

Registration number CU000023

COOKSTOWN CREDIT UNION LIMITED

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

COOKSTOWN CREDIT UNION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Company information

Directors	Martin Mullan (Chairperson) Patrick Loughran (Secretary) Martina Larmour (Treasurer) Leona Lawless Jacqueline O'Neill Gavin Rodgers Evelyn U C McKenna Mary Hogg Nora Fowley	(Appointed 17/04/2023)
Company number	CU000023	
FSA Firm Reference Number	574118	
Registered office	30D Fairhill Road Cookstown Co. Tyrone BT80 8AG	
Auditors	Kelly & O'Neill Ltd 15E Molesworth Street Cookstown Co Tyrone BT80 8NX	
Bankers	Bank of Ireland 32 James Street Cookstown Co Tyrone	
Solicitors	Millar, Shearer & Black 40 Molesworth Street Cookstown Co.Tyrone BT80 8PH	

COOKSTOWN CREDIT UNION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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COOKSTOWN CREDIT UNION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

The Directors present their report and the financial statements for the year ended 30 September 2023.

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 Profit for the year, after taxation, amounted to £320,525. Particulars of dividends paid and proposed are detailed in the notes to the financial statements.

A final dividend of £140,128 (0.75%) (2022: £89,610 (0.5%)) 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 £138,550 (20%) (2022: £131,063 (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:

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

Evelyn U C McKenna
Mary Hogg
Nora Fowley (Appointed 17/04/2023)

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 2023

..... continued

- 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 28 November 2023 and signed on its behalf by:

Martin Mullan
Chairperson

Patrick Loughran
Secretary

Martina Larmour
Treasurer

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

We have audited the financial statements of Cookstown Credit Union Limited for the year ended 30 September 2023 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 2023 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

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 been 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.

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.

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

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
28 November 2023

15E Molesworth Street
Cookstown
Co Tyrone
BT80 8NX

COOKSTOWN CREDIT UNION LIMITED**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023**

Income and Expenditure Account for the year ended 30 September 2023

		2023	2022
	Notes	£	£
Income			
Interest on members' loans	3	693,319	654,983
Investment income	4	160,636	109,470
Net interest income		853,955	764,453
Other income	6	3,189	87,811
Total Income		<u>857,144</u>	<u>852,264</u>
Expenditure			
Property expenses	Sch 1	27,114	34,108
Administrative expenses	Sch 2	503,831	447,935
Depreciation	11	15,570	10,550
Loans written off		68,759	45,348
Bad debts recovered		(63,341)	(125,128)
Provision for bad and doubtful debts	15	(50,000)	30,000
Total expenditure		<u>501,933</u>	<u>442,813</u>
Surplus/(deficit) for the financial year before taxation		355,211	409,451
Taxation	8	(34,686)	(20,799)
Surplus/(deficit) for the year after taxation		<u>320,525</u>	<u>388,652</u>

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 28 November 2023 and signed on its behalf by:

Martin Mullan (Chairperson)

Patrick Loughran (Secretary)

Martina Larmour (Treasurer)

COOKSTOWN CREDIT UNION LIMITED**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023****Balance Sheet as at 30 September 2023**

		2023		2022	
	Notes	£	£	£	£
Assets					
Loans to Members	9	8,064,183		7,079,741	
Bad debt provision	15	(230,000)		(280,000)	
Deposits and investments	10	12,628,228		13,516,279	
Cash and cash equivalents	21	<u>553,220</u>	21,015,631	<u>568,906</u>	20,884,926
Other Assets					
Tangible assets	11	1,292,230		425,815	
Other Debtors & Prepayments	12	199,253		150,307	
Minors' Funds	23	<u>1,606,909</u>	<u>3,098,392</u>	<u>1,469,125</u>	<u>2,045,247</u>
Total Assets			24,114,023		22,930,173
Liabilities					
Members' Shares	14	18,759,854		18,315,163	
Minors' deposits	23	1,606,909		1,469,125	
Sundry Creditors and Accruals	13	541,163		23,550	
Provision for Taxation	8	<u>34,686</u>	<u>20,942,612</u>	<u>20,799</u>	<u>19,828,637</u>
Total Liabilities			20,942,612		19,828,637
Net Assets			3,171,411		3,101,536
Members' Resources					
Appropriation Account			286,411		226,536
Computer reserve			-		30,000
General Reserve			<u>2,885,000</u>		<u>2,845,000</u>
Total Members' Resources			3,171,411		3,101,536

These accounts were approved by the Board of Directors and authorised for issue on 28 November 2023 and are signed on behalf of the board by:

Martin Mullan (Chairperson)

Patrick Loughran (Secretary)

Martina Larmour (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 2023**

	Appropriation account	General reserve	Total
	£	£	£
As at 1 October 2021	184,692	2,700,000	2,884,692
Surplus for the year	409,451	-	409,451
Taxation	(20,799)	-	(20,799)
Dividend paid during the year	(42,066)	-	(42,066)
Interest rebate paid during the year	(133,586)	-	(133,586)
Appropriation Adjustment	3,543	-	3,543
Transfer to computer reserve	(30,000)	-	(30,000)
Out of date cheques written back	301	-	301
Transfer to general reserve	(145,000)	145,000	-
As at 30 September 2022	<u>226,536</u>	<u>2,845,000</u>	<u>3,071,536</u>
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>

These accounts were approved by the Board of Directors and authorised for issue on 28 November 2023 and are signed on behalf of the board by:

Martin Mullan (Chairperson)

Patrick Loughran (Secretary)

Martina Larmour (Treasurer)

COOKSTOWN CREDIT UNION LIMITED**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023**

Cash flow statement for the year ended 30 September 2023

		2023	2022
		£	£
Opening Cash and Cash Equivalents	21	568,906	452,635
Cash flows from operating activities			
Surplus for the year before tax		355,211	409,451
Depreciation	11	15,570	10,550
Movement in other assets	12	(48,946)	(21,213)
Movement in other creditors	13	517,613	8,613
Increase/(Decrease) in bad debt provision	21	(50,000)	30,000
Loans written off		68,759	45,348
Appropriation adjustment		368	3,543
Old cheques written back		-	301
Cash movement in members loans	9	(1,053,201)	(1,038,305)
Corporation tax paid	8	(20,799)	(26,209)
Net cash (used in)/generated from operating activities		(215,425)	(577,921)
Cash flows from investing activities			
Purchase of tangible fixed assets	11	(881,985)	(23,780)
Release of computer reserve funds		(30,000)	-
Movement in cash investments	10	888,051	26,347
Net cash generated from/(used in) investing activities		(23,934)	2,567
Cash flows from financing activities			
Movement in members shares	14	444,691	867,277
Dividend and interest rebate	19	(221,018)	(175,652)
Transfer to Minors		-	-
Net cash generated from financing activities		223,673	691,625
Net increase/(decrease) in cash and cash equivalents		(15,686)	116,271
Cash and cash equivalents at the end of the financial year	21	553,220	568,906

COOKSTOWN CREDIT UNION LIMITED**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023**

Schedule 1 - Property Expenses for the year ended 30 September 2023

	2023	2022
	£	£
Property expenses		
Rates	5,164	12,158
Insurance	13,387	13,199
Heating, lighting and cleaning	8,563	8,751
	<u>27,114</u>	<u>34,108</u>

Schedule 2 - Administrative expenses for the year ended 30 September 2023

	2023	2022
	£	£
Administration expenses		
Wages and salaries	169,231	152,185
Pension costs	16,069	9,325
Loan and share insurance	160,256	143,261
Repairs & maintenance	2,276	3,306
Printing, stationery & advertising	11,904	7,808
Postage & telephone	10,827	11,539
Computer costs	52,829	30,220
Chapter expenses	745	500
Travelling & subsistence expenses	3,209	1,454
Legal & professional	30,929	41,466
Affiliation fees	6,109	4,747
Audit fees	11,814	10,740
Bank charges	7,516	11,898
Education & training	4,116	2,342
Donations	5,050	3,370
General expenses	10,951	13,774
	<u>503,831</u>	<u>447,935</u>

COOKSTOWN CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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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 30D Fairhill Road, Cookstown, Co. Tyrone, BT80 8AG.

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.

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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.

..... continued

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.

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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.

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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.

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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.

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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	2023	2022
	£	£
Closing accrued loan interest receivable	21,386	21,203
Loan interest received in the year	693,136	655,313
Opening accrued loan interest receivable	(21,203)	(21,533)
Total interest on members' loans	<u>693,319</u>	<u>654,983</u>

COOKSTOWN CREDIT UNION LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023**

..... continued

4. Other interest income and similar income	2023	2022
	£	£
Investment income and gains received by the Balance Sheet date	160,636	109,470
Total Investment Income	<u>160,636</u>	<u>109,470</u>

5. Pension costs

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 £16,069 (2022 - £9,325).

6. Other Income

	2023	2022
	£	£
Entrance Fees	233	221
Foreign Exchange Commission	445	518
Grant Income	-	3,254
Axa Commission	2,511	1,527
SPS Refund	-	82,291
	<u>3,189</u>	<u>87,811</u>

7. Employees**Number of employees****2023** **2022**

The average monthly numbers of employees during the year was:

7 7

Employment costs**2023** **2022**
£ **£**

Wages and salaries	169,231	152,185
Pension costs	16,069	9,325
	<u>185,300</u>	<u>161,510</u>

COOKSTOWN CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

..... continued

8. Tax on profit on ordinary activities

Analysis of charge in period	2023	2022
	£	£
Current tax		
UK corporation tax	34,686	20,799

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

9. Loans to members

	2023	2022
	£	£
As at Balance as at 1st October	7,079,741	6,086,784
Loans granted	3,802,708	3,602,622
Repaid during the year	(2,749,507)	(2,564,317)
Loans written off	(68,759)	(45,348)
as at 30th September	8,064,183	7,079,741
Impairment allowances		
Individual loans	-	-
Groups of loans	(230,000)	(280,000)
Loan provision	(230,000)	(280,000)
As at 30th September	7,834,183	6,799,741

COOKSTOWN CREDIT UNION LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023**

..... continued

10. Deposits and investments	2023	2022
	£	£
Fixed term deposits with banks	12,628,228	13,516,279
	<u>12,628,228</u>	<u>13,516,279</u>

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

	2023	2022
	£	£
A1	213,923	208,918
A2	211,301	330,934
A3	442,579	1,591,284
Not rated	11,760,425	11,385,143
	<u>12,628,228</u>	<u>13,516,279</u>

The category disclosed above is taken from www.moody.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
	£	£	£
Cost			
At 1 October 2022	390,386	149,483	539,869
Additions	821,947	60,038	881,985
At 30 September 2023	<u>1,212,333</u>	<u>209,521</u>	<u>1,421,854</u>
Depreciation			
At 1 October 2022	31,665	82,389	114,054
Charge for the year	2,857	12,713	15,570
At 30 September 2023	<u>34,522</u>	<u>95,102</u>	<u>129,624</u>
Net book values			
At 30 September 2023	<u>1,177,811</u>	<u>114,419</u>	<u>1,292,230</u>
At 30 September 2022	<u>358,721</u>	<u>67,094</u>	<u>425,815</u>

COOKSTOWN CREDIT UNION LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023**

..... continued

12. Prepayments and accrued income	2023	2022
	£	£
Prepayments & other debtors	11,886	16,345
Accrued interest	187,367	133,962
	<u>199,253</u>	<u>150,307</u>
13. Other payables	2023	2022
	£	£
Other taxes and social security costs	2,347	-
Accruals and deferred income	538,816	23,550
	<u>541,163</u>	<u>23,550</u>
14. Members' shares	2023	2022
	£	£
Balance as at 1st October	18,315,163	17,447,886
Shares deposited	5,202,206	4,904,846
Dividend	89,955	42,066
Loan Interest Rebate	131,063	133,586
	<u>23,738,387</u>	<u>22,528,384</u>
Shares withdrawn	(4,978,533)	(4,213,221)
Balance as at 30th September	<u>18,759,854</u>	<u>18,315,163</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:		
	2023	2022
	£	£
Unattached shares	16,084,512	15,796,863
Attached shares	2,675,342	2,518,300
Balance as at 30th September	<u>18,759,854</u>	<u>18,315,163</u>

COOKSTOWN CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

..... 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.

	2023		2022	
	£	%	£	%
Not impaired:				
Neither past due nor impaired	8,028,456	99.6%	7,029,003	99.3%
Gross loans impaired:				
More than 3 months past due	19,911	0.25%	30,232	0.43%
More than 6 months past due	12,071	0.15%	15,994	0.23%
More than 9 months past due	3,745	0.05%	-	-%
More than 12 months past due	-	-%	4,512	0.06%
Total gross loans	8,064,183	100.00%	7,079,741	100.00%
Impairment Allowance				
Individual loans	-		-	
Groups of loans	(230,000)		(280,000)	
Total carrying value	7,834,183		6,799,741	

15. Provision for doubtful debts

	2023	2022
	£	£
Opening Balance	280,000	250,000
Increase/(Decrease) in provision	(50,000)	30,000
	<u>230,000</u>	<u>280,000</u>

COOKSTOWN CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

..... continued

16. Analysis of Gross Loans Outstanding By Duration	No	2023 £	No	2022 £
Loans				
Less than one year	142	115,097	120	106,490
Greater than 1 year and less than 3 years	411	1,344,742	451	1,463,263
Greater than 3 years and less than 5 years	504	4,837,918	500	4,327,172
Repayable in five years or more	57	1,766,426	42	1,172,816
		<u>8,064,183</u>		<u>7,069,741</u>

..... continued

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 2023

..... 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:

	2023		2022
	£		£
Dividend paid during the year	0.5% 89,955	0.25%	42,066
Loan interest rebate paid during the year	20% 131,063	20%	133,586
	<u>221,018</u>		<u>175,652</u>

	2023		2022
	£		£
Proposed dividends and loan interest rebate			
Dividend proposed, but not recognised	0.75% 140,128	0.5%	89,610
Loan interest rebate proposed, but not recognised	20% 138,550	20%	131,063
	<u>278,678</u>		<u>220,673</u>

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.

21. Cash and cash equivalents

	2023		2022
	£		£
Cash balances	190,937		160,968
Short term deposits with banks	362,283		407,938
	<u>553,220</u>		<u>568,906</u>

COOKSTOWN CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

..... continued

21.1. Loan provision account for impairment losses	2023	2022
	£	£
Opening Balance	280,000	250,000
Increase/(Decrease) in loan provision during the year	(50,000)	30,000
	<u>230,000</u>	<u>280,000</u>
21.2. Net recoveries or losses recognised for the year	2023	2022
	£	£
Bad debts recovered	(63,341)	(125,128)
Increase/(Decrease) in loan provision during the year	(50,000)	30,000
	<u>(113,341)</u>	<u>(95,128)</u>
Loans written off	68,759	45,348
Net (recoveries)/losses on loans to members recognised during the year	<u>(44,582)</u>	<u>(49,780)</u>

21.3. Interest Rate Risk Disclosure

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

	2023	Average Interest Rate	2022	Average Interest Rate
	£	%	£	%
Financial Assets				
Gross loans to members	<u>8,064,183</u>	<u>12.8%</u>	<u>7,079,741</u>	<u>12.8%</u>
Financial Liabilities				
Members' Shares	<u>18,759,854</u>	<u>0.5%</u>	<u>18,315,163</u>	<u>0.25%</u>

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

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.

COOKSTOWN CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

..... continued

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 12% 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 2023 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 2023:

Shares	2023	2022
	£	£
Opening balance	75,256	76,444
Shares deposited	44,428	22,396
Dividend/loan interest rebate	1,921	1,768
Withdrawals	(38,472)	(25,352)
Closing balance	<u>83,133</u>	<u>75,256</u>
 Loans	 2023	 2022
	£	£
Opening balance	84,535	110,208
Loans granted	54,341	32,092
Loans repaid	(27,690)	(57,765)
Closing balance	<u>111,186</u>	<u>84,535</u>

COOKSTOWN CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

..... continued

23. Minors' funds

	2023	2022
	£	£
Monies held in bank & deposit accounts	1,154,473	1,455,864
Interest receivable	14,732	10,451
Owed from seniors	437,704	2,810
	<u>1,606,909</u>	<u>1,469,125</u>

Minors' deposits

	2023	2022
	£	£
Minor accounts	1,574,377	1,442,579
Available for distribution to minors	32,532	26,546
	<u>1,606,909</u>	<u>1,469,125</u>