FCA registration number: 213700
Registration number RS00072S

1ST CLASS CREDIT UNION LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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1ST CLASS CREDIT UNION LIMITED
CREDIT UNION INFORMATION

Directors	J Coventry B Devenport J McNicholls T Higgins P Kelly P Selby R Hall B Morgan S Raza
Secretary	P Selby
FSA Registration Number	213700
Registered office	Aspire Business Centre 16 Farmeloan Road Rutherglen G73 1DL
Auditor	Xeinadin Audit Limited 2 Hilliards Court Chester Business Park Chester Cheshire CH4 9QP
Bankers	Virgin Money 2-4 Royal Exchange Square Glasgow G1 3AB Clearbank Borough Yards 13 Dirty Lane London SE1 9PA Hanley Economic Building Society Forge Lane Festival Park Stoke-On-Trent ST1 5TB

Bankers (continued)	Nationwide Building Society 92/96 Argyle Street Glasgow G2 8BQ
	Cambridge & Counties Bank Charnwood Court 5B New Walk Leicester LE1 6TE

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1ST CLASS CREDIT UNION LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2024

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

Principal activities

The principal activity of the Credit Union continued to be that of the provision of savings and lending facilities for the benefit of its members.

Review of the 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.

	2024	**2023**
Loan interest receivable	1,510,184	1,198,476
Loss after taxation	£(43,061)	£(109,960)
Capital asset ratio	10.33%	10.30%
Liquidity	35.00%	37.00%

Reserves amount to £2,033,660 (2023 - £2,076,721). The directors are confident that the Credit Union has sufficient reserves to finance the anticipated levels of activity in the future.

Dividends

The proposed dividend for the year ended 30 September 2024 is £164,699.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Coventry
B Devenport
J McNicholls
T Higgins
P Edwards (Resigned 16 October 2023)
P Kelly
P Selby
R Hall
B Morgan
S Raza

Compliance statement

The Credit Union is required to maintain and test a single customer view (SCV) file for submission to the FSCS in the event that the Credit Union is wound up. The directors confirm that SCV records have been tested and comply with regulatory authority depositor protection rules. The directors also confirm the following as required by Section 10.1 of the PRA Credit Union Rulebook:

- the Credit Union carried out lending activity within the PRA Credit Union Rulebook and we can confirm that we meet the requirements for carrying out this activity.
- the Credit Union had sufficient fidelity bond insurance throughout the year.

Auditor

In accordance with the company's articles, a resolution proposing that Xeinadin Audit Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Statement of disclosure to auditor So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

J Coventry
Director

B Devenport
Director

P Selby
Secretary

27 January 2025

1ST CLASS CREDIT UNION LIMITED
REVENUE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	2024 £	2023 £
Loan interest receivable and similar income	3	1,543,250	1,275,150
Interest payable	4	(135,659)	-
Net interest income		1,407,591	1,275,150
Fees and commissions receivable	5	55,606	54,823
Fees and commissions payable	6	(18,576)	(21,713)
Net fees and comissions receivable		37,030	33,110
Other income	6	212,656	194,251
Administrative expenses	7	(1,221,486)	(1,083,897)
Depreciation and amortisation	16	(2,285)	(2,285)
Other operating expenses	8	(83,225)	(159,185)
Impairment losses on loans to members	15	(353,581)	(325,041)
Total expenditure		(1,447,921)	(1,376,157)
Surplus/(Deficit) before taxation		(3,300)	(67,897)
Taxation	11	(39,761)	(42,063)
Surplus/(Deficit) for the financial year		(43,061)	(109,960)

The revenue account has been prepared on the basis that all operations are continuing operations.

1ST CLASS CREDIT UNION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 1ST CLASS CREDIT UNION LIMITED

Opinion We have audited the financial statements of 1st Class Credit Union Limited (the 'company') for the year ended 30
September 2024 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ***The Financial Reporting Standard applicable in the UK and Republic of Ireland*** (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2024 and of its profit 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 Companies Act 2006.

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

Other information The 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 contained within the annual report. 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company 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 Companies Act 2006 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

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 company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Enquiry of management and those charged with governance to identify any instances of non-compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Credit Union is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Secondly, the Credit Union is subject to many other laws and regulations where the consequence of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance the imposition of fines or litigation or the loss of the Credit Union's license to operate. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach. Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephanie Baker BA(Hons) ACA (Senior Statutory Auditor)
For and on behalf of Xeinadin Audit Limited, Statutory Auditor
Chartered Accountants
2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9QP
27 January 2025

1ST CLASS CREDIT UNION LIMITED
BALANCE SHEET
AS AT 30 SEPTEMBER 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Assets					
Cash, cash equivalents and liquid deposits	**12**		906,820		1,350,167
Loans and advances to banks					
Loans and advances to members	**13**		13,438,096		12,985,896
Tangible fixed assets	**16**		3,362		5,647
Other long term investments	**17**		5,250,000		5,750,000
Prepayments and accrued income			85,162		78,745
Total assets			19,683,440		20,170,455
Liabilities					
Subscribed capital - repayable on demand	**18**		17,387,467		17,912,592
Other payables	**19**		262,313		181,142
			17,649,780		18,093,734
Retained earnings					
Distribution Reserve			164,699		135,659
Income and Expenditure Reserve			1,868,961		1,941,062
			2,033,660		2,076,721
Total liabilities			19,683,440		20,170,455

The financial statements were approved by the board of directors and authorised for issue on 27 January 2025 and are signed on its behalf by:

J Coventry
Director

B Devenport
Director

P Selby
Secretary

1ST CLASS CREDIT UNION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	Revenue Reserve £	Credit Union Foundation Reserve £	Distribution reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2022		391,068	100,000	24,343	1,671,270	2,186,681
Year ended 30 September 2023:						
Deficit for the year pre dividend		-	-	-	(109,960)	(109,960)
Dividends	4	-	-	-	-	-
Deficit for the year post dividend		-	-	-	-	(109,960)
Transfers		(391,068)	(100,000)	111,316	379,752	-
Balance at 30 September 2023		-	-	135,659	1,941,062	2,076,721
Year ended 30 September 2024:						
Surplus for the year pre dividend and tax		-	-	-	132,359	132,359
Taxation					(39,761)	(39,761)
Surplus for the year pre dividend post taxation		-	-	-	92,598	92,598
Dividends paid	4	-	-	-	(135,659)	(135,659)
Deficit for the year post dividend		-	-	-	(43,061)	(43,061)
Transfer dividend paid to distribution reserve		-	-	(135,659)	135,659	-
Transfer proposed dividend to distribution reserve		-	-	164,699	(164,699)	-
Balance at 30 September 2024		**-**	**-**	**164,699**	**1,868,961**	**2,033,660**

1ST CLASS CREDIT UNION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Cash flows from operating activities					
Cash absorbed by operations	**28**		(878,727)		(3,144,394)
Income taxes paid			-		(13,453)
Net cash outflow from operating activities			(878,727)		(3,157,847)
Investing activities					
Proceeds from disposal of investments		1,435,380		-	
Proceeds from disposal of tangible fixed assets		-		188,551	
Purchase of investments		(1,000,000)		(500,000)	
Net cash generated from/(used in) investing activities			435,380		(311,449)
Net decrease in cash and cash equivalents			(443,347)		(3,469,296)
Cash and cash equivalents at beginning of year			1,350,167		4,819,463
Effect of foreign exchange rates			-		-
Cash and cash equivalents at end of year			906,820		1,350,167

1 Accounting policies

Credit Union information

The registered office for 1st Class Credit Union is Aspire Business Centre, 16 Farmeloan Road, Rutherglen, G73 1DL.

Legal and regulatory framework 1st Class Credit Union is a society established under the Industrial and Provident Societies Act 1965, whose principal activity is to operate as a Credit Union, within the meaning of the Credit Unions Act 1979. The Credit Union has registered with the Financial Conduct Authority and is regulated by the Prudential Regulation Authority under the provisions of the Financial Services and Markets Act 2000. In accordance with the regulatory environment for Credit Union's, deposits from members can be made by subscription for redeemable shares, deferred shares and interest-bearing shares. At present the Credit Union has only issued redeemable shares.

1.1 Accounting convention

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 are prepared in sterling, which is the functional currency of the Credit Union.

Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Credit Union has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

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 effective interest 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 the policy, there is not net effect on the surplus or deficit for the year nor net assets of the Credit Union as an equal or opposite impairment provision would be required should this loan interest be included.

Fees and commissions receivable: Fees and charges 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.

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 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.

1 Accounting policies **(Continued)**

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Fixtures and fittings	10% straight line
Computers	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 credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts 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 company 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.7 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 in the Credit Union's balance sheet when the Credit Union becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, 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.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities - subscribed capital

Members' shareholdings in the Credit Union are redeemable and therefore are classified as financial liabilities, and described as subscribed capital. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

Financial assets - loans and advances to members

Loans to members are financial assets with fixed to determinable payments, and are not quoted in active market. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method. Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member. The Credit Union does not transfer loans to third parties.

Impairment of financial assets The Credit Union assesses, 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. 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 provision for doubtful debts is made in accordance with guidance issued by the Prudential Regulation Authority(PRA)/Financial Conduct Authority (FCA).

1.8 Equity instruments Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.
Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Credit Union.

1.9 Taxation

The tax charge for the year reflects current tax payable. Current tax is the expected corporation tax payable for the year, using tax rates in force for the year. The Credit Union is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income. As a result of the limited activities of the Credit Union from which surpluses are chargeable to corporation tax, it is unlikely that deferred tax will arise.

1 Accounting policies **(Continued)**

1.10Employee benefits

Defined contributions plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by the Credit Union for the relevant period.
Other employee benefits: Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

1.11Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.13 Reserves

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

2 Judgements and key sources of estimation uncertainty

In the application of the Credit Union's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment losses and provisions

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 losses 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 write off impaired loans when all methods of the 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.

3 Loan interest receivable and similar income

	2024 £	2023 £
Loan interest receivable from members	1,510,184	1,198,476
Bank interest receivable on cash and liquid deposits	33,066	76,674
	1,543,250	1,275,150

4 Interest expense Interest expense is the dividend paid to members for the prior year. The dividend is formally proposed by the
Directors after the year end and is confirmed at the following AGM. As a result it does not represent a liability at the balance sheet date. The proposed dividend for the year ended 30 September 2024 is £164,699.

	2024 £	2023 £
Interest paid during the year	135,659	-
Dividend rate:		
Shares up to £1,500	0.00%	1.50%
Shares over £1,500	0.00%	0.50%
Interest proposed but not recognised	164,699	135,659
Dividend rate	1.00%	0.75%

5 Fees and commission receivable

	2024 £	2023 £
Entrance fees	52,030	51,028
Dormant fees	3,576	3,795
	55,606	54,823

6 Other income

	2024 £	2023 £
Grant income	50,000	-
Sundry income	31,531	1,862
Profit on disposal of freehold property	-	76,014
Income from investments	131,125	116,375
	212,656	194,251

7 Administrative expenses

	Notes	2024 £	2023 £
Employment costs	9	673,471	599,444
Staff training and expenses		21,493	14,326
Directors expenses		33,657	25,771
Auditors remuneration		8,580	6,250
Telephone		18,165	23,481
Computer maintenance		88,065	106,532
Legal and professional		165,941	160,332
General expenses		22,066	18,299
Printing, postage and stationery		42,773	42,966
Marketing and advertising		78,748	72,719
Travel expenses		3,908	10,393
Loss on disposal of tangible fixed assets		-	3,385
Loss on disposal of investment		64,620	-
		1,221,486	1,083,897

8 Other operating expenses

Other operating expenses comprise the costs of occupying offices and regulatory and financial management costs:

	2024 £	2023 £
Cost of occupying the offices (excluding depreciation)		
Rent and rates	36,509	6,923
Repairs and maintenance	534	3,760
Power, light and heat	(2,232)	19,044
	34,811	29,727
Regulatory and financial management costs		
Financial Conduct Authority and Prudential Regulation Authority fees	4,779	3,901
Association of British Credit Union dues	16,349	14,982
Fidelity bond insurance	9,200	8,722
Other insurances	18,086	101,853
	48,414	129,458
	83,225	159,185

9 Employees

The average monthly number of persons (including directors) employed by the Credit Union during the year was:

	2024 Number	2023 Number
Office staff	21	22

Their aggregate remuneration comprised:

	2024 £	2023 £
Wages and salaries	589,470	528,525
Social security costs	49,939	42,608
Pension costs	34,062	28,311
	673,471	599,444

10 Auditor's remuneration

	2024	2023
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	8,580	7,920

11 Taxation

	2024	2023
	£	£
Current tax		
UK corporation tax on profits for the current period	39,761	42,063

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2024	2023
	£	£
Profit/(loss) before taxation	(3,300)	(67,897)
Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2023: 22.01%)	(825)	(14,944)
Non-taxation surplus/(deficit) on transactions with members	41,873	57,007
Marginal relief	(1,287)	-
Taxation charge for the year	39,761	42,063

12 Cash, cash equivalants and liquid deposits

	2024	2023
	£	£
Cash at bank	302,636	896,172
Short-term deposits	604,184	453,995
	906,820	1,350,167

13 Loans and advances to members

	2024 £	2023 £
As at 1 October	13,700,217	13,134,224
Advanced during the year	7,521,475	8,589,839
Interest on members loans	1,481,937	1,198,474
Repaid during the year	(8,135,803)	(8,411,452)
Impaired loans written off	(778,899)	(810,868)
Gross loans and advances to members	13,788,928	13,700,217
Impairment losses		
Groups of financial assets	(350,832)	(714,321)
As at 30 September	13,438,096	12,985,896

14 Credit risk disclosure

The Credit Union does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. The carrying amount of the loans to members represents the Credit Unions maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2024 Amount £	2024 Proportion %	2023 Amount £	2023 Proportion %
Not impaired:				
Neither past due not impaired	12,266,677	88.96%	11,874,782	86.68%
Up to 3 months past due	902,626	6.55%	796,433	5.81%
Between 3 and 6 months past due	-	-	-	-
Between 6 and 12 months past due	-	-	-	-
Over 12 months past due	-	-	-	-
Loans not impaired	13,169,303	95.51%	12,671,215	92.49%
Groups of financial assets impaired:				
Not yet past due, but impaired	-	-	-	-
Up to 3 months past due	242,104	1.76%	2 5 2 2 ,	6 51.824%
Between 3 and 6 months past due	207,633	1.51%	2 7 1 8 ,	9 91.626%
Between 6 and 12 months past due	124,998	0.91%	9 358 ,	5 71.348%
Over 12 months past due	44,890	0.31%	,	7 82.642%
Total loans	13,788,928	100.00%	13,700,217	100.00%
Impairment allowance	(350,832)		(714,321)	
Total carrying value	13,438,096		12,985,896	

15 Impairment losses recognised in the year

	2024 £	2023 £
Impairment of individual financial assets	796,899	614,578
Increase in impairment allowance during the year	(363,489)	(229,769)
	433,410	384,809
Reversal of impairment where debts recovered	(79,829)	(59,768)
	353,581	325,041

16 Tangible fixed assets

	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 October 2023 and 30 September 2024	6,780	14,252	21,032
Depreciation and impairment			
At 1 October 2023	2,740	12,645	15,385
Depreciation charged in the year	678	1,607	2,285
At 30 September 2024	3,418	14,252	17,670
Carrying amount			
At 30 September 2024	3,362	-	3,362
At 30 September 2023	4,040	1,607	5,647

17 Other long term investments

	2024 £	2023 £
Securities	5,250,000	5,750,000

18 Subscribed capital - repayable on demdand

	2024 £	2023 £
Members' shares brought forward	17,912,592	20,187,426
Share deposits during the year	13,422,397	12,230,957
Share withdrawals during the year	(13,947,522)	(14,505,791)
	17,387,467	17,912,592

18 Subscribed capital - repayable on demdand (Continued)

Deposits from members may only be made by way of subscription for shares.

19 Other payables

	2024	2023
	£	£
Juvenile deposits	100,650	112,780
Corporation tax	81,824	42,063
Deferred income	50,000	-
Accruals	29,839	26,299
	262,313	181,142

20 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/dividends payable. The main financial risks arising from the Credit Union 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 the Credit Union, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. There is also a risk that the Credit Union's surplus cash held as deposits may be lost due to financial institution failure. The Credit Union mitigates this risk by holding deposits in a range of financial institutions and undertaking regular due diligence on the financial stability of these institutions. 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. Market risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. The Credit Union conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore the Credit Union is not exposed to any form of currency risk or other price risk. Interest rate risk: The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union’s operations. The Credit Union considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. The Credit Union does not use interest rate options to hedge its own positions.

21 Interest rate risks

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

	2024 Amount	2024 Average Interest Rate	2023 Amount	2023 Average Interest Rate
Financial Assets				
Loans to members	13,788,928	11.54%	13,700,217	8.03%
Financial Liabilities				
Members' shares	17,387,467	0.13%	17,912,592	0.13%

The interest rates applicable to loans to members are fixed and range from 4.7% to 30%. The interest payable on subscribed capital is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and interest payable. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

22 Liquidity risk

Excluding short-term other payables, as noted in the balance sheet. 1st Class Credit Union's financial liabilities, subscribed share capital, are repayable on demand.

23 Fair value of financial instruments

1st Class Credit Union does not hold any financial instruments at fair value.

24 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 years contribution towards the FSCS will be calculated and provision where necessary had 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.

25 Retirement benefit schemes

Defined contribution schemes	2024 £	2023 £
Charge to profit or loss in respect of defined contribution schemes	34,062	28,311

The Credit Union operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Credit Union in an independently administered fund.

26 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024	2023
	£	£
Within one year	14,346	13,862
Between two and five years	39,452	53,798
	53,798	67,660

27 Related party transactions

Transactions with related parties

During the year 12 members (2023: 11) of the board, staff 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. None of the directors, staff or their close family members, have any preferential terms on their loans.

28 Cash absorbed by operations

	2024 £	2023 £
Profit for the year after tax	(3,301)	(67,897)
Adjustments for:		
(Gain)/loss on disposal of tangible fixed assets	-	3,385
Loss on disposal of intangible assets	64,620	-
Depreciation and impairment of tangible fixed assets	2,285	2,285
Impairment losses	(363,489)	(229,769)
Movements in working capital:		
Other receivables	6,417	20,051
Other payables	(41,410)	(8,480)
Cash flows from changes in operating assets and liabilities:		
Cash inflow from subscribed capital	13,422,397	12,230,957
Cash outflow from repaid capital	(13,947,522)	(14,505,791)
New loans to members	(8,224,513)	(8,977,445)
Repayment of loans by members	8,135,803	8,411,452
Cash absorbed by operations	(878,727)	(3,144,394)

29 Analysis of changes in net funds

	1 October 2023 £	Cash flows £	30 September 2024 £
Cash at bank and in hand	1,350,167	(443,347)	906,820