

PENNINE COMMUNITY CREDIT UNION LIMITED
T/A NORTHERN COMMUNITY BANK
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2025



CHARTERED ACCOUNTANTS

KM

Chartered Accountants & Statutory Auditors

Burnley Wharf

Manchester Road

Burnley

BB11 1JG

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FOR THE YEAR ENDED 30 SEPTEMBER 2025

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CREDIT UNION INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2025

Credit union name	Pennine Community Credit Union Limited	
Trading name	Northern Community Bank	
FCA reference number	213244	
Registered society number	62C	
Directors	Gerard Spain	President
	Barbara Sanders	Treasurer
	James Burrows	Secretary
	David Armstrong	Appointed February 2025
	John Deehan	
	Anthony Gawthrop	
	Richard O'Brien	Appointed December 2024
	Hugh Simpson	
Other directors who served during the year	Mario Arnone	Resigned September 2025
	Margaret Hillary	Resigned February 2025
	Mark Hirst	Resigned March 2025
	Karen Pashley	Resigned August 2025
Registered office	31-39 Manchester Road Burnley BB11 1HG	
Auditor	KM Chartered Accountants & Statutory Auditors Burnley Wharf Manchester Road Burnley BB11 1JG	

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

The directors present their report and the financial statements for the year ended 30 September 2025.

Principal activity and common bond

The principal activity of Pennine Community Credit Union Limited ("the Credit Union") continued to be that defined in the Credit Union Act 1979.

The Credit Union's common bond covers the boroughs and districts of Burnley, Pendle, Rossendale, South Craven, Hyndburn, Ribble Valley, Preston, Lancaster and the whole of Cumbria.

The Credit Union is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA.

Directors

The directors who held office during the year and up to the date of signing the financial statements are shown on page 3.

Compliance statement

Under the PRA Rulebook, the Board is required to report to members at the Annual General Meeting ("AGM") on specific areas of compliance within the Credit Union. The Credit Union is pleased to confirm that, during the year, it has complied with:

- Depositor Protection Rules 11, 12, 14 and the requirements of Rule 15 relating to Rule 11;
- PRA Credit Union Rule 2.10 (fidelity bond insurance requirements);
- The compliance requirements under the PRA Additional Activities section, and the requirements for credit unions with over 15,000 members as set out in the PRA Credit Union Rulebook.

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

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. The directors are also responsible for safeguarding the assets of the Credit Union and for taking reasonable steps to prevent and detect fraud and other irregularities.

Disclosure of information to the 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. Each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to ensure that the Credit Union's auditor is aware of that information.

The directors' report was approved by the Board on 14 January 2026 and signed on its behalf by:

.....
Gerard Spain
President

.....
Barbara Sanders
Treasurer

.....
James Burrows
Secretary

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

Opinion

We have audited the financial statements of the Credit Union for the year ended 30 September 2025, which comprise the revenue account, the balance sheet, the statement of changes in retained earnings, 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 2025 and of its surplus or deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Conclusions relating to going concern

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained during 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 during 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;

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

- the directors' report has been prepared in accordance with applicable legal requirements.

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;
- a satisfactory system of control over transactions has not been kept by the Credit Union in accordance with the requirements of the legislation;
- the revenue account and balance sheet are not in agreement with the books of account of the Credit Union;
- 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 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 based on 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 can detect 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:

- we 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 that we considered might 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 by making enquiries of management;
- identified laws and regulations were regularly communicated within the audit team, which remained alert to instances of non-compliance throughout the audit.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

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;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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, as set out in the notes to the financial statements, 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.

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.

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KM

Chartered Accountants & Statutory Auditors
Burnley Wharf
Manchester Road
Burnley
BB11 1JG
14 January 2026

REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Note	2025	2024
Net interest income		£	£
Loan interest receivable and similar income	4	4,637,832	4,133,215
Interest payable and similar charges	5	(1,093,360)	(844,991)
		<u>3,544,472</u>	<u>3,288,224</u>
Other operating income			
Fees and commissions receivable		1,288	3,492
Other income		49,060	2
		<u>50,348</u>	<u>3,494</u>
Expenditure			
Impairment losses on loans to members	6	(497,548)	(480,518)
Administrative expenses	7	(1,383,293)	(1,179,831)
Other operating expenses	10	(274,583)	(248,918)
Depreciation	14	(27,818)	(29,313)
		<u>(2,183,242)</u>	<u>(1,938,580)</u>
Surplus before tax		1,411,578	1,353,138
Tax	11	(33,711)	(40,562)
Surplus for the financial year		<u>1,377,867</u>	<u>1,312,576</u>

The above results were derived from continuing operations.

There are no items of other comprehensive income.

The notes on pages 13 to 22 form an integral part of these financial statements.

BALANCE SHEET

AS AT 30 SEPTEMBER 2025

	Note	2025	2024
		£	£
Assets			
Cash and bank balances	12	6,771,927	5,903,396
Loans to members	13	16,706,796	14,437,285
Tangible fixed assets	14	849,869	512,463
Prepayments and accrued income		57,800	71,689
		24,386,392	20,924,833
Liabilities			
Members' deposits	15	18,238,596	16,168,448
Other liabilities	16	247,743	234,199
		18,486,339	16,402,647
Retained earnings		5,900,053	4,522,186
		24,386,392	20,924,833

The notes on pages 13 to 22 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 14 January 2026 and signed on its behalf by:

.....
Gerard Spain
President

.....
Barbara Sanders
Treasurer

.....
James Burrows
Secretary

STATEMENT OF CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

	General reserve	Dividend reserve	Special reserve	Total
	£	£	£	£
At 1 October 2023	1,800,432	909,178	500,000	3,209,610
Surplus for the financial year	1,312,576	-	-	1,312,576
Transfers between reserves	(168,925)	168,925	-	-
At 30 September 2024	2,944,083	1,078,103	500,000	4,522,186
Surplus for the financial year	1,377,867	-	-	1,377,867
Transfers between reserves	(849,491)	49,491	800,000	-
At 30 September 2025	3,472,459	1,127,594	1,300,000	5,900,053

The notes on pages 13 to 22 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Note	2025	2024
		£	£
Cash flows from operating activities			
Surplus before tax		1,411,578	1,353,138
Adjustments for non-cash items:			
Interest on loans	4	(4,496,468)	(3,965,998)
Interest on deposits	5	448,416	356,572
Loan interest rebate	5	644,944	488,419
Impairment losses	6	603,010	568,149
Surplus on disposal of tangible fixed assets		(48,974)	-
Depreciation	14	27,818	29,313
Working capital adjustments:			
Prepayments and accrued income		13,889	17,018
Other liabilities	16	20,395	33,075
Changes in operating assets and liabilities:			
Loans to members	13	1,623,947	470,939
Members' deposits	15	976,788	(496,437)
		<u>1,225,343</u>	<u>(1,145,812)</u>
Corporation tax paid		(40,562)	(22,269)
Net cash flows from operating activities		<u>1,184,781</u>	<u>(1,168,081)</u>
Cash flows from investing activities			
Movement in funds on deposit		(163,264)	1,424,440
Purchase of tangible fixed assets	14	(511,378)	-
Proceeds from sale of tangible fixed assets		195,128	-
Net cash flows from investing activities		<u>(479,514)</u>	<u>1,424,440</u>
Net increase in cash and cash equivalents		705,267	256,359
Cash and cash equivalents at beginning of year		<u>3,069,937</u>	2,813,578
Cash and cash equivalents at end of year	12	<u>3,775,204</u>	<u>3,069,937</u>

The notes on pages 13 to 22 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

1. Background information

The Credit Union is a society established 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 Unions Act 1979. The Credit Union is authorised by the PRA and regulated by the FCA and the PRA.

2. Accounting policies

2.1. Basis of preparation

These financial statements have been prepared in accordance with 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 £.

The financial statements have been prepared under the historical cost convention except that, as disclosed in the accounting policies, certain items are shown at fair value.

2.2. Going concern

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

2.3. Income

Interest receivable on loans to members is calculated daily and is recognised when payment is received.

Bank interest receivable is recognised as it accrues.

Other income either arises in connection with a specific transaction or accrues evenly over the year. Income relating to individual transactions is recognised when the transaction is complete.

2.4. Tax

The tax charge for the year reflects current tax payable. Current tax is the expected corporation tax payable for the year, using tax rates in force for the year. The Credit Union is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income.

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

2.5. Tangible fixed assets

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

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

Asset class	Depreciation method	Rate
Land and buildings	Not depreciated	0%
Fixtures and fittings	Straight line	20%
Office equipment	Reducing balance	25%

2.6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and loans and advances to banks (i.e. cash deposited with banks) with original maturities of 8 days or less.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

2.7. Financial assets – loans 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.

2.8. Impairment of financial assets

At each balance sheet date, the Credit Union assesses 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 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.

2.9. Financial liabilities

Shares held by members in the Credit Union are redeemable and are therefore classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

2.10. Retirement benefits

The expenditure recognised for the defined contribution scheme consists of contributions payable by the Credit Union for the relevant period.

2.11. Operating leases

Rentals payable under operating leases are recognised in the revenue account on a straight-line basis over the lease term.

3. 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 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 periods.

Key sources of estimation uncertainty

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

Impairment losses on loans to members

At each balance sheet date, the Credit Union assesses 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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2025

4. Loan interest receivable and similar income

	2025	2024
	£	£
Loan interest receivable from members	4,496,468	3,965,998
Bank interest receivable	141,364	167,217
	4,637,832	4,133,215

5. Interest payable and similar charges

	2025		2024	
	%	£	%	£
Dividend on dividend bearing shares	2.75	399,717	2.50	346,543
Interest on interest bearing shares	4.34	37,599	0.00	-
Distributions on juniors' deposits	2.75	11,100	2.50	10,029
		448,416		356,572
Loan interest rebate	17.00	644,944	17.00	488,419
		1,093,360		844,991

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.

6. Loan impairment

	2025	2024
	£	£
Loan impairment provision		
Opening balance	683,449	538,979
Movement in provision during the year	28,963	144,470
	712,412	683,449
Impairment losses		
Movement in provision during the year	28,963	144,470
Loans derecognised	574,047	423,679
	603,010	568,149
Bad debts recovered	(105,462)	(87,631)
Impairment losses recognised in the year	497,548	480,518

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

7. Administrative expenses

	Note	2025	2024
		£	£
Employment costs	8	807,306	784,417
Auditors' remuneration	9	18,200	18,320
Bank charges		37,975	51,856
Charitable donations		30,693	20,263
Computer software and maintenance costs		68,007	67,351
Credit control costs		19,713	22,478
General expenses		21,934	18,158
Legal and professional fees		5,812	3,184
Member communication and advertising		274,613	114,536
Printing, postage and stationery		42,633	28,349
Staff and directors' expenses		11,768	11,367
Telephone and internet		1,706	1,706
Training and conferences		37,050	34,486
Travel expenses		5,883	3,360
		1,383,293	1,179,831

8. Employees and employment costs

	2025	2024
	£	£
Employment costs		
Wages and salaries	703,742	695,831
Social security costs	65,199	58,145
Payments to defined contribution pension schemes	38,365	30,441
	807,306	784,417
Employees	Number	Number
Average monthly number of employees during the year	23	24

9. Auditors' remuneration

	2025	2024
	£	£
Audit of the financial statements	8,300	7,100
Internal audit services	9,600	10,920
Tax services	300	300
	18,200	18,320

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

10. Other operating expenses

	2025	2024
	£	£
Cost of occupying offices	76,452	72,425
Regulatory costs	198,131	176,493
	274,583	248,918

11. Tax

	2025	2024
	£	£
Reconciliation of tax charge		
Surplus before tax	1,411,578	1,353,138
Tax at standard UK corporation tax rate of 25%	352,895	338,284
Effect of income/expenditure not taxable	(317,554)	(296,480)
Marginal relief for corporation tax	(1,630)	(1,242)
Tax charge for the year	33,711	40,562

Factors that are considered in determining the corporation tax charge are disclosed in Note 2.4.

12. Cash and bank balances

	2025	2024
	£	£
Bank deposits	2,996,723	2,833,459
Cash held at banks	3,714,061	3,032,115
Loans and advances to banks	6,710,784	5,865,574
Cash in hand	61,143	37,822
	6,771,927	5,903,396
Balances split by repayment period		
Cash and cash equivalents	3,775,204	3,069,937
Amounts maturing in over 8 days	2,996,723	2,833,459
	6,771,927	5,903,396

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

13. Loans to members

	Note	2025	2024
		£	£
Loan movement			
Opening balance		15,120,734	12,049,354
Interest on loans		4,496,468	3,965,998
Loans advanced		12,072,974	11,756,494
Loans repaid		(13,696,921)	(12,227,433)
Loans derecognised		(574,047)	(423,679)
		17,419,208	15,120,734
Loan arrears analysis			
Not past due		16,138,053	14,026,297
Up to 3 months past due		711,100	522,079
Between 3 and 6 months past due		209,156	185,668
Between 6 and 9 months past due		162,818	186,855
Between 9 months and 1 year past due		198,081	199,835
Over 1 year past due		-	-
		17,419,208	15,120,734
Loan impairment provision	6	(712,412)	(683,449)
		16,706,796	14,437,285

Factors that are considered in determining whether loans are impaired are discussed in Note 2.8.

14. Tangible fixed assets

	Land and buildings	Fixtures and fittings	Office equipment	Total
	£	£	£	£
Cost				
At 1 October 2024	438,018	249,451	112,811	800,280
Additions	511,378	-	-	511,378
Disposals	(146,154)	(56,074)	-	(202,228)
At 30 September 2025	803,242	193,377	112,811	1,109,430
Depreciation				
At 1 October 2024	-	192,942	94,875	287,817
Charge for the year	-	23,334	4,484	27,818
Eliminated on disposals	-	(56,074)	-	(56,074)
At 30 September 2025	-	160,202	99,359	259,561
Carrying amount				
At 30 September 2025	803,242	33,175	13,452	849,869
At 30 September 2024	438,018	56,509	17,936	512,463

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

15. Members' deposits

	2025	2024
	£	£
Deposit movement		
Opening balance	16,168,448	15,819,894
Interest on deposits	448,416	356,572
Loan interest rebate	644,944	488,419
Deposits received	17,648,974	15,486,957
Deposits withdrawn	(16,672,186)	(15,983,394)
	18,238,596	16,168,448
Deposits split by type		
Corporate dividend bearing shares	72,934	78,032
Individual dividend bearing shares	15,822,478	15,624,600
Individual interest bearing shares	1,900,917	-
Juniors' deposits	442,267	465,816
	18,238,596	16,168,448

16. Other liabilities

	2025	2024
	£	£
Accruals	164,150	132,770
Deceased members' shares	33,633	46,161
Social security and other taxes	15,180	13,641
Other payables	1,069	1,065
	214,032	193,637
Corporation tax	33,711	40,562
	247,743	234,199

17. 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. The main financial risks arising from the Credit Union's activities 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 repayments to the Credit Union, resulting in financial loss to the Credit Union. To manage this risk, the Board approves the Credit Union's lending policy and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently, loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The Credit Union also monitors its banking arrangements for credit risk.

Liquidity risk

The Credit Union's policy is to always maintain sufficient funds in liquid form to ensure that it can meet its liabilities as they fall due and comply with 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.

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FOR THE YEAR ENDED 30 SEPTEMBER 2025

Market risk

Market risk generally comprises interest rate risk, currency risk and other price risks. The main risks impacting the Credit Union are outlined below:

Interest rate risk

The Credit Union's main interest rate risk arises from 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 its strategic plans. The Credit Union does not use interest rate options to hedge its own positions.

Currency risk

The Credit Union conducts all its transactions in sterling and is therefore not exposed to any form of currency risk.

Other price risks

The Credit Union only holds investments in government securities and in credit institutions that meet the criteria set out in Chapter 6 of the PRA Rulebook. The Credit Union monitors these investments throughout the year.

18. Credit risk on lending

The Credit Union holds the following security against its loans to members:

	2025	2024
	£	£
Security for loans		
Attached shares	7,155,420	6,556,419

19. Interest rate risk disclosures

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.

	2025		2024	
Financial assets	£	%	£	%
Loans and advances to banks	6,710,784	2.25	5,865,574	2.59
Loans to members	17,419,208	27.64	15,120,734	29.19
Financial liabilities				
Dividend bearing shares	15,895,412	2.53	15,702,632	2.23
Interest bearing shares	1,900,917	3.96	-	0.00
Juniors deposits	442,267	2.44	465,816	2.19

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20. Capital

The Credit Union classes all its reserves as capital and manages its reserves through its financial and budgeting policies and procedures. The PRA sets out requirements for the capital ratio that the Credit Union must maintain. The Credit Union's compliance with the ratio at the year end is set out below:

	2025	2024
	%	%
Actual capital to asset ratio	24.19	21.61
Regulatory minimum capital ratio requirement	6.77	6.57

21. Capital commitments

The total amount of capital expenditure contracted for but not provided for in the financial statements at the year end was £1,537,667 (2024: £Nil).

22. Operating lease commitments

The Credit Union had outstanding commitments under non-cancellable operating leases at the balance sheet date as follows:

	2025	2024
	£	£
Not later than one year	24,361	24,361
Later than one year and not later than five years	73,082	-
Later than five years	-	-
	97,443	24,361

23. Related party transactions

The Credit Union classes the directors and members of the senior management team as its key management personnel. None of the directors received any remuneration during the year.

	2025	2024
	£	£
Remuneration of key management personnel		
Salaries and other short-term employee benefits	133,068	131,186
Payments to defined contribution pension schemes	6,590	5,437
	139,658	136,623
	2025	2024
	£	£
Transactions with key management personnel		
Loans to key management personnel and their close family	6,553	11,599
Shares held by key management personnel and their close family	328,038	394,272

Loans to key management personnel and their close family are on standard terms and conditions.

Other related party transactions

The Credit Union paid £2,798 (2024: £2,630) to Pendle Accountancy Services Limited, of which Gerard Spain is a director, in respect of payroll services,

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

24. Post balance sheet events

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

25. 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.