



Alexander Sloan

Accountants and Business Advisers

LEEDS CITY CREDIT UNION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024

Firm Reference Number: 213369

LEEDS CITY CREDIT UNION LIMITED

CREDIT UNION INFORMATION

FCA number	213369
Registered Society number	IP00088C
Directors	Heather Chicken Katherine Bavage Tarunkumar Mistry Christina Turnbull Barinderjit Kambo (Appointed 27 March 2024) Chris Cahill (Appointed 1 July 2024) Yalini Pathy (Appointed 27 March 2024) Nicholas Nicholas (Appointed 27 March 2024) Paul Whitlock (Appointed 27 March 2024)
Secretary	Katherine Bavage
Registered office	2nd Floor, Carlton Tower 34 St Paul's Street Leeds LS1 2QB
Auditor	Alexander Sloan LLP 180 St Vincent Street Glasgow G2 5SG

LEEDS CITY CREDIT UNION LIMITED

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LEEDS CITY CREDIT UNION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

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

Principal activity

The principal activity of the credit union continued to be that defined in the Credit Union Act 1979.

The credit union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Results and dividends

The results for the year are set out on page 9.

Fair review of the business

The Credit Union's purpose is to help members build a good life, supporting financial wellbeing and independence by being inclusive to all.

The Board and Management are constantly striving to deliver on that purpose as, unfortunately for many members, the only viable alternative to a credit union loan is a loan from either doorstep lenders or payday lenders. Our latest member survey also shows that the cost of living crisis is still having an impact on our members, with over 98% saying they are still being negatively affected and more than one in five telling us they are worse off than last year.

The Senior Management Team continues to have a clear focus on modernising the services the Credit Union delivers and providing a much-improved member experience. Progress has been good on several initiatives over the year, with a new automated decisioning and lending platform launched together with new member-facing application forms. Loan processing times are being reduced, faster payments increasing month on month, cash alternatives such as PayPoint introduced, capacity to process loan applications increased and our loan book continuing to grow. We have also embedded an improved risk and compliance framework. We have delivered our Consumer Duty project, a regulatory requirement, to a very high standard, improving communications and ensuring we are providing appropriate support for vulnerable members.

Our partnership with Leeds City Council remains strong and is core to the Credit Union and the Leeds Community. We continue to support some of the most vulnerable members of the community via our Branch Network and Money and Budgeting services. Both initiatives are partly funded by grants from Leeds City Council.

The additional common bond area in the London Borough of Barking & Dagenham ("LBBD") has continued to develop and we are looking to increase our presence in the area so that we should be able to offer all our services to the residents in that area. As part of this offering the LBBD council have agreed to provide appropriate funding. There has been continued focus on the IT infrastructure so a "Protect" initiative launched in 2022 has now been completed providing a more robust and secure platform from which we can build.

The development of the Loan Decision Platform, while necessary and bringing many benefits to both members and staff, has had a significant impact on our resources and costs, which is reflected in the financial outcome for the year. This resulted in a reported Deficit of £394,140 (22/23 £468,753).

LEEDS CITY CREDIT UNION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

The Credit Union maintained its overall financial position, including an increase in its net loan book thanks to higher applications, but a reduction in members' deposits as a result of the continued cost of living crisis. The result was a deterioration of our capital with the capital ratio at the year end amounting to 6.31% compared to the PRA Minimum Capital Ratio of 6.70%. At the year end the regulatory capital was £1,457,391 (22/23 - £1,680,864). There are plans in place, via significant investment sourced from our partner organisations which, if successful, will return that ratio back to normal levels, where we will have a 1% buffer above the minimum requirements, in the second quarter of FY25.

Net loan balances to members increased from £8,731,321 to £9,053,423. The bad debt charge for the year decreased notably to £304,491 (22/23 - £464,143). The Credit Union suffered a reduction in its savings balances from members for the year and as at 30 September 2024, members' deposits stood at £20,588,700 (22/23 - £21,589,533).

The Credit Union recorded a pre-tax deficit of £334,497 (22/23 deficit - £374,853). This year's result was helped by a range of grants supporting the Credit Union, although these grants are lower than previous years. Grants are never a guaranteed source of funding and can either be one-off awards or agreed for a set number of years and can be given without condition or on the basis of supplying services. Without this source of funding over the past year, the Credit Union's financial position would have looked far worse. We are, therefore, actively seeking to diversify our sources of funding while we work through our transformation strategy.

Given the uncertainty over the future outlook and the significant investment required in the business, the Board have chosen to maintain a prudent but balanced strategy and therefore to continue with the current £10 annual membership fee, but not to increase it. As in previous years, only 50% of the maximum fee will be charged. The dividend policy also remains unchanged from the previous year and unfortunately dividends cannot be paid until the Credit Union returns to profitability. Although there is still a lot to do to make the Credit Union as strong, modern, efficient and dynamic as we would like it to be, we remain broadly on track with our multi-year transformation plan. We will continue to proceed cautiously and to continually assess the risks to our strategy, but we remain confident that it is the right one to ensure that Leeds City Credit Union will be here to serve its members for many years to come.

Directors

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

Alexander Beavis	(Resigned 27 March 2024)
Christopher Neal	(Resigned 4 September 2024)
Jane Toole	(Resigned 27 March 2024)
Sameera Khaliq	(Resigned 27 November 2024)
Heather Chicken	
Katherine Bavage	
Tarunkumar Mistry	
Craig Goold	(Resigned 1 April 2024)
Christina Turnbull	
Barinderjit Kambo	(Appointed 27 March 2024)
Chris Cahill	(Appointed 1 July 2024)
Yalini Pathy	(Appointed 27 March 2024)
Nicholas Nicholas	(Appointed 27 March 2024)
Paul Whitlock	(Appointed 27 March 2024)

Social purpose and highlights

The last year has again proved to be a challenging one for our members with the cost of living crisis hitting the communities we serve hard. Through this we have continued to strengthen our support of our communities. Our overall lending increased in 23/24 was £8.1m. Almost half of this lending was to some of the most vulnerable customers in our community, helping keep them away from the harm of high cost lenders and illegal money lenders. We saved our members well over £9 million in high interest charges last year.

LEEDS CITY CREDIT UNION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Social purpose and highlights (continued)

To further support our members we have improved our overall proposition, extending the availability of our Family Loan to help more members in need and developed additional digital solutions (improved member only app, improved web site and access to faster payments).

Our teams have continued to engage and strengthen relationships in our communities, working with employers (payroll membership increased by over 9% - almost 1,000 new Payroll members). We launched our Community drop-in clinics with nine in Wakefield and a further three in Leeds, in addition to our regular drop-ins at the Compton Centre. We continued our collaboration with the Food Savers Network and rolled out a further four food pantries, with more planned.

We continue to deliver for our members, as reflected in our latest Member Survey the highlights of which are:

- 89% of members are happy with the service LCU provides – a slight increase on last year;
- 87% of members would recommend LCU to their friends and family;
- 91% feel LCU products provide value for money – a significant increase on last year;
- 43% of members would have done without if they had not been able to borrow from LCU and over 36% would have gone to a doorstep or high interest lender;
- 93% felt we were ethical and 93% felt we are empathetic to their needs and circumstances.

As part of our support for the community our Money & Budget Service held almost 700 appointments, providing one-to-one advice and support for local people to help them get their finances in order and signpost them to other available services. To ensure we reached as many people as possible, these sessions were carried out both in person and digitally.

Governance

Looking forwards, the Credit Union will be run on a day-to-day basis by a senior management team (SMT) comprising a Chief Executive, Head of Finance, Head of Risk and Compliance, Head of Marketing & Member Engagement, Head of Central Operations, Head of People and Head of Technology. This team has been assembled over the last couple of years to modernise and improve the Credit Union's financial performance, improve the risk and control functions, and enhance the member and staff experience.

The SMT reports to the Board of Directors, who have the ultimate responsibility for the governance of the Credit Union.

The Board meets once a month and there is a separate Audit and Risk Committee that meets on a quarterly basis, that focuses on the financial management of the Credit Union and is also responsible for overseeing the internal and external audit functions.

The internal audit is performed by Leeds City Council and the external auditor is Alexander Sloan LLP.

The Credit Union has policies and training in place to ensure that the Board has sufficient skills and experience to oversee the running of one of the UK's largest credit unions.

The Credit Union also has a policy that no Directors can serve a term of longer than 6 years. This ensures a regular renewal of the Board and is a key element of good governance.

LEEDS CITY CREDIT UNION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Going concern and financial risk management objectives and policies

The key financial risks faced by the Credit Union are the risk of bad debts, failing to secure adequate investment and a declining loan book. We would draw your attention to the Notes to the Accounts for more information.

In the current economic climate and considering the market in which credit unions operate, this risk is expected to remain high over the coming year.

The Credit Union has again reviewed credit control and debt collection procedures during the year, with the aim of minimising the risk of bad debts whilst working with members to minimise arrears issues. Any debts in arrears are pursued either by the Credit Union's staff or by external debt collection agencies. In order to be prudent, a one-off additional provision has been taken for some accounts where provisions are uncertain

Compliance statement

Under the Prudential Regulation Authority rulebook the Board of Directors must report to the members at the Annual General Meeting on certain areas of compliance within the credit union. The credit union is therefore pleased to report that during the year the credit union has been in compliance with:

- Depositor Protection Rules 11, 12, 14 and the requirements of rule 15 that relate to rule 11;
- PRA Credit Union Rule 2.10 (fidelity bond insurance requirements); and
- The requirements of compliance under the PRA "additional activities" namely lending and the requirements for Credit Unions within the PRA Credit Union Rulebook for credit unions over 15,000 members.

Principal risks and uncertainties

The main financial risks of the credit union are set out in the notes to the financial statements.

Statement of Directors responsibilities

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

Legislation requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the credit union and of the surplus or deficit of the credit union for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the credit union's transactions and disclose with reasonable accuracy at any time the financial position of the credit union and enable them to ensure that the financial statements comply with the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014. Directors 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.

LEEDS CITY CREDIT UNION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Statement of disclosure to auditor

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

Auditor

A resolution for the re-appointment of Alexander Sloan LLP as auditors of the credit union is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



Paul Whitlock

Chairman 31/1/2025

Date:

LEEDS CITY CREDIT UNION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LEEDS CITY CREDIT UNION LIMITED

Opinion

We have audited the financial statements of Leeds City Credit Union Limited (the 'credit union') for the year ended 30 September 2024 which comprise the revenue account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2024 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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.

Material Uncertainty related to Going Concern

The credit union has generated a deficit in the year and its capital at the year end fell below the PRA minimum capital requirements. As set out in note 1.2 and note 2 to the financial statements, the Directors have plans to increase capital; however, the credit union's ability to continue as a going concern depends on the success of these plans. These factors give an indication that a material uncertainty exists that may cast significant doubt over the credit union's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report been prepared in accordance with applicable legal requirements.

LEEDS CITY CREDIT UNION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LEEDS CITY CREDIT UNION LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 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; or
- a satisfactory system of control over transactions has not been kept by the credit union in accordance with the requirements of the legislation; or
- the Revenue Account and Balance Sheet are not in agreement with the books of account of the credit union; or
- we have not received all the information and explanations we require for 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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the credit union through discussions with management, and from our wider knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the credit union, including Corporate and Community Benefit Society legislation and taxation legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the credit union's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

LEEDS CITY CREDIT UNION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LEEDS CITY CREDIT UNION LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with the PRA, FCA and HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

Use of our report

This report is made solely to the credit union's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in 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.

Alexander Sloan LLP

Alexander Sloan LLP

31/1/2025
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**Accountants & Business Advisers
Statutory Auditor**

180 St Vincent Street
Glasgow
G2 5SG

LEEDS CITY CREDIT UNION LIMITED

REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

		2024	2023
	Notes	£	£
Loan interest receivable and similar income	3	2,124,575	2,018,372
Interest payable and similar charges	4	(15,342)	(28,683)
Net interest receivable		<u>2,109,233</u>	<u>1,989,689</u>
Fees and commissions receivable	5	92,857	93,506
Fees and commissions payable	6	(123,491)	(96,668)
Net fees and commissions		<u>(30,634)</u>	<u>(3,162)</u>
Other operating income	7	790,533	735,405
Administrative expenses	8	(2,616,559)	(2,366,890)
Depreciation and amortisation		(88,392)	(58,575)
Other operating expenses	9	(194,187)	(207,177)
Impairment on loans for bad and doubtful debts	16	(304,491)	(464,143)
(Deficit) before taxation		<u>(334,497)</u>	<u>(374,853)</u>
Corporation tax	13	(59,643)	(93,900)
Deficit for the year		<u><u>(394,140)</u></u>	<u><u>(468,753)</u></u>

The Revenue Account has been prepared on the basis that all operations are continuing operations.

The notes on pages 14 to 31 form an integral part of these financial statements.

LEEDS CITY CREDIT UNION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2024

	2024	2023
Notes	£	£
Deficit for the year	(394,140)	(468,753)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(394,140)</u>	<u>(468,753)</u>

The notes on pages 14 to 31 form an integral part of these financial statements.

LEEDS CITY CREDIT UNION LIMITED

BALANCE SHEET

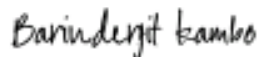
AS AT 30 SEPTEMBER 2024

		2024	2023
	Notes	£	£
Assets			
Loans and advances to banks	14	4,610,437	4,145,601
Loans and advances to customers	15	9,053,423	8,731,321
Debt securities	17	8,639,269	10,814,604
Tangible assets	18	501,421	493,160
Prepayments		300,425	297,595
Total assets		23,104,975	24,482,281
Liabilities and reserves			
Customer accounts	19	20,588,700	21,589,533
Other liabilities	20	861,218	882,218
Deferred income	22	39,000	52,000
Subordinated loans	21	698,332	646,665
		22,187,250	23,170,416
General reserve	28	911,211	1,305,351
Revaluation reserve	28	6,514	6,514
Total reserves		917,725	1,311,865
Total liabilities and reserves		23,104,975	24,482,281

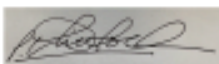
The financial statements were approved by the Board of Directors and authorised for issue on 31/1/2025 and are signed on its behalf by:



Katherine Bavage
Director & Secretary



Barinderjit Kambo
Director & Chair of Audit & Risk Committee



Paul Whitlock
Chairman

The notes on pages 14 to 31 form an integral part of these financial statements.

LEEDS CITY CREDIT UNION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Revaluation Reserve	General Reserve	Total
	£	£	£
Balance at 1 October 2022	6,514	1,774,104	1,780,618
Year ended 30 September 2023:			
Deficit and total comprehensive income for the year	-	(468,753)	(468,753)
Other movements	-	-	-
Balance at 30 September 2023	6,514	1,305,351	1,311,865
Year ended 30 September 2024:			
Deficit and total comprehensive income for the year	-	(394,140)	(394,140)
Balance at 30 September 2024	6,514	911,211	917,725

The notes on pages 14 to 31 form an integral part of these financial statements.

LEEDS CITY CREDIT UNION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

		2024		2023	
	Notes	£	£	£	£
Cash flows from operating activities					
Deficit for the period			(394,140)		(468,753)
Depreciation and amortisation	10	88,392		58,575	
Corporation tax expenses	13	59,643		93,900	
Provision movement	16	386,582		494,605	
Interest income on loans	3	(1,775,946)		(1,591,714)	
			(1,241,329)		(944,634)
Working capital adjustments					
Change in other receivables and prepayments		(2,830)		(139,898)	
Change in other liabilities		(14,257)		(368,244)	
Change in deferred income		(13,000)		(109,207)	
			(30,087)		(617,349)
Cash flows from changes in operating assets and liabilities					
Loan repayments less loans advanced	15	1,067,262		(419,547)	
Customer balance cash movement		(1,000,833)		(1,452,849)	
Movement on funds in investments	17	2,175,335		842,023	
Movement on funds on deposit	14	(18,246)		1,863,754	
			2,223,518		833,381
Corporation tax paid			(66,386)		(26,803)
Net cash flow from operating activities			491,576		(1,224,158)
Investing activities					
Purchase of tangible fixed assets	18	(96,653)		(97,697)	
Net cash used in investing activities			(96,653)		(97,697)
Financing activities					
Cash movement on subordinated loans		51,667		(198,333)	
Net cash generated from/(used in) financing activities			51,667		(198,333)
Net increase/(decrease) in cash and cash equivalents			446,590		(1,520,188)
Cash and cash equivalents at beginning of year			2,209,568		3,729,756
Cash and cash equivalents at end of year	30		2,656,158		2,209,568

The notes on pages 14 to 31 form an integral part of these financial statements.

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

Background information

Leeds City Credit Union Limited is registered in the UK as a society under the Co-operative and Community Benefit Societies Act 2014, whose principal activity is to operate as a credit union, within the meaning of the Credit Union Act 1979. The credit union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Co-operative and Community Benefit Societies Act 2014.

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 pound.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of land and buildings and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

These financial statements are prepared on the going concern basis. The Directors have a reasonable expectation that the credit union will continue in operational existence for the foreseeable future. However, the Directors are aware of certain material uncertainties which may cause doubt on the credit union's ability to continue as a going concern as set out in note 2 to the financial statements.

1.3 Income

Fees and charges receivable either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is complete.

Interest receivable on loans to members and bank interest are recognised using the effective interest rate basis and are calculated and accrued on a daily basis.

1.4 Tangible fixed assets

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

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

Long leasehold property	2.5% straight line
Leasehold improvements	6.67% - 10% straight line
Fixtures and fittings	20% straight line
Computers	20% - 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the credit union reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the credit union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the revenue account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the revenue account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of less than 8 days.

1.7 Financial instruments

The credit union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the credit union's balance sheet when the credit union becomes party to the contractual provisions of the instrument.

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the revenue account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

(Continued)

Impairment of financial assets

The credit union assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the expected cash flows.

Derecognition 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 the financial asset and substantially all the risks and rewards of ownership to another entity, 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.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including members deposits are classified as debt and are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through the revenue account. Debt instruments may be designated as being measured at fair value through the revenue account to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the credit union's contractual obligations expire or are discharged or cancelled.

1.8 Taxation

The tax expense for the period comprises current tax. Tax is recognised in the revenue account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from the surplus as reported in the revenue account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The credit union's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

(Continued)

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the credit union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

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

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.12 Government grants

Grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Revenue grants are recognised as income over the periods when the related costs are incurred. Capital grants are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

2 Judgements and key sources of estimation uncertainty

In the application of the credit union's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Loan Impairment

The credit union assesses, at each reporting date, if there is objective evidence that any of its loans to customers are impaired. The loans are assessed collectively in groups that share similar credit-risk characteristics. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the Revenue Account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

Going Concern

The financial statements have been prepared on a going concern basis. The Credit Union is currently in breach of the required asset to capital ratio; however, this has been communicated to regulators and an action plan has been discussed on how this will be increased. The Credit Union has generated a deficit in the current year and is projecting a further deficit for the next financial period.

The Board of the Credit Union is implementing plans to reverse this trend and anticipates additional funding to be secured in the coming months in the form of subordinated loans. However, the Credit Union's ability to continue as a going concern depends on the success of these plans and on securing this additional funding. The financial statements do not contain any adjustments that would be necessary if the Credit Union was not able to continue as a going concern.

3 Interest receivable and similar income

	2024	2023
	£	£
Interest income on loans	1,775,946	1,591,714
Interest income on bank deposits	19,356	17,416
Income from investments	329,273	409,242
	<u>2,124,575</u>	<u>2,018,372</u>

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

4	Interest payable and similar charges	2024	2023
		£	£
	Interest and similar charges paid during the period		
	Interest on borrowing	15,342	28,683
		<u>15,342</u>	<u>28,683</u>
		<u><u>15,342</u></u>	<u><u>28,683</u></u>
5	Fees and commissions receivable	2024	2023
		£	£
	Entrance fees	80,076	74,529
	Service charges	12,781	18,977
		<u>92,857</u>	<u>93,506</u>
		<u><u>92,857</u></u>	<u><u>93,506</u></u>
6	Fees and commissions payable	2024	2023
		£	£
	Bank charges	123,491	96,668
		<u>123,491</u>	<u>96,668</u>
		<u><u>123,491</u></u>	<u><u>96,668</u></u>
7	Other operating income	2024	2023
		£	£
	Other income	108,306	133,729
	Grant income	682,227	601,676
		<u>790,533</u>	<u>735,405</u>
		<u><u>790,533</u></u>	<u><u>735,405</u></u>

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

8 Administrative expenses

	Notes	2024 £	2023 £
Staff costs	12	1,687,046	1,518,571
External auditor's remuneration		25,753	21,600
Member communication and advertising		379,804	388,475
Legal, professional and credit control costs		123,387	168,580
Computer and software expenses		374,345	247,548
Travel costs		7,309	10,366
Donations		-	10
General administration costs		18,915	11,740
		<u>2,616,559</u>	<u>2,366,890</u>

9 Other operating expenses

	2024 £	2023 £
Regulatory costs	14,578	16,972
Death benefit insurance	3,973	5,248
Costs of occupying offices	175,636	184,957
	<u>194,187</u>	<u>207,177</u>

10 Operating deficit

	2024 £	2023 £
Operating deficit for the year is stated after charging:		
Fees payable to the credit union's external auditor for the audit of the financial statements	25,753	21,600
Depreciation of owned tangible fixed assets	88,392	58,575
	<u>114,145</u>	<u>80,175</u>

11 Directors' remuneration

The average monthly number of Directors at the Credit Union during the year was:

	2024 Number	2023 Number
Directors	<u>9</u>	<u>10</u>

The directors do not receive remuneration for their service to the Credit Union.

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

12 Employees

The average monthly number of persons (including Directors) employed by the credit union during the year was:

	2024 Number	2023 Number
Staff	52	50

Their aggregate remuneration comprised:

	2024 £	2023 £
Wages and salaries	1,498,375	1,353,570
Social security costs	140,488	119,522
Pension costs	48,183	45,479
	<u>1,687,046</u>	<u>1,518,571</u>

13 Corporation tax

	2024 £	2023 £
Current tax		
UK corporation tax on taxable surplus for the current period	83,321	93,900
Adjustments in respect of prior periods	(23,678)	-
Total current tax	<u>59,643</u>	<u>93,900</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the surplus or deficit and the standard rate of tax as follows:

	2024 £	2023 £
Deficit before taxation	<u>(334,497)</u>	<u>(374,853)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2023: 25.00%)	(83,624)	(93,713)
Tax effect of income/expenditure not taxable in determining taxable surplus	119,589	187,613
Under/(over) provided in prior years	23,678	-
Taxation charge for the year	<u>59,643</u>	<u>93,900</u>

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2024

14 Loans and advances to banks

	2024 £	2023 £
Cash held at banks	2,656,158	2,209,568
Bank deposits	1,954,279	1,936,033
	<u>4,610,437</u>	<u>4,145,601</u>
Loans and advances to banks	4,610,437	4,145,601
	<u>4,610,437</u>	<u>4,145,601</u>
Total cash and bank balances	<u>4,610,437</u>	<u>4,145,601</u>
 Loans split by repayment period		
Cash and cash equivalents	2,656,158	2,209,568
Amounts maturing in over 8 days	1,954,279	1,936,033
	<u>4,610,437</u>	<u>4,145,601</u>

Barclays Bank PLC hold a security of £70,000 cash cover for a direct debit origination facility of Leeds City Credit Union Limited.

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

15 Loans and advances to customers

		2024	2023
	Notes	£	£
Loan movement			
Opening balances		13,183,234	11,312,464
Interest on loans		1,775,946	1,591,714
Loans advanced during the period		8,392,892	8,288,301
Loans repaid during the period		(9,460,154)	(7,868,754)
Loans derecognised		(470,418)	(140,491)
		<u>13,421,500</u>	<u>13,183,234</u>
Loan impairment provisions	16	(4,368,077)	(4,451,913)
		<u>9,053,423</u>	<u>8,731,321</u>
Loans split by repayment period			
Capital repayments due within 1 year		8,984,874	8,103,304
Capital repayments due after 1 year		4,436,626	5,079,930
Loan impairment provisions	16	(4,368,077)	(4,451,913)
		<u>9,053,423</u>	<u>8,731,321</u>
Loans split by type			
Loans to members		13,421,500	13,183,234
Loan impairment provisions	16	(4,368,077)	(4,451,913)
		<u>9,053,423</u>	<u>8,731,321</u>

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

16 Loan impairment

	Write off Provision £	Arrears Provision £	Total Provisions £
Loan impairment provision			
Opening balances	372,856	4,079,057	4,451,913
Provision movement	2,082,674	(2,166,510)	(83,836)
Closing balances	<u>2,455,530</u>	<u>1,912,547</u>	<u>4,368,077</u>

Under Financial Reporting Standard 102 (FRS 102), the criteria for derecognising (writing off a loan) is different from when the credit union would write off the loan for internal purposes. Loans written off by the Board that do not meet the criteria in FRS 102 for being derecognised are not written off in these financial statements. The loans the credit union feel should be written off but which do not meet the criteria in FRS 102 for being derecognised are fully provided in the write off provision which is shown above. As a result there is no net effect on the surplus or net assets of the credit union from this requirement of FRS 102.

	Notes	2024 £	2023 £
Impairment revenue account charge			
Impairment provision movement		(83,836)	354,114
Bad debts derecognised	15	470,418	140,491
Bad debts recovered		(82,091)	(30,462)
		<u>304,491</u>	<u>464,143</u>

17 Investments

	2024 £	2023 £
Listed investments	<u>8,639,269</u>	<u>10,814,604</u>
Listed investments included above:		
Listed investments carrying amount	<u>8,639,269</u>	<u>10,814,604</u>

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

18 Tangible fixed assets

	Long leasehold property	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 October 2023	377,986	315,416	139,131	396,017	1,228,550
Additions	-	-	905	95,748	96,653
At 30 September 2024	377,986	315,416	140,036	491,765	1,325,203
Depreciation and impairment					
At 1 October 2023	106,947	237,138	90,845	300,460	735,390
Depreciation charged in the year	9,447	8,778	12,830	57,337	88,392
At 30 September 2024	116,394	245,916	103,675	357,797	823,782
Carrying amount					
At 30 September 2024	261,592	69,500	36,361	133,968	501,421
At 30 September 2023	271,039	78,278	48,286	95,557	493,160

Revaluation

The fair value of the company's land and buildings was revalued on 6 October 2020 by Eddisons Commercial Limited in accordance with the RICS Valuation Professional Standards, who are not connected with the company. The valuation has been adopted at 30 September 2024.

19 Customer accounts

	2024	2023
	£	£
Deposit movement		
Opening balances	21,589,533	23,042,382
Deposited during the period	49,988,620	48,307,098
Withdrawn during the period	(50,989,453)	(49,759,947)
	20,588,700	21,589,533
Deposits split by type		
Standard dividend bearing member shares	18,885,968	19,688,435
Corporate dividend bearing shares	159,543	201,645
Juvenile member deposits	1,543,189	1,699,453
	20,588,700	21,589,533

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

20 Other liabilities

	2024	2023
	£	£
Corporation tax	87,782	94,525
Other creditors	106,368	133,713
Accruals and deferred income	667,068	653,980
	<u>861,218</u>	<u>882,218</u>

Included within accruals and deferred income above, is a balance in respect of managed funds held by the Credit Union. Managed funds represent monies paid to the Credit Union for lending on behalf of third parties which had not been lent out at the year end. This is made up of the following balances: Headrow Money Line £1,748 (2023: £1,371), House Proud Loans on behalf of Leeds City Council £499,811 (2023: £509,464) and Energy Efficiency Loans on behalf of Wakefield Council £11,132 (2023: £14,639).

21 Loans and overdrafts

	2024	2023
	£	£
Subordinated loans	698,332	646,665
Payable within one year	198,332	198,335
Payable after one year	500,000	448,330

Leeds City Credit Union Limited has a loan from Joseph Rowntree Foundation ("JRF") and two loans from Leeds City Council ("LCC"). These loans are subordinate to the interests of all other creditors including members and juvenile depositors. The loan from JRF is repayable 5 years and 1 day after notice is served and incurs interest annually at 2%. One LCC loan is fixed term; interest is payable at the Bank of England base rate and the capital is repayable in equal six monthly instalments with the final repayment on 1 April 2025. The other LCC loan is fixed term, with an interest rate of 6.4% per annum and is repayable in equal six monthly instalments from 24 January 2030.

22 Deferred income

	2024	2023
	£	£
Opening balance	52,000	161,207
Increase in period	78,000	52,000
Release in period	(91,000)	(161,207)
	<u>39,000</u>	<u>52,000</u>

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

23 Retirement benefit schemes

	2024	2023
Defined contribution schemes	£	£
Charge to revenue account in respect of defined contribution schemes	48,183	45,479

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

Contributions totalling £8,146 (2023: £nil) were payable to the fund at the balance sheet date and are included in creditors.

24 Financial risk management

The credit union manages its shares and loans so that it earns income from the margin between interest receivable and interest payable (including dividends paid).

The main financial risks arising from the activities of the credit union are credit risk, liquidity risk and market risk. The Board reviews and agrees policies for managing each of these risks which are summarised below:

Credit risk

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayment to the credit union, resulting in financial loss to the credit union. In order to manage this risk the Board approves the 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 the likelihood of repayment has changed. The credit union also monitors its banking arrangements for credit risk.

Liquidity risk

The policy of the credit union is to maintain sufficient funds in liquid form at any time to ensure that it can meet its liabilities as they fall due and meet the liquidity ratios set by the regulators. The objective of the policy is to provide a degree of protection against any unexpected developments that may arise.

Market risk

Market risk generally comprises of interest rate risk, foreign currency risk and other price risk. The main risks impacting the credit union are set out below:

Interest rate risk: The main interest rate risk for the credit union arises between the interest rate exposure on loans, bank deposits and shares that form an integral part of a credit union's operations. The credit union considers rates of interest receivable when deciding on proposed dividend rates. Dividend rates are based on the historical results of the credit union and the credit union's strategic plans. The credit union does not use interest rate options to hedge its own positions.

Foreign Currency Risk: All transactions are carried out in sterling and therefore the credit union is not exposed to any form of foreign currency risk.

Other price risk: The credit union only holds investments in government securities and those with credit institutions that meet the criteria of Chapter 6 of the PRA rulebook. The credit union monitors the investments throughout the year.

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

25 Credit risk on lending

The credit union holds the following security against its loans to members:

	2024	2023
	£	£
Security for loans		
Attached shares	834,175	861,331

The carrying amount of the loans to members represents the credit union'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. The status 'past due' includes any loan where payments are in arrears. The amount included is the entire loan amount and not just the overdue amount.

	2024	2023
	£	£
Loans not individually impaired		
Not past due	8,499,230	7,637,841
	<u>8,499,230</u>	<u>7,637,841</u>
Loans individually impaired		
Up to 3 months past due	460,286	652,321
Between 3 and 6 months past due	195,902	207,998
Between 6 months and 1 year past due	307,728	328,649
Over 1 year past due	1,502,824	3,983,569
Individually impaired and written off for internal purposes	2,455,530	372,856
	<u>4,922,270</u>	<u>5,545,393</u>
Total loans	13,421,500	13,183,234
Impairment allowance	(4,368,077)	(4,451,913)
	<u>9,053,423</u>	<u>8,731,321</u>

26 Credit risk on bank and investments

The credit union invests funds not yet actively deployed in the following investments:

	2024	2023
	£	£
Bank accounts	2,656,158	2,209,568
Bank term deposits	1,954,279	1,936,033
Investments	8,639,269	10,814,604
	<u>13,249,706</u>	<u>14,960,205</u>

The credit union believes the full amount of these investments is recoverable.

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

27 Interest rates on financial instruments

The following table shows the interest earned during the year divided by the average loan balance and the dividend/interest paid during the year divided by the average share balance. The average balance is taken as the average of the opening and closing balances.

	2024		2023	
	Amount £	Interest rates in year %	Amount £	Interest rates in year %
Financial assets				
Loans to members	13,421,500	13.35%	13,183,234	13.00%
Investments	8,639,269	3.39%	10,814,604	3.64%
Loans and advances to banks	4,610,437	0.44%	4,145,601	0.30%
	<u>26,671,206</u>		<u>28,143,439</u>	
Financial liabilities				
Juvenile deposits	(1,543,189)	-	(1,699,453)	-
Dividend bearing shares	(19,045,511)	-	(19,890,080)	-
Loans to the credit union	(698,332)	2.28%	(646,665)	3.85%
	<u>(21,287,032)</u>		<u>(22,236,198)</u>	

28 Reserves

General Reserve

The general reserve represents the base capital of the credit union and is the retained surpluses and deficits which have not been allocated to another specific reserve.

29 Capital

The credit union classes all of its reserves as capital. The credit union manages its reserves through its financial and budgeting policies and procedures. The Prudential Regulation Authority sets out requirements for regulatory capital that the credit union must maintain. The credit union's compliance with the requirements at the year end is set out below:

	2024	2023
	%	%
Actual regulatory capital ratio	<u>6.31</u>	<u>6.87</u>
Regulatory requirement		
Regulatory minimum capital ratio requirement	<u>6.70</u>	<u>6.77</u>

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

30 Analysis of changes in net funds

	1 October 2023	Cash flows 30 September 2024	
	£	£	£
Cash and cash equivalents	2,209,568	446,590	2,656,158
Bank deposits maturing in over 8 days	1,936,033	18,246	1,954,279
	<u>4,145,601</u>	<u>464,836</u>	<u>4,610,437</u>
Borrowings excluding overdrafts	(646,665)	(51,667)	(698,332)
	<u>3,498,936</u>	<u>413,169</u>	<u>3,912,105</u>

31 Financial commitments, guarantees and contingent liabilities

Contingent Liabilities

The credit union participates in the Financial Services Compensation Scheme (FSCS) which provides protection for its members up to the level of protection offered by the FSCS. As a result of the credit union's participation it has a contingent liability, which cannot be quantified, in respect of future contributions to the FSCS, as required by the Financial Services and Markets Act 2000.

32 Operating lease commitments

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

	2024 £	2023 £
Within one year	43,675	32,157
Between two and five years	173,937	174,412
In over five years	118,800	162,000
	<u>336,412</u>	<u>368,569</u>

33 Related party transactions

The credit union classes the Directors and members of the senior management team as key management.

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2024 £	2023 £
Wages and salaries	488,592	411,374
Pension expense	14,366	13,723
	<u>502,958</u>	<u>425,097</u>

Transactions with key management

LEEDS CITY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

33 Related party transactions

(Continued)

Balances held by members of key management and their close family members in the credit union are set out below. Loans to key management and their close family members are on standard terms and conditions.

	2024	2023
	£	£
Loans to key management and their close family	-	-
Shares held by key management and their close family	534	1,157
	<u>534</u>	<u>1,157</u>

LEEDS CITY CREDIT UNION LIMITED

DETAILED REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

		2024	2023
	Notes	£	£
Income			
Interest income on loans	3	1,775,946	1,591,714
Interest income on bank deposits	3	19,356	17,416
Investment income		329,273	409,242
Fees and commissions receivable	5	92,857	93,506
Other income	7	790,533	735,405
		<u>3,007,965</u>	<u>2,847,283</u>
Expenditure			
Staff costs	12	1,687,046	1,518,571
Auditors remuneration		25,753	21,600
Member communication and advertising	8	379,804	388,475
Legal, professional and credit control costs	8	123,387	168,580
Computer and software expenses	8	374,345	247,548
Travel costs	8	7,309	10,366
Bank charges	6	123,491	96,668
Donations	8	-	10
General administration costs	8	18,915	11,740
Regulatory costs	9	14,578	16,972
Death benefit insurance		3,973	5,248
Costs of occupying offices	9	175,636	184,957
Depreciation and amortisation	10	88,392	58,575
Impairment on loans for bad and doubtful debts	16	304,491	464,143
Loan interest payable		15,342	28,683
		<u>3,342,462</u>	<u>3,222,136</u>
Surplus before taxation		(334,497)	(374,853)
Corporation tax	13	(59,643)	(93,900)
		<u>(394,140)</u>	<u>(468,753)</u>
Distributions		-	-
Deficit for the year		<u>(394,140)</u>	<u>(468,753)</u>
