

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

FINANCIAL STATEMENTS

for the

YEAR ENDED 30TH SEPTEMBER 2022

FCA registration number 213408

Appleby & Wood (London) Limited

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2022

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WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2022

Society's information

Status	Waltham Forest Council Employees Credit Union Ltd was incorporated under the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979 on 18th September 1990. Its status is therefore as an Co-operative and Community Benefit Society.	
Secretary	Claire Murphy	Acting Secretary
Directors	Nancy Taaffe Annabelle Stanford Rohan Robinson	Chair Deputy Chair Treasurer
	Dumisani Moyo Peter Pitt	None Executive
Loan Officer	Sonia Malcolm Annabelle Stanford	
Supervisory	Diane Andrews	deceased
Office Manager	Claire Murphy	
Bankers	The Co-operative Bank PO Box 250 Dell House Skemerdale WN8 6WT	
Registered Office	Room 202 313 Billet Road Walthamstow London E17 5PX	
Co-operative and Community Benefit societies No. FCA registration no.	218C 213408	
Auditors	Appleby & Wood (London) Limited Statutory Auditors 40 The Lock Building 72 High Street Stratford London E15 2QB	

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2022

Directors' Report

The Directors present their report and the financial statements for the year ended 30th September 2022.

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 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.

The Directors' Report was approved by the Board of Directors on 2023
and signed on its behalf by:

.....

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2022

Independent Auditors' Report to the members of Waltham Forest Council Employees Credit Union Limited

Opinion

We have audited the financial statements of Waltham Forest Council Employees Credit Union Limited (the 'credit union') for the year ended 30 September 2022 which comprise the Revenue Account, Balance Sheet, Statement of Changes in Retained Earnings, Cash Flow Statement 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

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 2022 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 Unions 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

In auditing the financial statements, we have concluded that the committee's 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 entity'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 committee's with respect to going concern are described in the relevant sections of this report.

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.

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 credit union 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.

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2022

Independent Auditors' Report to the members of Waltham Forest Council Employees Credit Union Limited (continued)

Responsibilities of the Directors

As explained more fully in the directors' responsibilities statement on page 3 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 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 unions 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the credit union and determined that the most significant are FRS102, the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979, together with the supervisory requirements of the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).
- The credit union operates locally and is not significantly impacted by international law or regulations. Taxation law and regulations apply to the credit union but is not involved in any complex matters that increase the risk of non-compliance.
- We understood how the credit union is complying with those frameworks through discussions with the directors and review of the directors meeting minutes and the credit union's documented policies and procedures.
- We assessed the susceptibility of the credit union's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the directors' reporting to the credit union with respect of the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the credit union.
- Our pre-audit review specifically makes reference to fraud risk and this is supported by audit documentation. We also review board minutes to identify any matters of concern or risk. None was identified.
- The credit union is small, its activities are regular and consistent and are not complex and no special audit considerations apply, nor is external specialist assistance required.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the credit union and management.

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.

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

YEAR ENDED 30TH SEPTEMBER 2022

Independent Auditors' Report to the members of Waltham Forest Council Employees Credit Union Limited (continued)

Use of our report

This report is made solely to the credit union's members, as a body, in accordance with section 87 of 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 society and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

R W Williams FCCA
Appleby & Wood (London) Limited
Statutory Auditor
40 The Lock Building
72 High Street
Stratford
London E15 2QB

Date

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

REVENUE ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 2022

		2022	2021
		£	£
Loan interest receivable and similar income	Note 4	50,624	54,187
Interest payable	5	<u>(5,145)</u>	<u>-</u>
Net interest income		45,479	54,187
Fees and commissions receivable	6	515	918
Fees and commissions payable		<u>(61)</u>	<u>(60)</u>
Net fees and commissions receivable		45,933	55,045
Other income	6a	-	-
Administrative expenses	7a	(79,013)	(66,489)
Depreciation and amortisation	10	(4,366)	(483)
Other operating expenses	7b	(13,068)	(11,058)
Impairment losses on loans to members	11 c	<u>(829)</u>	<u>2,677</u>
(Deficit) before taxation		(51,343)	(20,308)
Taxation	9a	<u>(261)</u>	<u>(197)</u>
(Deficit) for the financial year		(51,604)	(20,505)
Total comprehensive (loss)		<u><u>(51,604)</u></u>	<u><u>(20,505)</u></u>

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER 2022

		2022	2021
		£	£
	Note		
ASSETS			
Cash, cash equivalents and liquid deposits		934,734	973,700
Cash		61	74
		<u>934,795</u>	<u>973,774</u>
Loans and advances to members	11a	222,999	222,594
Tangible fixed assets	10	8,097	816
Other receivables		-	-
Sundry		-	-
Prepayments and accrued income		3,456	2,250
Total assets		<u>1,169,347</u>	<u>1,199,434</u>
LIABILITIES			
Share capital – repayable on demand		1,060,433	1,042,128
Junior Savers		520	-
Other payables	12	12,649	9,957
		<u>1,073,602</u>	<u>1,052,085</u>
Retained earnings	15	95,745	147,349
Total liabilities		<u>1,169,347</u>	<u>1,199,434</u>

The financial statements were approved, and authorised for issue, by the Board on2023
and signed on its behalf by:

Director:

Director:

Secretary:

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

STATEMENT OF CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED 30TH SEPTEMBER 2022

	2022	2021
	£	£
As at 1 October 2021	147,349	167,854
Total comprehensive loss for the year	<u>(51,604)</u>	<u>(20,505)</u>
As at 30 September 2022	<u>95,745</u>	<u>147,349</u>

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
(Deficit) before taxation		(51,343)	(20,308)
Adjustments for non-cash items:			
Depreciation	10	4,366	483
Impairment losses	11 c	829	(2,677)
		<u>(46,148)</u>	<u>(22,502)</u>
Movements in:			
Other receivables		(1,206)	(479)
Other payables		2,628	(3,976)
		<u>(44,726)</u>	<u>(26,957)</u>
Cash flows from changes in operating assets and liabilities			
Increase in subordinated loans			
Cash inflow from subscribed capital		619,224	578,046
Cash outflow from repaid capital		(600,399)	(627,135)
New loans to members		(176,905)	(146,280)
Repayment of loans by members		175,671	183,975
		<u>(27,135)</u>	<u>(38,351)</u>
Taxation paid		(197)	(789)
		<u>(27,332)</u>	<u>(39,140)</u>
Net cash flows from operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(11,647)	(1,000)
Net cash flow from managing liquid deposits		-	-
Net decrease/increase in cash and cash equivalents		<u>(38,979)</u>	<u>(40,140)</u>
Cash and cash equivalents at beginning of year		973,774	1,013,914
Cash and cash equivalents at end of year	14	<u>934,795</u>	<u>973,774</u>

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2022

1. Legal and regulatory framework

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 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 and deferred 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.

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2022

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 at the prevailing rate, currently 19%.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand with maturity of less than or equal to three months.

Fixed assets

Depreciation has been provided on fixed assets at rates considered sufficient to write them off over their useful lives:

Office Equipment	33.3% per year at cost
Computer equipment	33.3% per year at cost

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2022

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, 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 loan and the net present value of the expected cashflows.

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

A pension is currently offered to all eligible Credit Union's employees through B&CE holdings Ltd.

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 deficit /surplus 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 below:

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2022

4. Loan interest receivable and similar income

	Note	2022	2021
		£	£
Loan interest receivable from members		49,250	53,152
Bank interest receivable on cash and liquid deposits		<u>1,374</u>	<u>1,035</u>
Total loan interest receivable and similar income		<u>50,624</u>	<u>54,187</u>

5. Interest expense

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.

	2022	2021
	£	£
Interest paid during the year	<u>5,145</u>	<u>-</u>
Dividend rate:		
Interest proposed, but not recognised	<u>-</u>	<u>-</u>
Dividend rate:	<u>0.50%</u>	<u>0.00%</u>

	2022	2021
	£	£
6. Fees and commissions receivable		
Entrance fees	95	75
Commissions received	-	-
Service charge	<u>420</u>	<u>843</u>
Total fees and commissions receivable	<u>515</u>	<u>918</u>

6a. Other Income

Other income	-	-
Donation	-	-
Grants	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

7a. Administrative expenses

		2022	2021
		£	£
Employment costs	8a	62,257	48,388
Staff training		785	740
Meetings & AGM expenses		348	12
Directors Expenses		180	660
Honorarium (Chair & Treasurer)		1,200	3,660
Office assistance		-	-
Auditors' remuneration	7c	5,160	4,920
Telephone		1,615	1,835
Computer maintenance		2,865	2,688
Legal Fees (inc credit agency)		758	705
General expenses		3,006	1,440
Printing, postage and stationery		669	989
Other insurances		<u>170</u>	<u>452</u>
Total administrative expenses		<u>79,013</u>	<u>66,489</u>

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2022

	2022	2021
	£	£
7b. Other operating expenses		
Cost of occupying offices (excluding depreciation)		
Accommodation & travelling	-	70
	<u>-</u>	<u>70</u>
Regulatory and financial management costs		
Financial Conduct Authority and Prudential Regulation Authority fees	260	256
Affiliation Fees	750	750
Financial Services Compensation Scheme levy	-	-
LP/LS insurance	9,411	8,368
Fidelity insurance	2,647	1,614
	<u>13,068</u>	<u>10,988</u>
	<u>13,068</u>	<u>11,058</u>
7c. Auditors' remuneration		
Fees payable for audit	4,044	3,852
Fees payable to the auditor for other services	1,116	1,068
Total auditors' remuneration	<u>5,160</u>	<u>4,920</u>
8. Employees and employment costs		
8a. Number of employees		
The average monthly number of employees during the year were:	Number	Number
Office Staff	<u>3</u>	<u>3</u>

No member of the key management personnel earned over £60,000 in the year. Staff had a total share holding of £2,183 (2021: £1,331) and loans of £3,264 (2021: £1,140).

8b. Directors' Remuneration

Honoraria is paid to the Chair, Treasurer and other directors. At the year end, directors held total shares of £14,260 (2021: £18,450) and total loans of £10,926 (2021: £9,353).

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2022

9. Taxation

a) Recognised in the Revenue Account

The taxation charge for the year, based on the small profits rate of Corporation Tax of 19% (2021: 19%) taking into account marginal relief) comprised:

Current tax		
UK Corporation tax	261	197
	<hr/>	<hr/>
Total current tax recognised in the Revenue Account	261	197
	<hr/>	<hr/>

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

	Equipment 2022	Equipment 2021
Cost	£	£
At 30th September 2021	14,041	19,655
Additions	11,647	1,000
Disposal	(1,411)	(6,614)
At 30th September 2022	<hr/> 24,277 <hr/>	<hr/> 14,041 <hr/>
Depreciation		
At 30th September 2021	13,225	19,356
Charge for the year	4,366	483
Disposal	(1,411)	(6,614)
At 30th September 2022	<hr/> 16,180 <hr/>	<hr/> 13,225 <hr/>
At 30th September 2022	<hr/> 8,097 <hr/>	
At 30th September 2021		<hr/> 816 <hr/>

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.

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2022

	Note	2022 £	2021 £
Not impaired:			
Up to 3 months past due		222,998	222,594
Individually impaired:			
Up to 3 months past due		-	-
Between 3 and 6 months past due		-	-
Between 6 months and 1 year past due		5,514	2,500
Over 1 year past due		103,130	105,787
Total loans		<u>331,642</u>	<u>330,881</u>
Impairment allowance		<u>(108,643)</u>	<u>(108,287)</u>
Total carrying value		<u>222,999</u>	<u>222,594</u>

11b. Provision for impairment losses

As at 1 October 2021		108,287	110,964
Allowance for losses made during the year		2,109	(1,069)
Allowances reversed during the year		(1,280)	(1,608)
Increase in allowances during the year	11 c	829	(2,677)
Less bad debts written off books		(473)	-
As at 30 September 2022		<u>108,643</u>	<u>108,287</u>

11c. Impairment losses recognised for the year

Impairment of individual financial assets		473	-
Decrease / Increase in impairment allowances during the year		1,636	(1,069)
		2,109	(1,069)
Reversal of impairment where debts recovered		(1,280)	(1,608)
Total impairment losses recognised for the year		<u>829</u>	<u>(2,677)</u>

12. Other payables

UK Corporation Tax		261	197
Other payables		2,095	2,095
Accruals and deferred income		10,236	7,665
Suspense account		-	-
Unallocated credits		50	-
Junior dividends		7	-
Bank overdrawn		-	-
		<u>12,649</u>	<u>9,957</u>

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2022

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.

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2022

	2022		2021	
	Average	Average	Average	Average
	Interest	Interest	Interest	Interest
	rate	rate	rate	rate
	£	£	£	£
Financial assets				
Loans to members	222,999	22.1%	222,594	22.1%
Financial liabilities				
Share capital	1,060,433	0.5%	1,042,128	0%

The interest rates applicable to loans to members are fixed and range from 10% to 42.6%. 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. Covid-19 continues to have an affect on the Credit Union operations and the ability of the Credit Union's members to repay loans due on a timely basis. The directors are confident that the Credit Union will be in position to remain solvent through these uncertain times and is compliant with the FCA requirements for liquidity.

15. Reserves

	Voluntary	Statutory	Total
	Reserve	Reserve	£
	£	£	£
At 1st October 2021	39,088	108,261	147,349
Comprehensive loss for the year	(51,604)	-	(51,604)
Transfer between funds 20%	-	-	-
Balance carried forwards at 30th September 2022	<u>(12,516)</u>	<u>108,261</u>	<u>95,745</u>

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2022

15. 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.

16. Related party transactions

As at the year end members of the Board, staff and their close family members held shares £19,527 (2021: £22,433) and loans £14,455 (2021: £11,654) with the Credit Union. 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.

17. 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 loan on a receivable basis. Therefore no change to the interest receivable or reserves was required.

WALTHAM FOREST COUNCIL EMPLOYEES CREDIT UNION LIMITED**Detailed Revenue account****For the year ended 30th September 2022**

	2022	2022	2021	2021
	£	£	£	£
Income				
Interest on loans to members		49,250		53,152
Bank interest received		1,374		1,035
Entrance fees		95		75
Bad debts recovered		1,280		1,608
Admin Fee Income		420		843
		<u>52,419</u>		<u>56,713</u>
Expenditure				
Accountancy	1,116		1,068	
Audit	4,044		3,852	
Board meeting expenses	348		12	
Chairperson's & Treasurer's allowance	1,200		1,260	
Travelling expenses	-		70	
Directors' expenses- Loan officer	180		660	
Employee wages	49,971		40,136	
Employee Tax/Nic	8,420		6,077	
Employee staff costs	1,482		663	
Employees Pension Contributions	1,490		945	
Employers Pension Contributions	894		567	
Honoraria	-		2,400	
Training costs	785		740	
ABCUL dues	750		750	
CUNA MUTUAL LP & LS insurance	9,411		8,368	
Fidelity bond insurance	2,647		1,614	
Property insurance	170		452	
Telephone	1,615		1,835	
Computer maintenance	2,634		2,358	
Equipment	231		330	
Petty expenses	1,366		61	
Advertising and publicity	1,640		1,379	
Printing and stationery	364		601	
Postage	305		388	
Bank charges	61		60	
FCA -Registry fees	260		256	
Data protection fees	119		40	
Professional fees	397		159	
Credit agency fees	242		506	
Bad Debt's written off	473		-	
Dividends	5,145		-	
Provision made for doubtful debts	1,636		(1,069)	
Depreciation Charge for year	4,366		483	
Taxation	261		197	
		<u>(104,023)</u>		<u>(77,218)</u>
		<u>(51,604)</u>		<u>(20,505)</u>

This page is for management information only and does not form part of the Financial Statements