's assets; and maintaining a satisfactory system of control over the accounting records and transactions;
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors to the Members of
Capital Credit Union Ltd

Opinion

We have audited the financial statements of Capital Credit Union Limited (the 'Credit Union') for the year ended 30 September 2025 which comprise the Revenue Account, Balance Sheet, Cash Flow Statement, Statement of Changes in Reserves and Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30 September 2025 and of its surplus or deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Credit Union Act 1979 and the Co-operative and Community Benefit Society Act 2014.

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 Auditors' 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

In auditing the financial statements, we have concluded that the Boards' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Credit Union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information in the Directors' Report, other than the financial statements and our Report of the Auditors thereon. The Board is responsible for the other information.

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

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Society Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of controls over transactions has not been maintained; or
- the credit union has not kept proper accounting records; or
- the rules set out within the Prudential Regulation Authority Credit Union Rulebook have not been complied with; or
- 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 Statement of Directors' Responsibilities set out on pages two and three, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The aims of our audit are to identify and assess the risks of material misstatement of the financial statements as a result of fraud or error, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement as a result of fraud or error and to respond appropriately to those risks. As a result of the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures include the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Credit Union and the sector in which it operates.
- We determined that the following laws and regulations were most significant: the Co-operative and Community Benefit Society Act 2014, the Prudential Regulation Authority Credit Union Rulebook, UK corporate tax laws, Health & Safety at Work Act, GDPR and Anti Money Laundering legislation.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's;
    - knowledge of the industry in which the client operates
    - understanding of and practical enactments of a similar nature, and complexity through appropriate training and participation
    - understanding of the legal and regulatory requirements specific to the entity
    - communication in respect of potential non-compliance with laws and regulations
- We obtained an understanding of how the Credit Union complies with those legal and regulatory frameworks by making inquiries of management. We undertook a review of legal fees for any evidence of non-compliance.
- We assessed the susceptibility of the Credit Union's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit team included:
    - identifying and documenting the controls management has in place to prevent and detect fraud and error;
    - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
    - challenging assumptions and judgements made by management in its significant accounting estimates;
    - identifying and testing journal entries, in particular any journal entries posted for large or unusual amounts;
    - assessing the extent of compliance with relevant laws and regulations; and
    - sample testing of transactions and balances.

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 Report of the Auditors.

Report of the Independent Auditors to the Members of
Capital Credit Union Ltd

Use of our report

This report is made solely to the Credit Union's members, as a body, in accordance with Co-operative and Community Benefit Society Act 2014. 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.

Sharles Audit Ltd
Sharles Audit Ltd (Nov 27, 2025 15:24:03 GMT)

Sharles Audit Limited
Statutory Auditors
29 Brandon Street
Hamilton
ML3 6DA

Date: Nov 27, 2025

CAPITAL CREDIT UNION LTD

Revenue Account
for the Year Ended 30 September 2025

	Notes	2025 £	2024 £
LOAN INTEREST RECEIVABLE		**2,520,632**	2,192,972
Administrative expenses		**3,104,752**	2,643,428
		(584,120)	(450,456)
Other operating income		**240,927**	361,397
OPERATING DEFICIT	4	**(343,193)**	(89,059)
Interest receivable and similar income		**437,078**	528,644
SURPLUS BEFORE TAXATION		**93,885**	439,585
Tax	5	**118,580**	139,357
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR		**(24,695)**	300,228
OTHER COMPREHENSIVE INCOME			
Revaluation		**-**	224,786
Revaluation reserve release		**4,496**	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		**4,496**	224,786
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(20,199)**	525,014

The notes form part of these financial statements

CAPITAL CREDIT UNION LTD (REGISTERED NUMBER: 213575)

Balance Sheet
30 September 2025

	Notes	2025 £	2025 £	2024 £	2024 £
FIXED ASSETS					
Intangible assets	7		**282,562**		252,217
Tangible assets	8		**261,713**		270,588
Investments	9		**4,305,058**		6,226,746
Investment property	10		**1,272,834**		1,276,417
			6,122,167		8,025,968
CURRENT ASSETS					
Members' loans and other assets	11	**29,880,300**		28,083,170	
Cash at bank and in hand		**5,455,978**		6,536,797	
		35,336,278		34,619,967	
CREDITORS					
Members' shares and other liabilities	12	**36,000,493**		36,723,379	
NET CURRENT LIABILITIES			**(664,215)**		(2,103,412)
TOTAL ASSETS LESS CURRENT LIABILITIES			**5,457,952**		5,922,556
ACCRUALS AND DEFERRED INCOME	14		**419,890**		502,113
NET ASSETS			**5,038,062**		5,420,443
RESERVES					
Growth & Efficiency Reserve	15		**-**		68,584
Revaluation reserve	15		**220,290**		224,786
Retained earnings	15		**4,817,772**		5,127,073
			5,038,062		5,420,443

The financial statements were approved by the Board of Directors and authorised for issue on Nov 27, 2025 .... and were signed on its behalf by:

Liam Boyle
....
W A Boyle - Director

Yasmin Guven (Nov 27, 2025 09:24:14 GMT)
....
Y Guven - Director

Samantha Homer
Samantha Homer (Nov 26, 2025 11:38:04 GMT)
....
S L Homer - Director

The notes form part of these financial statements

CAPITAL CREDIT UNION LTD

Statement of Changes in Reserves
for the Year Ended 30 September 2025

	Retained earnings £	Growth & Efficiency Reserve £	Revaluation reserve £	Total Reserves £
Balance at 1 October 2023	4,987,310	68,584	-	5,055,894
Total comprehensive income	300,228	-	224,786	525,014
Dividend paid	(160,465)	-	-	(160,465)
Balance at 30 September 2024	5,127,073	68,584	224,786	5,420,443
Release to Revenue Account	-	(68,584)	-	(68,584)
Total comprehensive income	(20,199)	-	(4,496)	(24,695)
Dividend paid	(289,102)	-	-	(289,102)
Balance at 30 September 2025	4,817,772	-	220,290	5,038,062

CAPITAL CREDIT UNION LTD

Cash Flow Statement
for the Year Ended 30 September 2025

	Notes	2025	2024
		£	£
Cash flows from operating activities			
Cash generated from operations	1	**(2,139,844)**	(4,069,859)
Tax paid		**(139,523)**	(101,601)
Net cash from operating activities		**(2,279,367)**	(4,171,460)
Cash flows from investing activities			
Purchase of intangible fixed assets		**(50,064)**	(57,157)
Purchase of tangible fixed assets		**(20,584)**	(167,701)
Sale of tangible fixed assets		**-**	185,737
Sale of fixed asset investments		**1,921,688**	2,378,945
Sale of investment property		**-**	280,780
Interest received		**437,078**	528,644
Net cash from investing activities		**2,288,118**	3,149,248
Cash flows from financing activities			
Amount introduced by members		**41,268,220**	41,603,732
Amount withdrawn by members		**(42,068,688)**	(40,930,854)
Dividends paid		**(289,102)**	(160,465)
Net cash from financing activities		**(1,089,570)**	512,413
Decrease in cash and cash equivalents		**(1,080,819)**	(509,799)
Cash and cash equivalents at beginning of year	2	**6,536,797**	7,046,596
Cash and cash equivalents at end of year	2	**5,455,978**	6,536,797

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 30 September 2025

1. RECONCILIATION OF SURPLUS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2025	2024
	£	£
Surplus before taxation	**93,885**	439,585
Depreciation charges	**52,756**	51,851
Surplus on disposal of fixed assets	**-**	(95,042)
Impairment provision	**189,515**	93,307
Growth & efficiency fund release	**(68,584)**	-
Finance income	**(437,078)**	(528,644)
	(169,506)	(38,943)
Increase in loans and other assets	**(1,986,640)**	(3,909,514)
Increase/(decrease) in shares and other liabilities	**16,302**	(121,402)
Cash generated from operations	**(2,139,844)**	(4,069,859)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 September 2025

	30.9.25	1.10.24
	£	£
Cash and cash equivalents	**5,455,978**	**6,536,797**

Year ended 30 September 2024

	30.9.24	1.10.23
	£	£
Cash and cash equivalents	6,536,797	7,046,596

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.10.24	Cash flow	At 30.9.25
	£	£	£
Net cash			
Cash at bank and in hand	**6,536,797**	**(1,080,819)**	**5,455,978**
	6,536,797	**(1,080,819)**	**5,455,978**
Total	**6,536,797**	**(1,080,819)**	**5,455,978**

1. STATUTORY INFORMATION

The Credit Union is registered under the Co-operative and Community Benefit Societies Act 2014 and operates as a Credit Union within the meaning of the Credit Union Act 1979. The Credit Union has registered with the Financial Conduct Authority and Prudential Regulation Authority under the provisions of the Financial Services and Markets Act 2000.

The presentational currency of the financial statements is the Pound Sterling (£).

In accordance with the regulatory environment for credit unions, deposits from members can be made by subscription for redeemable shares, deferred shares and interest-bearing shares. At present the Credit Union has redeemable shares and interest-bearing shares.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared, in accordance with the Co-operative and Community Benefit Societies Act 2014, Credit Unions Act 1979 and prepared on the historical cost basis.

Going concern
The financial statements are prepared on the going concern basis. The directors of the Credit Union believe this is appropriate despite a mismatch in the maturity analysis of subscribed capital and loans to members.

In the opinion of the directors this is due to a significant amount of subscribed capital not being redeemable at short notice unless loans with the same member have been repaid.

Turnover
Loan interest receivable and similar income: Interest on both loans to members and loans to banks (i.e. cash and cash equivalents held on deposit with other financial institutions) is recognised at fair value using the effective interest rate method, and is calculated and accrued on a daily basis.

Where the loan interest rate for members loans has been reduced to zero, the credit union does not account for any loan interest on these loans, as the credit union will not seek to recover this loan interest. This policy does not meet with the requirements of FRS102. However, as a result of this policy, there is no net effect on the surplus or deficit for the year nor net assets of the credit union as an equal and opposite impairment provision would be required should this loan interest be included.

Other operating income: fees, charges and other operating income either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is completed.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of ten years.

Intangible fixed assets
Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is possible that the expected future economic benefits that are attributable to the asset flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Software	10% straight line

continued...

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

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

Improvements to property	-	2% & 10% straight line
Office Equipment	-	20% on cost

Tangible fixed assets 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.

At each balance sheet date, the directors of the credit union review the carrying amounts of its tangible fixed assets to determine whether there is any indication that any item has suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of the asset, the credit union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Grants

The accounting treatment of grants received are determined by the grant conditions and the reasons why the grant was applied for to determine whether they are treated as capital or revenue in nature.

Grants of a capital nature are reflected as deferred income in the balance sheet and released to the Revenue account over the estimated useful life of the assets to which they relate. Grants which are considered to be revenue are credited to the Revenue account in the period to which they relate.

The accounting treatment of grants with no conditions attached are reviewed by the directors to determine if the financial statements would be misleading, and therefore not provide a true and fair view, by releasing the grant received directly to Revenue and whether it would be more appropriate to treat the grant as capital in nature. Where this happens, the treatment of the grant does not meet the requirements of FRS102. The effect that this departure from FRS102 had in the current financial year was to decrease the net deficit for the year by £82,222 and decrease the net assets of the credit union at 30 September 2025 by £419,890.

Property

Properties held for the Credit Union's own use are carried at revalued amounts, being fair value at the date of revaluation. Revaluation gains are recognised in other comprehensive income and accumulated in a revaluation reserve. The Credit Union transfers a portion of the revaluation reserve to retained earnings through other comprehensive income as the assets are depreciated, and the remaining balance on disposal of the asset.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Revenue Account, except to the extent that it relates to items recognised in other comprehensive income or directly in reserves.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

continued...

2. **ACCOUNTING POLICIES - continued**

Pension costs and other post-retirement benefits
The credit union operates a defined contribution pension scheme. Contributions payable to the credit union's pension scheme are charged to profit or loss in the period to which they relate.

continued...

2. **ACCOUNTING POLICIES - continued**

Impairment losses and provision
Impairment losses on loans to members are provided in accordance with the guidelines issued by the Prudential Regulation Authority. Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

The credit union assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if during the course of the year there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

Impaired loans written off and recovered
In accordance with FRS102, the policy of the Credit Union and the requirements of the standard for impaired losses written off differ. The credit union writes off impaired loans when all methods of recovery have been exhausted. Therefore, the impaired losses written off in the financial statements do not meet the requirements of FRS102. As a result of the above there is no net effect on the surplus or net assets of the Credit Union.

Financial Assets - Members' loans
Loans to members are financial assets with fixed or determinable payments and are not quoted in an active market. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flow from the asset have expired, usually when all the amounts outstanding have been repaid by the member. The credit union does not transfer loans to third parties.

Cash and cash equivalents
Cash and cash equivalents comprise of cash in hand along with bank and building society deposits. The credit union has access to these funds and they are readily convertible to cash.

Deferred Costs
Costs relating to the development of a credit union App are deferred until the App has been completed and is in use by the credit union.

Financial liabilities - Subscribed capital
Members shareholdings in the credit union are redeemable and therefore are classified as financial liabilities and described as subscribed capital. They are initially recognised as the amount of cash deposited and subsequently measured at amortised cost.

Employee benefits
Defined contribution plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by the credit union for the relevant period under review.

Other employee benefits: Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

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

Use of estimates and judgements
The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the credit union's existing accounting policies. The area requiring the highest degree of judgement or complexity and the area where significant assumptions required is impairment losses on loans to members. The directors regularly conduct impairment reviews by analysing arrears reports, credit control data and the reports from debt collecting companies.

Dividend
The dividend is formally proposed by the directors after the year end and is confirmed at the following AGM. As a result, it does not represent a liability at the balance sheet date.

continued...

2. ACCOUNTING POLICIES - continued

Juvenile deposits
The amount received by the Credit Union for juvenile depositors are held in trust for those depositors.

3. SENIOR MANAGEMENT

The average number of employees during the year was 28 (2024 - 30).

Salaries of £315,769 were paid to senior management during the year for 3 posts (2024 £269,676 for 3 posts).

4. OPERATING DEFICIT

The operating deficit is stated after charging/(crediting):

	2025	2024
	£	£
Depreciation - owned assets	**33,042**	33,677
Surplus on disposal of fixed assets	**-**	(95,042)
Computer software amortisation	**19,719**	18,177
Auditors' remuneration	**11,544**	11,100

5. TAXATION

Analysis of the tax charge
The tax payable for the year was as follows:

	2025	2024
	£	£
Current tax:		
UK corporation tax	**118,580**	139,199
(Over)/under provision in prior year	**-**	158
Tax payable	**118,580**	139,357

UK corporation tax has been charged at 25% (2024 - 25%).

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 30 September 2025.

		2024	
	Gross	Tax	Net
	£	£	£
Revaluation	224,786	-	224,786

continued...

6. JOINT VENTURES

Details of the credit unions joint ventures as at 30th September 2025 are as follows:

Name	Registered Office	Business Nature	Form of Control	%age held Voting Rights
CUSSCO Limited	Scotland	Developing bespoke Credit Union IT platform	Voting Rights	50%

	2024 £	2023 £
Total assets	135,988	127,781
Total liabilities	69,222	75,968
Net assets	66,767	51,813
Revenues	233,961	184,212
(Deficit)	(14,954)	(17,758)

Name	Registered Office	Business Nature	Form of Control	%age held Voting Rights
CU Share Ltd	Scotland	Shared Services organisation for Credit Unions	Voting Rights	33.33%

	2024 £
Total assets	1
Total liabilities	1

7. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 October 2024	**418,486**
Additions	**50,064**
Disposals	**(60,428)**
At 30 September 2025	**408,122**
AMORTISATION	
At 1 October 2024	**166,269**
Amortisation for year	**19,719**
Eliminated on disposal	**(60,428)**
At 30 September 2025	**125,560**
NET BOOK VALUE	
At 30 September 2025	**282,562**
At 30 September 2024	252,217

continued...

8. TANGIBLE FIXED ASSETS

	Improvements to property £	Office Equipment £	Totals £
COST			
At 1 October 2024	**537,159**	**225,884**	**763,043**
Additions	**17,219**	**3,365**	**20,584**
At 30 September 2025	**554,378**	**229,249**	**783,627**
DEPRECIATION			
At 1 October 2024	**313,577**	**178,878**	**492,455**
Charge for year	**14,874**	**14,585**	**29,459**
At 30 September 2025	**328,451**	**193,463**	**521,914**
NET BOOK VALUE			
At 30 September 2025	**225,927**	**35,786**	**261,713**
At 30 September 2024	223,582	47,006	270,588

9. FIXED ASSET INVESTMENTS

Investments (neither listed nor unlisted) were as follows:

	2025 £	2024 £
Corporate Bonds	**4,305,058**	6,226,746

10. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1 October 2024 and 30 September 2025	**1,301,277**
DEPRECIATION	
At 1 October 2024	**24,860**
Charge for year	**3,583**
At 30 September 2025	**28,443**
NET BOOK VALUE	
At 30 September 2025	**1,272,834**
At 30 September 2024	1,276,417

Fair value at 30 September 2025 is represented by:

	£
Valuation in 2024	**224,786**
Cost	**1,076,491**
	1,301,277

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10. INVESTMENT PROPERTY - continued

Investment property was valued on a fair value basis on 25 September 2024 by D M Hall.

11. DEBTORS

	2025	2024
	£	£
Amounts falling due within one year:		
Unsecured members loans	**30,253,139**	28,271,997
General impairment provision	**(285,137)**	(344,490)
Specific impairment provision	**(416,090)**	(167,222)
Other debtors	**145,991**	142,080
Prepayments	**82,397**	80,805
	29,780,300	27,983,170
Amounts falling due after more than one year:		
Directors' loan accounts	**100,000**	100,000
Aggregate amounts	**29,880,300**	28,083,170

Loans to members

	2025	2024
	£	£
As at 30 September 2024	**28,271,997**	24,320,831
Advanced during the year	**13,524,461**	12,188,430
Interest on members loans	**2,519,607**	2,191,652
Repaid during the year	**(13,628,319)**	(10,230,438)
Impaired loans written off	**(434,607)**	(198,478)
As at 30 September 2025	**30,253,139**	28,271,997

Impairment provision on members' loans - Changes in the year

	General	Specific	Total
	£	£	£
As at 30 September 2024	344,490	167,222	511,712
(Decrease)/Increase in impairment provision	(59,353)	248,868	189,515
As at 30 September 2025	**285,137**	**416,090**	**701,227**

Credit risk disclosures

All loans to members apart from mortgages are unsecured. There are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. The credit union's maximum loan limit is £35,000 plus the value of a members shares held in the credit union. This complies with the Credit Union's internal policy and those of the Prudential Regulation Authority.

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12. MEMBERS SHARES AND OTHER LIABILITIES

	2025	2024
	£	£
Corporation tax	**118,256**	139,199
Other creditors	**38,404**	53,055
Juvenile deposits	**388,335**	336,413
Members share balances	**35,138,830**	35,939,298
Accrued expenses	**316,668**	255,414
	36,000,493	36,723,379

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13. FINANCIAL INSTRUMENTS

Financial risk management
The credit union manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from the credit union's activities are credit risk, liquidity risk and interest rate risk. The board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk
Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss to the credit union. In order to manage this risk the board approves the credit union lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Liquidity risk
The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the credit union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Note 2 provides further details about the impact of the maturity mismatch on the going concern status of the credit union. Excluding short term other payables, as noted in the balance sheet, the credit union's financial liabilities, the subscribed capital, are repayable on demand.

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

Interest rate risk
The credit union's main interest rate risk arises from the differences between the interest rate exposures on the receivables and payables that form an integral part of the credit union's operations. The credit union considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. The credit union does not use interest rate options to hedge its own positions. The interest rate risk is regularly monitored by the board with interest rates on members loans and interest receivable on bank deposits being regularly reviewed to ensure risk exposure is minimised.

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

	2025		2024	
	Amount	**Avg Int rate**	Amount	Avg Int
	£	**%**	£	%
Financial Assets				
Loans to members	**30,253,139**	**8.3**	28,271,997	7.8
Financial liabilities				
Subscribed capital				
Shares	**35,138,830**		35,939,298	0.5

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

14. ACCRUALS AND DEFERRED INCOME

	2025	2024
	£	£
Deferred grants	**419,890**	502,113

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15. RESERVES

	Retained earnings £	Growth & Efficiency Reserve £	Revaluation reserve £	Totals £
At 1 October 2024	5,127,073	68,584	224,786	5,420,443
Deficit for the year	(24,695)			(24,695)
Released to revenue account	-	(68,584)	-	(68,584)
Dividend paid	(289,102)	-	-	(289,102)
Revaluation reserve release	4,496	-	(4,496)	-
At 30 September 2025	4,817,772	-	220,290	5,038,062

16. CONTINGENT LIABILITIES

The credit union participates in the Financial Services Compensation Scheme (FSCS) and therefore has a contingent liability, which cannot be quantified, in respect of contributions to the FSCS, as required by the Financial Services and Markets Act 2000. The Financial Conduct Authority (FCA) had provided details of how the calculation of next year's contribution towards the FSCS will be calculated and provision where necessary has been included for this liability. However, this is subject to future changes in interest rates and levels of deposits held by deposit takers. Therefore, there is inherent uncertainty regarding the totality of the levy that the credit union will have to pay.

17. RELATED PARTY DISCLOSURES

During the year, 7 members (2024 - 5) of the Board, key management and their close family members had loans with the credit union. These loans were approved on the same basis as loans to other members of the credit union.