



Chartered Accountants & Statutory Auditors

HERTSAVERS CREDIT UNION LIMITED

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE

YEAR ENDED 30TH SEPTEMBER 2024

FCA registration number 213747

Directors:

Roger PLATT
FCA

Darrell WEIGHTMAN
FMAAT ATT FFTA

Company number 08674789 Registered in England VAT number 169 575 652

Registered to carry on audit work in the UK and regulated for a range of investment business activities by The Institute of Chartered Accountants in England and Wales.



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HERTSAVERS CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2024

Administrative information

Status Hertsavers Credit Union Ltd was incorporated under the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979 on the 7th June 2001.

Directors Philomena Johnson (Chair)
Anthony Barnard (Vice Chair)
John Petersen (Treasurer)
Fiona Plumridge (Secretary)
George Woodcraft
Dr Helen Green

Bankers Registered Office The Co-Operative bank
PO Box 250
Skelmersdale
WN8 6WT

Credit Union Registered Office The Bungalow
Pinkwell Lane
Hayes
Middlesex
UB3 1PE

Prudential Regulation Authority No. 213747

Auditors PWH Accountancy Ltd
Registered Auditors
The Counting House
High Street
Lutterworth
Leicestershire LE17 4AY

Hertsavers Credit Union Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

HERTSAVERS CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2024

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HERTSAVERS CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2024

Directors' Report

The Directors present their annual report on the affairs of the Credit Union, together with the Accounts and Auditors' report for the year.

Principal Activities

The principal activities of the Credit Union are those of accepting deposits from and lending sums to its members, with the objects of promoting thrift amongst its members and providing credit for their benefit at a fair and reasonable rate of interest.

Results of Operations and Dividends

During the year lending to members reduced from, £351k to £346k, both amounts being net of provisions. Active individual members increased from 2,080 to 2,574. Hertsavers strategic business plan 2019-2022 had projected lending at £405k, 45% of shares projected at £900k, with 1,360 active members.

HertSavers continues to provide Child Benefit Loans, typically of £500 or less and these have proved to be a mainstay of our lending. The introduction of Lace Curtains software has provided easy access for members with smart phones.

Interest receivable, over 85% of which is from loans to members exceeded £98k, compared to £97k in 2022-2023.

Bad debts, also known as impairment losses, were at £11k some 12% of total interest earned.

The CUS administration fee remained the same as last year, and the Directors agreed to a radio campaign to increase membership, and extend the reach of child benefit loans. Membership now well exceeds 2,000.

Loans to members, net of provisions, is now over £350,000

The Directors wish to have a minimum Capital level of 5% after the repayment of the Sub-Ordinated Loan due for repayment in 2028.

The Directors will continue to liaise with Credit Union Solutions to expand the loan book, and seek to add more Payroll deductions as a way of expanding our member base.

Directors' of Management

The directors' during the year were:

Philomena Johnson (Chair)
Anthony Barnard (Vice Chair)
John Petersen (Treasurer)

Dr Helen Green
Fiona Plumridge (Secretary)
George Woodcraft

The Directors meet once a month to review financial and other results reported by Credit Union Solutions. In addition they discuss any issues raised by members, proposed changes of administrative and banking procedures, training and other issues relating to volunteers.

The Directors express their thanks to volunteers, and local government agencies for providing opportunities to engage with the public about HertSavers and its role in assisting those in need of reasonably priced credit in Hertfordshire.

HERTSAVERS CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2024

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Co-operative and Community Benefit Act law and Credit Union law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the credit union and of the excess of income over expenditure of the credit union for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the society and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Act Societies 2014. 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.

The directors confirm that so far as they are aware, there is no relevant audit information of which the credit union's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the credit union's auditors are aware of that information.

Auditors

The auditors, PWH Accountancy Limited, have indicated their willingness to accept re-appointment under the provisions of the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

Signed on behalf of the directors of management

Director
Date

HERTSAVERS CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2024

Independent Auditors' Report to the members of Hertsavers Credit Union Limited

Opinion

We have audited the financial statements of Hertsavers Credit Union Limited (the 'society') for the year ended 30th September 2024 which comprise the Revenue Account and Balance Sheet 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society's members, as a body, in accordance with section 83 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30th September 2023 and of its income and expenditure for the period then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and Credit Union's Act 1979.

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 society 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 society'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 directors are responsible for the other information. The other information comprises the information included in the Directors' Report other than the financial statements and our auditor's report thereon. 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. 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.

HERTSAVERS CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2024

Independent Auditors' Report to the members of Hertsavers Credit Union Limited (continued)

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:

- a satisfactory system of internal control over transactions has not been maintained; or
- the society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Directors'

As explained more fully in the Directors' responsibilities statement on page 4 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 they 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 society'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 society 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

PWH Accountancy Limited, Statutory Auditors

The Counting House
High Street
Lutterworth
Leicestershire
LE17 4AY

Date

HERTSAVERS CREDIT UNION LIMITED

REVENUE ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 2024

		2024 £	2023 £
Loan interest receivable and similar income	Note 4	97,894	97,200
Interest payable	5	<u>(200)</u>	<u>(5,542)</u>
Net interest income		97,694	91,658
Fees and commissions receivable	6	-	-
Fees and commissions payable		<u>(4,203)</u>	<u>(2,868)</u>
Net fees, Interest and commissions receivable		93,491	88,790
Other income	6a	1,587	1,141
Administrative expenses	7a	(68,695)	(70,811)
Depreciation and amortisation	10	-	-
Other operating expenses	7b	(2,264)	(2,223)
Impairment losses on loans to members	11 c	<u>(11,211)</u>	<u>(18,945)</u>
(Deficit)/Surplus before taxation		12,908	(2,048)
Taxation	9a	<u>(2,775)</u>	<u>(1,952)</u>
(Deficit)/Surplus for the financial year		10,133	(4,000)
		-	-
Total comprehensive income		<u>10,133</u>	<u>(4,000)</u>

HERTSAVERS CREDIT UNION LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER 2024

		2024 £	2023 £
	Note		
ASSETS			
Investment - share in CUS	8c	1	1
Cash, cash equivalents and liquid deposits		183,294	125,609
Deposits held at UK Financial Institutions		<u>389,321</u>	<u>375,372</u>
		572,616	500,982
Loans and advances to members	11a	345,887	351,335
Other receivables		-	-
Prepayments and accrued income		<u>3,180</u>	<u>4,906</u>
Total assets		<u><u>921,683</u></u>	<u><u>857,223</u></u>
LIABILITIES			
Share capital		821,261	775,084
Junior Savers		19,130	18,246
Other payables	12	<u>13,347</u>	<u>6,080</u>
		853,738	799,410
EDHC Loan Capital and Funds	15a	24,179	24,179
Subordinated loans	15a	10,000	10,000
Retained earnings	15	<u>33,766</u>	<u>23,634</u>
Total liabilities		<u><u>921,683</u></u>	<u><u>857,223</u></u>

The financial statements were approved, and authorised for issue, by the Board on and signed on its behalf by:

P Johnson (Chair)

John Petersen (Treasurer)

HERTSAVERS CREDIT UNION LIMITED

STATEMENT OF CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED 30TH SEPTEMBER 2024

RESERVES

	2024	2023
	£	£
As at 1 October 2023	23,634	27,634
Total comprehensive income for the year	10,133	(4,000)
As at 30 September 2024	33,767	23,634

HERTSAVERS CREDIT UNION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Surplus/(deficit) before taxation		(2,048)	(2,048)
Adjustments for non-cash items:			
Impairment losses	11 c	11,992	19,112
		<u>9,944</u>	<u>17,064</u>
Movements in:			
Other receivables		1,726	(2,375)
Other payables		(4,394)	(4,394)
		<u>7,276</u>	<u>10,295</u>
Cash flows from changes in operating assets and liabilities			
Cash inflow from subscribed capital		891,278	878,043
Cash outflow from repaid capital		(854,544)	(929,175)
New loans to members		(429,140)	(416,001)
Repayment of loans by members		457,258	384,120
		<u>72,129</u>	<u>(72,718)</u>
Taxation paid		(495)	(495)
		<u>71,634</u>	<u>(73,213)</u>
Net cash flows from operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment	10	-	-
		<u>71,634</u>	<u>(73,213)</u>
Net cash flow from managing liquid deposits			
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		500,982	574,195
Cash and cash equivalents at end of year		<u>572,616</u>	<u>500,982</u>

HERTSAVERS CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2024

1. Legal and regulatory framework

The Credit Union is a society established under the Industrial and Provident Societies Act 1965, whose principal activity is to operate as a credit union, within the meaning of the Credit Unions Act 1979. The Credit Union has registered with the Financial Conduct Authority and is regulated by the Prudential Regulation Authority under the provisions of the Financial Services and Markets Act 2000.

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

2. Accounting policies

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*.

The financial statements are prepared on the historical cost basis.

Going concern

The financial statements are prepared on the going concern basis.

HERTSAVERS CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2024

Income

Loan interest receivable and similar income: Interest on loans to members is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Fees and commissions receivable: Income relating to individual transactions is recognised when the transaction is completed.

Other income: Other income is recognised when receivable.

Taxation

The tax charge for the year reflects current tax payable. Current tax is the expected corporation tax payable for the year, using tax rates in force for the year. The Credit Union is not liable to corporation tax payable on its activities of making loans to members. However, corporation tax is payable on investment income.

As a result of the limited activities of the Credit Union from which profits are chargeable to corporation tax, it is unlikely that deferred tax will arise.

Tangible fixed assets

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 of property, plant and equipment, less its estimated residual value, on a straight line basis over its estimated useful life. There are currently no fixed assets held.

Cash and cash equivalents

Cash, cash equivalents and liquid deposits comprise cash on hand and investments with a maturity of less than or equal to 8 days.

HERTSAVERS CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2024

Financial assets – loans and advances to members

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

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

Impairment of financial assets

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

Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

Financial Liabilities – subscribed capital

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

Employee benefits

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

Reserves

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

3. Use of estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the Credit Union's 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.

HERTSAVERS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2024

4. Loan interest receivable and similar income

	Note	2024	2023
		£	£
Loan interest receivable from members		83,819	83,139
Bank interest receivable on cash and liquid deposits		13,873	10,270
National Savings Certificate Interest		202	3,791
Total loan interest receivable and similar income		97,894	97,200

5. Interest expense

	2024	2023
	£	£
Interest paid on sub-Ordinated Loans	200	200
Interest paid during the year	0	5,342
Dividend rate:	.	0.75%
Interest proposed, but not recognised	0	0
Dividend rate:	0	0

Interest expense is the dividend paid to members for the prior year. The dividend is formally proposed by the Directors after the year end and is confirmed at the following AGM. As a result it does not represent a liability at the balance sheet date.

	2024	2023
	£	£
6. Fees and commissions receivable		
Service Fees	0	0
Total fees and commissions receivable	0	0

6a. Other Income

	2024	2023
	£	£
Grants	0	652
Other income	1,587	489
	1,587	1,141

7a. Administrative expenses

	2024	2023
	£	£
Employment/Consultants costs	0	0
Staff training	120	60
Directors expenses	0	0
Meeting and travel expenses	45	102
Consultancy Fees	48,000	48,000
Auditors' remuneration	2,500	2,295
Computer maintenance	2,947	1,841
Insurance D & O	0	0
Just Borrow costs	0	0
Lace Curtains costs	8,810	8,652
Legal and professional	535	841
General expenses	35	35
Advertising & Marketing	5,703	8,985
Printing, postage and stationery	0	0
Total administrative expenses	68,695	70,811

HERTSAVERS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2024

	2024 £	2023 £
7b. Other operating expenses		
Regulatory and financial management costs		
Financial Conduct Authority and Prudential Regulation Authority fees	505	245
Association of British Credit Unions Limited dues	863	858
Loan protection and life savings insurance	0	0
Fidelity insurance	896	1,120
	<u>2,264</u>	<u>2,223</u>
7c. Auditors' remuneration		
Fees payable for audit	2,500	2,295
Fees payable to the auditor for other services	0	0
Total auditors' remuneration	<u>2,500</u>	<u>2,295</u>
8. Employees and employment costs	0	0
8a. Number of employees	0	0

There were no staff members in the financial year.

8b. Directors' Remuneration

No remuneration is paid to the directors. At the year end, Directors held total shares of £ 11,159 (2023 £11,069) and total loans of £14,306 (2023 £3,817).

Included in administrative expenses is £48,000 (2023 £48,000) paid to Credit Union Solutions Ltd as part of a commercial agreement to provide consultancy services (including accounting and back office support).

8c. Investment

Credit Union Solutions Ltd is a multi stake holder Co-operative owned by its staff and its client. (currently four Credit Unions). This means that the services it provides and the standards it works to are subject to the scrutiny of its clients and staff.

Hertsavers Credit Union owns one share of £1.00 in Credit Union Solutions Ltd.

HERTSAVERS CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2024

9. Taxation	2024	2023
	£	£

a) Recognised in the Revenue Account

The taxation charge for the year, based on the small profits rate of Corporation Tax of 19% (2023: 19%) taking into account marginal relief comprised:

Current tax

UK Corporation tax	2,775	1,952
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Total current tax recognised in the Revenue Account	<u>2,775</u>	<u>1,952</u>
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b) The Credit Union is not liable to corporation tax payable on its activities of making loans to members. However, corporation tax is payable on investment income.

10. Tangible fixed assets

All tangible fixed assets are expensed in the year of purchase.

11a. Credit risk disclosures

The Credit Union does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding.

The carrying amount of the loans to members represents the Credit Union's maximum exposure to credit risk. Where loans are not impaired it is expected that the amounts repayable will be received in full.

HERTSAVERS CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2024

	Note	2,024 £	2,023 £
Not impaired:			
Loans not impaired		339,478	341,536
Sub-total: loans not impaired		<u>339,478</u>	<u>341,536</u>
Individually impaired:			
Up to 3 months past due		3,017	4,070
Between 3 and 6 months past due		4,670	6,703
Between 6 months and 1 year past due		4,279	8,916
Over 1 year past due		116,612	100,287
Total loans		<u>468,056</u>	<u>461,512</u>
Impairment allowance		<u>-122,169</u>	<u>-110,177</u>
Total carrying value		<u>345,887</u>	<u>351,335</u>
11b. Provision for impairment losses			
As at 1 October 2023		110,177	91,065
Allowance for losses made during the year		11,992	19,112
Released (to)/against capital funds			
Allowances reversed during the year			
Increase in allowances during the year	11 c	<u>11,992</u>	<u>19,112</u>
As at 30 September 2024		<u>122,169</u>	<u>110,177</u>
11c. Impairment losses recognised for the year			
Impairment of individual financial assets		11,992	19,112
Provision Charged prior year movement			
Released against funds			0
(Decrease)/Increase in impairment allowances during the year		<u>11,992</u>	<u>19,112</u>
Reversal of impairment where debts recovered		<u>-802</u>	<u>-167</u>
Total impairment losses recognised for the year		<u>11,190</u>	<u>18,945</u>
12. Other payables			
UK Corporation Tax		2,782	1,958
Accruals and deferred income		10,565	4,122
		<u>13,347</u>	<u>6,080</u>

HERTSAVERS CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2024

13. Additional financial instruments disclosures

13a. Financial risk management

The Credit Union manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable.

The main financial risks arising from the Credit Union's activities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

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

Liquidity risk: The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

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

Interest rate risk: The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a credit union's operation and considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. The Credit Union does not use interest rate options to hedge its own positions. The risk is monitored on a regular basis by the Board.

13b. Interest rate risk disclosures

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

HERTSAVERS CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2024

	2024		2023	
	Amount	Average Interest rate	Amount	Average Interest rate
	£	£	£	£
Financial assets				
Loans to members	345,887	24.23%	351,335	23.66%
Financial liabilities				
Share capital	821,261	0.67%	775,084	0.67%

The interest rates applicable to loans to members are fixed and range from 2% to 36%. The interest payable on share capital is determined at the AGM. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

13c. Liquidity risk disclosures

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

13d. Fair value of financial instruments

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

14. Post balance sheet events

There are no material events after the balance sheet date to disclose.

15. Reserves

	Loan Repayment Reserve	Voluntary Reserve	Statutory Reserve	Total
	£	£	£	£
At 1st October 2023	0	0	23,634	23,634
Comprehensive (surplus) for the year	2,000	4,116	4,016	10,132
Transfer between funds		-	-	-
Balance carried forward at 30th September 2024	2,000	4,116	27,650	33,766

15a. Other Capital Reserves

	2024	2023
	£	£
EDHC Loan Capital	24,179	24,179
Sub-Ordinated Loans	10,000	10,000
	34,179	34,179

HERTSAVERS CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2024

16. Contingent liabilities

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

17. Related party transactions

During the year - members of the Board, staff and their close family members had loans with the Credit Union of £14,306 (2023 £3,817). These loans were approved on the same basis as loans to other members. None of the directors, staff or their close family members, have any preferential terms on their loans. They also had share values of £11,159 (2023 £11,613).

18. Employee benefits

Under the UK accounting standards, the Credit Union did not make a provision for holiday pay, FRS 102 requires the cost of holiday pay to be recognised when employees render the service that increases their entitlement.

19. Loan Interest

The Credit Union is now required to ensure that all members loan Interest is on a receivable basis. Historically, the Credit Union accounted for its Interest on members loans on a receivable basis.