

**Registration number CU000023**

**COOKSTOWN CREDIT UNION LIMITED**

**DIRECTORS' REPORT AND**  
**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2024**

## COOKSTOWN CREDIT UNION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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#### Company information

Directors	Martina Larmour (Chairperson) Patrick Loughran (Secretary) Jacqueline O'Neill (Treasurer) Leona Lawless Martin Mullan Gavin Rodgers Evelyn U C McKenna Mary Hogg Norah Fowley
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Company number	CU000023
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FSA Firm Reference Number	574118
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Registered office	16-18 Burn Road Cookstown Co. Tyrone BT80 8DN
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Auditors	Kelly & O'Neill Ltd 15E Molesworth Street Cookstown Co Tyrone BT80 8NX
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Bankers	Bank of Ireland 32 James Street Cookstown Co Tyrone
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Solicitors	Carson McDowell LLP Murray House Murray Street Belfast BT1 6DN
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# **COOKSTOWN CREDIT UNION LIMITED**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024**

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### **Contents**

	<b>Page</b>
Directors' report	<b>1 - 2</b>
Auditor's report	<b>3 - 5</b>
Income and Expenditure Account	<b>6</b>
Balance Sheet	<b>7</b>
Statement of Changes in Reserves	<b>8</b>
Cash Flow Statement	<b>9</b>
Schedule 1 & 2 - Administration Expenses	<b>10</b>
Notes to the financial statements	<b>11 - 28</b>

## **COOKSTOWN CREDIT UNION LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2024**

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

#### **Principal activity**

The principal activity of the Credit Union is the promotion of thrift among its members by the accumulation of their savings and the loaning of these funds to members at a fair and reasonable rate of interest.

#### **Principal Risks and Uncertainties**

The purpose of our Credit Union is to allow members to save together and lend to each other at a fair and reasonable rate of interest. The principal risks and challenges facing the Credit Union are loan default, not lending a sufficient proportion of funds so that too much of the Credit Union's resources are tied up in investment products, poor performance of investments and the risk that we will not have sufficient cash resources to meet day to day running costs and repay members savings when demanded (liquidity risk).

These risks are managed by the Credit Union board so as to achieve an acceptable balance of growth and security for members' resources.

#### **Results and dividends**

The (Loss)/profit for the year, after taxation, amounted to £317,288. Particulars of dividends paid and proposed are detailed in the notes to the financial statements.

A final dividend of £190,859 (1%) (2023: £140,128 (0.75%)) has been proposed by the directors. The dividend has not been accounted for within the current financial statements as it has yet to be approved.

An interest rebate of £68,486 (variable rates) (2023: £138,550 (20%)) has been proposed by the directors. The interest rebate has not been accounted for within the current financial statements as it has yet to be approved.

#### **Directors**

The directors who served during the year are as stated below:

Martina Larmour (Chairperson)  
Patrick Loughran (Secretary)  
Jacqueline O'Neill (Treasurer)  
Leona Lawless  
Martin Mullan  
Gavin Rodgers

Evelyn U C McKenna  
Mary Hogg  
Norah Fowley

#### **Statement of directors' responsibilities**

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

The Credit Unions (Northern Ireland) Order 1985 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Credit Union and of the Income and Expenditure of the Credit Union in that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;



## COOKSTOWN CREDIT UNION LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2024

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- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 Standards applicable in the UK and Republic of Ireland". They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Each of the persons who is a director at the date of approval of this report confirm that:

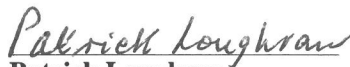
- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

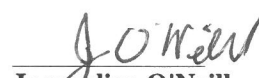
#### Auditors

The auditors, Kelly & O'Neill Ltd, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

This report was approved by the Board on 25 November 2024 and signed on its behalf by:

  
**Martina Larmour**  
Chairperson

  
**Patrick Loughran**  
Secretary

  
**Jacqueline O'Neill**  
Treasurer

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COOKSTOWN CREDIT UNION LIMITED**

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We have audited the financial statements of Cookstown Credit Union Limited for the year ended 30 September 2024 which comprise the Income and Expenditure Account, the Balance Sheet, Statement of Changes in Reserves and the related notes. 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 in all material respects:

- give a true and fair view of the state of the Credit Union's affairs as at 30 September 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with 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 the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Credit Union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The 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.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COOKSTOWN CREDIT UNION LIMITED**

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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**

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

- proper books of account have not been kept by the Credit Union in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not being maintained by the Credit Union in accordance with the requirements of the legislation;
- the income and expenditure account to which our report relates, and the balance sheet are not in agreement with the books of account of the Credit Union;
- we have not obtained all the information and explanations which we considered were 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.

### **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.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COOKSTOWN CREDIT UNION LIMITED**

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We obtained an understanding of the legal and regulatory framework applicable to the company through enquiry of management, industry research and the application of cumulative audit knowledge. We identified the following principal laws and regulations relevant to the company - Companies Act 2006 and the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS102). We developed an understanding of the key fraud risks to the entity (including how fraud might occur), the controls in place to help mitigate those risks, and the accounts, balances and disclosures within the financial statements which may be susceptible to management bias. Our understanding was obtained through review of the financial statements for significant accounting estimates, analysis of journal entries, walkthrough of the key controls system in place and enquiry of management.

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

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

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

.....  
**Kelly & O'Neill Ltd**  
**Chartered Accountants and**  
**Registered Auditors**  
**25 November 2024**

**15E Molesworth Street**  
**Cookstown**  
**Co Tyrone**  
**BT80 8NX**

# COOKSTOWN CREDIT UNION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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

		2024	2023
	Notes	£	£
<b>Income</b>			
Interest on members' loans	3	730,924	693,319
Investment income	4	285,095	160,636
<b>Net interest income</b>		1,016,019	853,955
Other income	6	7,461	3,189
<b>Total Income</b>		<b>1,023,480</b>	<b>857,144</b>
<b>Expenditure</b>			
Property expenses	Sch 1	36,799	27,114
Administrative expenses	Sch 2 <i>B</i>	582,179	503,831
Depreciation	11	22,771	15,570
Loans written off		36,078	68,759
Bad debts recovered		(42,909)	(63,341)
Provision for bad and doubtful debts	15	-	(50,000)
<b>Total expenditure</b>		<b>634,918</b>	<b>501,933</b>
<b>Surplus/(deficit) for the financial year before taxation</b>		<b>388,562</b>	<b>355,211</b>
Taxation	8	(71,274)	(34,686)
<b>Surplus/(deficit) for the year after taxation</b>		<b>317,288</b>	<b>320,525</b>

All activities of the company are from continuing operations. There were no recognised gains or losses other than the income and expenditure for the above two financial years. These financial statements were approved by the board, and authorised for issue, on 25 November 2024 and signed on its behalf by:

*Martina Larmour*

Martina Larmour (Chairperson)

*Patrick Loughran*

Patrick Loughran (Secretary)

*J O'Neill*

Jacqueline O'Neill (Treasurer)

# COOKSTOWN CREDIT UNION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

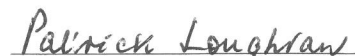
### Balance Sheet as at 30 September 2024

		2024		2023	
	Notes	£	£	£	£
<b>Assets</b>					
Loans to Members	9	9,822,751		8,064,183	
Bad debt provision	15	(230,000)		(230,000)	
Deposits and investments	10	9,045,276		12,628,228	
Cash and cash equivalents	21	788,165	19,426,192	553,220	21,015,631
<b>Other Assets</b>					
Tangible assets	11	3,586,076		1,292,230	
Other Debtors & Prepayments	12	254,305		199,253	
Minors' Funds	23	1,707,626	5,548,007	1,606,909	3,098,392
<b>Total Assets</b>			<b>24,974,199</b>		<b>24,114,023</b>
<b>Liabilities</b>					
Members' Shares	14	19,390,667		18,759,854	
Minors' deposits	23	1,707,626		1,606,909	
Sundry Creditors and Accruals	13	595,987		541,163	
Provision for Taxation	8	71,274	21,765,554	34,686	20,942,612
<b>Total Liabilities</b>			<b>21,765,554</b>		<b>20,942,612</b>
<b>Net Assets</b>			<b>3,208,645</b>		<b>3,171,411</b>
<b>Members' Resources</b>					
Appropriation Account			268,645		286,411
General Reserve			2,940,000		2,885,000
<b>Total Members' Resources</b>			<b>3,208,645</b>		<b>3,171,411</b>


These accounts were approved by the Board of Directors and authorised for issue on 25 November 2024 and are signed on behalf of the board by:



Martina Larmour (Chairperson)



Patrick Loughran (Secretary)



Jacqueline O'Neill (Treasurer)

The notes on pages 11 to 28 form an integral part of these financial statements.

**COOKSTOWN CREDIT UNION LIMITED****STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 30 SEPTEMBER 2024**

	<b>Appropriation account</b>	<b>General reserve</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
As at 1 October 2022	226,536	2,845,000	3,071,536
Surplus for the year	355,211	-	355,211
Taxation	(34,686)	-	(34,686)
Dividend paid during the year	(89,955)	-	(89,955)
Interest rebate paid during the year	(131,063)	-	(131,063)
Appropriation Adjustment	368	-	368
Transfer to general reserve	(40,000)	40,000	-
As at 30 September 2023	<u>286,411</u>	<u>2,885,000</u>	<u>3,171,411</u>
As at 1 October 2023	286,411	2,885,000	3,171,411
Surplus for the year	388,562	-	388,562
Taxation	(71,274)	-	(71,274)
Dividend paid during the year	(141,417)	-	(141,417)
Interest rebate paid during the year	(138,567)	-	(138,567)
Appropriation adjustment	(70)	-	(70)
Transfer to general reserve	(55,000)	55,000	-
As at 30 September 2024	<u>268,645</u>	<u>2,940,000</u>	<u>3,208,645</u>

These accounts were approved by the Board of Directors and authorised for issue on 25 November 2024 and are signed on behalf of the board by:



**Martina Larmour (Chairperson)**



**Patrick Loughran (Secretary)**



**Jacqueline O'Neill (Treasurer)**

**COOKSTOWN CREDIT UNION LIMITED****FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024**

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**Cash flow statement for the year ended 30 September 2024**

		<b>2024</b>	<b>2023</b>
		<b>£</b>	<b>£</b>
<b>Opening Cash and Cash Equivalents</b>	<b>21</b>	553,220	568,906
<b>Cash flows from operating activities</b>			
Surplus for the year before tax		388,562	355,211
Depreciation	<b>11</b>	22,771	15,570
Movement in other assets	<b>12</b>	(55,052)	(48,946)
Movement in other creditors	<b>13</b>	54,824	517,613
Increase/(Decrease) in bad debt provision	<b>21</b>	-	(50,000)
Loans written off		36,078	68,759
Appropriation adjustment		(70)	368
Cash movement in members loans	<b>9</b>	(1,794,646)	(1,053,201)
Corporation tax paid	<b>8</b>	(34,686)	(20,799)
<b>Net cash (used in)/generated from operating activities</b>		<b>(1,382,219)</b>	<b>(215,425)</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	<b>11</b>	(2,316,617)	(881,985)
Release of computer reserve funds		-	(30,000)
Movement in cash investments	<b>10</b>	3,582,952	888,051
<b>Net cash generated from/(used in) investing activities</b>		<b>1,266,335</b>	<b>(23,934)</b>
<b>Cash flows from financing activities</b>			
Movement in members shares	<b>14</b>	630,813	444,691
Dividend and interest rebate	<b>19</b>	(279,984)	(221,018)
Transfer to Minors		-	-
<b>Net cash generated from financing activities</b>		<b>350,829</b>	<b>223,673</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>234,945</b>	<b>(15,686)</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>21</b>	<b>788,165</b>	<b>553,220</b>



**COOKSTOWN CREDIT UNION LIMITED****FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024**

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**Schedule 1 - Property Expenses for the year ended 30 September 2024**

	<b>2024</b>	<b>2023</b>
<b>Property expenses</b>	<b>£</b>	<b>£</b>
Rates	12,303	5,164
Insurance	16,890	13,387
Heating, lighting & cleaning	7,606	8,563
	<u><b>36,799</b></u>	<u><b>27,114</b></u>

**Schedule 2 - Administrative expenses for the year ended 30 September 2024**

	<b>2024</b>	<b>2023</b>
<b>Administration expenses</b>	<b>£</b>	<b>£</b>
Wages & salaries	193,940	169,231
Pension costs	17,027	16,069
Loan & share insurance	172,306	160,256
Repairs & maintenance	1,964	2,276
Printing, stationery & advertising	32,966	11,904
Postage & telephone	19,481	10,827
Computer costs	64,850	52,829
Chapter expenses	1,655	745
Travelling & subsistence expenses	5,944	3,209
Legal & professional	21,273	30,929
Affiliation fees	5,515	6,109
Audit fees	12,540	11,814
Bank charges	10,321	7,516
Education & training	3,436	4,116
Donations	2,760	5,050
General expenses	16,201	10,951
	<u><b>582,179</b></u>	<u><b>503,831</b></u>

## COOKSTOWN CREDIT UNION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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#### **1. Accounting policies**

##### **1.1. Legal and regulatory framework**

Cookstown Credit Union Limited 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 16-18 Burn Road, Cookstown, Co. Tyrone, BT80 8DN.

##### **1.2. 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.

##### **1.3. 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 £.

##### **1.4. Going concern**

Cookstown Credit Union Limited 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 Prudential and Regulatory Authority and the Irish League of Credit Unions.

##### **1.5. Income**

###### **Interest on members' loans**

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

###### **Investment income**

Interest on investments is calculated using the effective interest method, and is calculated and accrued on a daily basis.

###### **Other Income**

Other income such as commissions receivable on foreign exchange services or bad debts recovered arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

##### **1.6. Interest on minors' deposits**

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

## COOKSTOWN CREDIT UNION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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#### 1.7. Dividends on shares and loan interest rebates

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

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

- The risk profile of the Credit Union, particularly in its loan and investment portfolios;
- The Board's desire to maintain a stable rather than a volatile rate of dividend each year and
- Members' legitimate dividend and loan interest rebate expectations;
- All dominated by prudence and the need to sustain the long-term welfare of the Credit Union.

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

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

#### 1.8. Taxation

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

#### 1.9. Cash and cash equivalents

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

#### 1.10. Financial instruments

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

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

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

## COOKSTOWN CREDIT UNION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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#### 1.11. 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 held at amortised cost are measured at amortised cost using the effective interest method less impairment. This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount; minus, in the case of a financial asset, any reduction for impairment or un-collectability. This effectively spreads out the return on such investments over time but does take account immediately of any impairment in the value of the investment. Cookstown Credit Union Limited's only investments are deposits with banks and other approved institutions.

#### 1.12. Other receivables

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

## COOKSTOWN CREDIT UNION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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#### **1.13 Impairment losses**

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

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

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

#### **1.14. 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. Cookstown Credit Union Limited does not transfer loans to third parties.

## COOKSTOWN CREDIT UNION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

..... continued

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#### 1.15. 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 are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently members' 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.

#### 1.16. 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.

#### 1.17. Tangible fixed assets and depreciation

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

Depreciation is provided to write off the cost of each item less residual value of each asset over its estimated useful life, as follows:

Land and buildings	-	Straight line over 100 years
Fixtures, fittings and equipment	-	10% reducing balance

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.

## COOKSTOWN CREDIT UNION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

..... continued

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#### **1.18. Reserves**

General reserve - Credit Unions are required to maintain and establish a minimum level of capital based on the value of assets held by the Credit Union in accordance with Part 8 of the PRA Credit Union Rulebook. Cookstown Credit Union Ltd holds total assets of more than £10 million and so its capital ratio is required to be a blended rate of 5% on the first £10million of assets and 8% on assets between £10 million and £50 million.

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.

#### **1.19. Employee benefits**

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

## COOKSTOWN CREDIT UNION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

..... continued

#### 2 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 Cookstown Credit Union Limited 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 note 1. 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's 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 market value of the expected cash flows 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.

3. Interest on members' loans	2024	2023
	£	£
Closing accrued loan interest receivable	26,254	21,386
Loan interest received in the year	726,056	693,136
Opening accrued loan interest receivable	(21,386)	(21,203)
Total interest on members' loans	<u>730,924</u>	<u>693,319</u>



**COOKSTOWN CREDIT UNION LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024**

..... continued

<b>4. Other interest income and similar income</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Investment income and gains received by the Balance Sheet date	285,095	160,636
Total Investment Income	<u>285,095</u>	<u>160,636</u>
<b>5. Pension costs</b>		
The company operates a defined contribution pension scheme in respect of the company. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £17,027 (2023 - £16,069).		
<b>6. Other Income</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Entrance Fees	349	233
Foreign Exchange Commission	2,640	445
Corporation Tax Refund	552	-
Axa Commission	3,920	2,511
	<u>7,461</u>	<u>3,189</u>
<b>7. Employees</b>		
<b>Number of employees</b>	<b>2024</b>	<b>2023</b>
The average monthly numbers of employees during the year was:	7	7
<b>Employment costs</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Wages and salaries	193,940	169,231
Pension costs	17,027	16,069
	<u>210,967</u>	<u>185,300</u>

# COOKSTOWN CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

..... continued

### 8. Tax on profit on ordinary activities

Analysis of charge in period	2024 £	2023 £
<b>Current tax</b>		
UK corporation tax	71,274	34,686

All income other than income from investments and grant income is exempt from Corporation Tax.

9. Loans to members	2024 £	2023 £
As at Balance as at 1st October	8,064,183	7,079,741
Loans granted	4,705,811	3,802,708
Repaid during the year	(2,911,165)	(2,749,507)
Loans written off	(36,078)	(68,759)
<b>as at 30th September</b>	<b>9,822,751</b>	<b>8,064,183</b>
<b>Impairment allowances</b>		
Individual loans	-	-
Groups of loans	(230,000)	(230,000)
<b>Loan provision</b>	<b>(230,000)</b>	<b>(230,000)</b>
<b>As at 30th September</b>	<b>9,592,751</b>	<b>7,834,183</b>

# COOKSTOWN CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

..... continued

10. Deposits and investments	2024	2023
	£	£
Fixed term deposits with banks	9,045,276	12,628,228
	<u>9,045,276</u>	<u>12,628,228</u>

The category of counterparties with whom the investments were held was as follows:

	2024	2023
	£	£
A1	446,943	213,923
A2	-	211,301
A3	92,746	442,579
Not rated	8,505,587	11,760,425
	<u>9,045,276</u>	<u>12,628,228</u>

The category disclosed above is taken from [www.moodys.com](http://www.moodys.com) and is based on the most available information at the date of the approval of these financial statements.

11. Tangible fixed assets	Land and buildings freehold	Fixtures, fittings and equipment	Total
	£	£	£
<b>Cost</b>			
At 1 October 2023	1,212,333	209,521	1,421,854
Additions	2,261,215	55,402	2,316,617
At 30 September 2024	<u>3,473,548</u>	<u>264,923</u>	<u>3,738,471</u>
<b>Depreciation</b>			
At 1 October 2023	34,522	95,102	129,624
Charge for the year	5,789	16,982	22,771
At 30 September 2024	<u>40,311</u>	<u>112,084</u>	<u>152,395</u>
<b>Net book values</b>			
At 30 September 2024	<u>3,433,237</u>	<u>152,839</u>	<u>3,586,076</u>
At 30 September 2023	<u>1,177,811</u>	<u>114,419</u>	<u>1,292,230</u>

**COOKSTOWN CREDIT UNION LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024**

..... continued

<b>12. Prepayments and accrued income</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Prepayments & other debtors	13,636	11,886
Accrued interest	240,669	187,367
	<u>254,305</u>	<u>199,253</u>
<b>13. Other payables</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Other taxes and social security costs	2,347	2,347
Accruals and deferred income	592,340	538,816
Other creditors	1,300	-
	<u>595,987</u>	<u>541,163</u>
<b>14. Members' shares</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Balance as at 1st October	18,759,854	18,315,163
Shares deposited	5,830,672	5,202,206
Dividend	141,417	89,955
Loan Interest Rebate	138,567	131,063
	<u>24,870,510</u>	<u>23,738,387</u>
Shares withdrawn	(5,479,843)	(4,978,533)
Balance as at 30th September	<u>19,390,667</u>	<u>18,759,854</u>

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

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Unattached shares	16,135,615	16,084,512
Attached shares	3,255,052	2,675,342
Balance as at 30th September	<u>19,390,667</u>	<u>18,759,854</u>

# COOKSTOWN CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

..... continued

### 14.1. Credit risk disclosures

Cookstown Credit Union Limited does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which the 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 Union.

The carrying amount of the loans to members represents Cookstown Credit Union Limited's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2024		2023	
	£	%	£	%
<b>Not impaired:</b>				
Neither past due nor impaired	9,764,700	99.4%	8,028,456	99.6%
<b>Gross loans impaired:</b>				
More than 3 months past due	19,168	0.20%	19,911	0.25%
More than 6 months past due	37,578	0.38%	12,071	0.15%
More than 9 months past due	1,305	0.01%	3,745	0.05%
More than 12 months past due	-	-%	-	-%
<b>Total gross loans</b>	<b>9,822,751</b>	<b>100.00%</b>	<b>8,064,183</b>	<b>100.00%</b>
<b>Impairment Allowance</b>				
Individual loans	-		-	
Groups of loans	(230,000)		(230,000)	
<b>Total carrying value</b>	<b>9,592,751</b>		<b>7,834,183</b>	

### 15. Provision for doubtful debts

	2024	2023
	£	£
Opening Balance	230,000	280,000
Increase/(Decrease) in provision	-	(50,000)
	<u>230,000</u>	<u>230,000</u>

**COOKSTOWN CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024**

..... continued

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<b>16. Analysis of Gross Loans Outstanding By Duration</b>	<b>No</b>	<b>2024</b>	<b>No</b>	<b>2023</b>
		<b>£</b>		<b>£</b>
<b>Loans</b>				
Less than one year	132	127,840	142	115,097
Greater than 1 year and less than 3 years	412	1,561,356	411	1,344,742
Greater than 3 years and less than 5 years	539	5,376,663	504	4,837,918
Repayable in five years or more	86	2,756,892	57	1,766,426
		<u>9,822,751</u>		<u>8,064,183</u>

## COOKSTOWN CREDIT UNION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

..... continued

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#### 17. Financial risk management objectives and policies

Cookstown Credit Union Limited is a provider of personal and business loans and also 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 provides 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 Cookstown Credit Union Limited 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.

##### **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.

##### **Credit Risk**

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Cookstown Credit Union Limited, 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. The credit risk on members loans is disclosed previously in the notes to the financial statements.

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 policies authorised by the PRA. The credit ratings of the financial institutions where investments are held are disclosed previously in the notes to the financial statements.

##### **Liquidity Risk**

The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio as set out in the PRA handbook.

##### **Market Risk**

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

## COOKSTOWN CREDIT UNION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

..... continued

#### 18. Insurance Against Fraud

Cookstown Credit Union Limited has insurance against fraud in compliance with the PRA handbook.

#### 19. Dividend 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 Changes in Equity in the current year relates to dividends paid to members for the prior year.

The following distributions were made during the year:

	2024	2023
	£	£
Dividend paid during the year	0.75% 141,417	0.5% 89,955
Loan interest rebate paid during the year	20% 138,567	20% 131,063
	<u>279,984</u>	<u>221,018</u>

	2024	2023
	£	£
<b>Proposed dividends and loan interest rebate</b>		
Dividend proposed, but not recognised	1% 190,859	0.75% 140,128
Loan interest rebate proposed, but not recognised	Variable 68,486	20% 138,550
	<u>259,345</u>	<u>278,678</u>

Due to the reduced loan rates available, it has been proposed that a variable interest rebate be issued in the current year. The proposed rates are based on the following loan interest rates:

12% Loans	20%
8% - 9.95% Loans	10%
4% - 7.5% Loans	5%

#### 20. Post balance sheet events

There have been no known events affecting the Credit Union since the year end which would require adjustment or disclosure in the financial statements.



# COOKSTOWN CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

..... continued

### 21. Cash and cash equivalents

	2024	2023
	£	£
Cash balances	248,287	190,937
Short term deposits with banks	539,878	362,283
	<u>788,165</u>	<u>553,220</u>

### 21.1. Loan provision account for impairment losses

	2024	2023
	£	£
Opening Balance	230,000	280,000
Increase/(Decrease) in loan provision during the year	-	(50,000)
	<u>230,000</u>	<u>230,000</u>

### 21.2. Net recoveries or losses recognised for the year

	2024	2023
	£	£
Bad debts recovered	(42,909)	(63,341)
Increase/(Decrease) in loan provision during the year	-	(50,000)
	<u>(42,909)</u>	<u>(113,341)</u>
Loans written off	36,078	68,759
Net (recoveries)/losses on loans to members recognised during the year	<u>(6,831)</u>	<u>(44,582)</u>

### 21.3. Interest Rate Risk Disclosure

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

	2024	Average Interest Rate	2023	Average Interest Rate
	£	%	£	%
<b>Financial Assets</b>				
Gross loans to members	<u>9,822,751</u>	<u>7.79%</u>	<u>8,064,183</u>	<u>12.8%</u>
<b>Financial Liabilities</b>				
Members' Shares	<u>19,390,667</u>	<u>0.75%</u>	<u>18,759,854</u>	<u>0.5%</u>

The interest rates applicable on loans to members are variable. The dividend on shares and interest on deposits is determined on the basis of income less administrative expense.

## COOKSTOWN CREDIT UNION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

..... continued

#### 21.4. Liquidity risk disclosures

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

#### 21.5. Fair value of financial instruments

Cookstown Credit Union Limited does not hold any financial instruments at fair value.

#### 21.6. Capital

Cookstown Credit Union Limited maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current General Reserve is in excess of the minimum requirement set down by the PRA, and stands at 11.8% of the total assets of the Credit Union at the balance sheet date.

#### 22. Related Party Transactions

Directors of the Credit Union during the financial year ended 30 September 2024 operated share and loan accounts with the Credit Union. The following transactions and balances existed with members who were Directors during the financial year ended 30 September 2024:

Shares	2024	2023
	£	£
Opening balance	83,133	75,256
Shares deposited	47,257	44,428
Dividend/loan interest rebate	2,247	1,921
Withdrawals	(42,640)	(38,472)
Closing balance	<u>89,997</u>	<u>83,133</u>
Loans	2024	2023
	£	£
Opening balance	111,186	84,535
Loans granted	41,656	54,341
Loans repaid	(28,197)	(27,690)
Closing balance	<u>124,645</u>	<u>111,186</u>

# COOKSTOWN CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

..... continued

### 23. Minors' funds

	2024	2023
	£	£
Monies held in bank & deposit accounts	1,133,924	1,154,473
Interest receivable	1,485	14,732
Owed from seniors	572,217	437,704
	<u>1,707,626</u>	<u>1,606,909</u>

### Minors' deposits

	2024	2023
	£	£
Minor accounts	1,660,015	1,574,377
Available for distribution to minors	47,611	32,532
	<u>1,707,626</u>	<u>1,606,909</u>