

**FALKIRK DISTRICT CREDIT UNION LTD**

**Firm Reference No 213807**

**Registered No SP110CUS**

**DIRECTORS REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 SEPTEMBER 2024**

**FALKIRK DISTRICT CREDIT UNION LTD**

**ADMINISTRATIVE INFORMATION**

<b>Directors</b>	Margaret Millar Anne Wallace Joan Herdman Elsie Lucas Doreen Martin Lynne Belton Alan Ross Rona Leask Emma Oliver
<b>Secretary</b>	Lynne Belton
<b>Society Registration Number</b>	SP110CUS
<b>Financial Conduct Authority Registration Number</b>	213807
<b>Registered Office</b>	4 Station Road Grangemouth Falkirk FK3 8DG
<b>Auditors</b>	Lindley Adams Limited Chartered Accountants and Statutory Auditors 28, Prescott Street Halifax, HX1 2LG
<b>Bankers</b>	Bank of Scotland Plc The Mound Edinburgh EH1 1YZ

**FALKIRK DISTRICT CREDIT UNION LTD**

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**FALKIRK DISTRICT CREDIT UNION LTD**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2024**

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

**Principal activity and Business Review**

The principal activities of the credit union are the promotion and encouragement of regular saving and prudent borrowing by its members, as defined in the Credit Unions Act 1979.

**Results and Dividends**

The surplus for the year, after taxation, before gain on acquisition of £89,609, amounted to £48,891 (2023 - £44,197). In addition, there were 2,435 (2023 - 1,886) adult members with 443 (2023 - 395) members holding loans with the Credit Union.

Based upon the performance of the Credit Union as set out in these financial statements and sufficient reserves held, the Directors recommend the payment of a 1.5% dividend. This will be voted upon at the forthcoming Annual General Meeting.

**Directors**

The directors who served during the year are as stated below:

Margaret Millar	Elsie Lucas
Joan Herdman	Doreen Martin
Gordon Crosbie – resigned January 2024	Rona Leask
Lynne Belton	Janet Watson – resigned September 2024
Alan Ross	Emma Oliver – appointed November 2023
Anne Wallace	

**Financial risk management objectives and policies**

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 and these are summarised below:

- Credit Risk: All loan applications are assessed with reference to the Credit Union's lending policy. Changes to policy are approved by the Board.
- Interest Rate Risk: The main interest rate risk arises from differences between interest rate exposures on assets and on liabilities that form an integral part of the credit union's operations. The Credit Union considers interest rates when deciding on the dividend rates to propose on share accounts.
- Liquidity Risk: The Credit Union's policy is to maintain sufficient funds in a liquid form at all times to ensure that the Credit Union can meet its liabilities as they fall due. The objective of liquidity is to help smooth mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

These areas are outlined in greater detail in section 16 of the Notes to the Financial Statements.

**Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Credit Union 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Ireland" (United Kingdom Accounting Standards and applicable law). Under Credit Union legislation 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 year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and 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.

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 Co-operative and Community Benefit Societies Act 2014 and with the Credit Union Act 1979. 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.

In so far as the directors are aware:

- There is no relevant audit information (information needed by the Credit Union's auditors in connection with preparing their report) of which the Credit Union's auditors are unaware, and
- The directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Credit Union's auditors are aware of that information.

This report was approved by the Board on 22/01/25 and signed on its behalf by:

Name of Director 1: ANNE WALLACE

Signature *Anne Wallace*

Name of Director 2: LYNNE BELTON

Signature *Lynne Belton*

## REPORT OF THE INDEPENDENT AUDITOR TO FALKIRK DISTRICT CREDIT UNION LTD

### OPINION

We have audited the financial statements of Falkirk District Credit Union Ltd (the 'credit union') for the year ended 30 September 2024 which comprise revenue account, balance sheet, statement of changes to 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 Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the 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 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 the provisions available for small entities, in the circumstances as set out in note 22 to the financial statements, 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.

### EMPHASIS OF MATTER

We draw attention to note 15 to the financial statements, which sets out the details of grant carried forward of £79,982 and £9,401 respectively. Our opinion is not modified in respect of this matter.

### OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and 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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

### RESPONSIBILITIES OF THE BOARD

As explained more fully in the Statement of Directors' responsibilities set out on page 2, the Board is 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 Board is 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 Board either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the credit union and determined that the following were most relevant: FRS 102, Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations irrespective of the size of amounts involved;
- we enquired of management the systems and controls the credit union has in place, the areas of the financial statements that are mostly susceptible to the risks of irregularities and fraud (which we outline below) and whether there was any known, suspected or alleged fraud;
- we identified the laws and regulations applicable to the credit union through discussions with senior management;
- identified laws and regulations were communicated within the audit team who remained alert to instances of non-compliance throughout the audit.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including override of controls) and addressed the risk through:

- making enquiries of those charged with governance as to their knowledge of actual, suspected and alleged instances of fraud;
- considering the internal controls in place to mitigate the risks of fraud.

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

- reviewing the financial statements disclosures and determining whether accounting policies have been appropriately applied;
- obtaining third party confirmation of bank balances, members shares and members loans;
- reviewing the minutes of meetings of those charged with governance;
- reviewing relating party transactions of those charged with governance and determining whether the information provided is complete and appropriately disclosed in the financial statements;
- reviewing and testing the internal controls in place for loans and savings and determining whether controls have been appropriately applied;
- reviewing and testing of revenue recognition processes and determining completeness of income;
- checking expenses are bona fide transactions of the credit union, and;
- reviewing post balance sheet and subsequent events, both financial and non-financial, that have occurred in the period between the financial year end and the signing of the audit report.

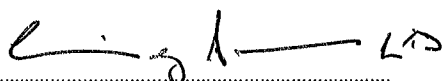
There is a risk that we will not detect all irregularities, including fraud, because of the inherent limitations of an audit, including those leading to a material misstatement in the financial statements of non-compliance with regulations. The areas in the financial statements that are most susceptible to fraud are Loans and Advances to Members and Subscribed Capital. We have investigated in particular where there is:

- Insufficient levels of Impairment allowance of loans made;

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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, 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 those matters we are required to state to it in a Report of the auditor's 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, for our audit work, for this report, or for the opinions we have formed.



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**Lindley Adams Limited**  
 Chartered Accountants and Statutory Auditors  
 28 Prescott Street,  
 Halifax, HX1 2LG

Date..... 19/11/2025

## FALKIRK DISTRICT CREDIT UNION LTD

## Revenue Account for the year ended 30 September 2024

	Note	2024 £	2023 £
Loan Interest receivable and similar income	4	208,562	168,602
Interest payable	5	<u>(26,077)</u>	<u>0</u>
<b>Net interest income</b>		<b>182,485</b>	<b>168,602</b>
Fees and commissions receivable	6	9,477	9,566
Fees and commissions payable		<u>(5,943)</u>	<u>(5,725)</u>
<b>Net fees and commissions receivable</b>		<b>3,534</b>	<b>3,841</b>
Other income	7	12,986	16,066
Administrative expenses	8a	(76,317)	(75,474)
Depreciation and amortisation	11a	(7,275)	(11,239)
Other operating expenses	8b	(34,878)	(41,349)
Impairment losses on loans to members	12e	(10,482)	(3,867)
Loss on Disposals of Fixed Assets	11a	(113)	0
<b>Surplus Before Taxation</b>		<b>69,940</b>	<b>56,580</b>
Taxation		(21,049)	(12,383)
<b>Surplus for the Financial Year</b>		<b>48,891</b>	<b>44,197</b>
Gain on Acquisition	18	89,609	0
<b>Total comprehensive income</b>		<b>138,500</b>	<b>44,197</b>



## FALKIRK DISTRICT CREDIT UNION LTD

Balance Sheet as at 30 September 2024

	Note	2024 £	2023 £
<b>ASSETS</b>			
Loans and advances to banks	17	<u>2,615,988</u>	<u>2,245,516</u>
Loans and advances to members	12	947,112	769,612
Tangible fixed assets	11a	50,010	40,056
Prepayments and accrued income		51,414	40,253
<b>Total assets</b>		<u><b>3,664,524</b></u>	<u><b>3,095,437</b></u>
<b>LIABILITIES</b>			
Subscribed capital - repayable on demand	13	3,146,360	2,739,441
Other payables	14	<u>117,524</u>	<u>110,436</u>
		3,263,884	2,849,877
Retained earnings		400,640	245,560
<b>Total liabilities</b>		<u><b>3,664,524</b></u>	<u><b>3,095,437</b></u>

The financial statements were approved, and authorised for issue by the board on 22/01/25 and signed on its behalf by:

*Aine Wallace*

Director

*Mam B. Leask*

Director

*Lynne Bell*

Secretary

## FALKIRK DISTRICT CREDIT UNION LTD

## Statement of Changes in Retained Earnings for the year ended 30 September 2024

	Note	2024 £	2023 £
As at 1 October 2023		245,560	201,363
Total comprehensive income for the year		138,500	44,197
Revaluation gain	11b	16,580	0
<b>As at 30 September 2024</b>		<b>400,640</b>	<b>245,560</b>

## Movement in reserves

	Retained earnings		Total
	General reserve	Revaluation gain	
As at 1 October 2023	227,567	17,993	245,560
Surplus for year	138,500	0	138,500
Revaluation gain	0	16,580	16,580
<b>As at 30 September 2024</b>	<b>366,067</b>	<b>34,573</b>	<b>400,640</b>

## FALKIRK DISTRICT CREDIT UNION LTD

Cash flow statement for the year ended 30 September 2024

	Note	2024 £	2023 £
<b>Cash Flows from operating activities</b>			
Surplus Before Taxation		69,940	56,580
Adjustments for non-cash items			
Depreciation	11a	7,275	11,239
Disposals of Fixed Assets	11a	113	0
Impairment losses			
At the year end	12e	10,819	5,291
On acquisition	12d	6,480	0
		<b>24,687</b>	<b>16,530</b>
Movements in:			
Prepayments and accrued income		(11,161)	(26,333)
Other payables		7,088	(7,699)
		<b>(4,073)</b>	<b>(34,032)</b>
<b>Cash flows from changes in operative assets and liabilities</b>			
Cash inflow from subscribed capital	13	2,112,431	1,648,922
Cash outflow from repaid capital	13	(1,705,512)	(1,784,645)
New loans to members	12a	(908,560)	(681,596)
Repayment of loans by members	12a	713,761	642,713
		<b>212,120</b>	<b>(174,606)</b>
Taxation paid		(21,049)	(12,383)
<b>Net Cash flows from operating activities</b>		<b>281,625</b>	<b>(147,911)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment			
At the year end	11a	(1,310)	(1,050)
On acquisition	11a	(473)	0
Deferred tax on valuation of property	14	1,022	0
Net cash flow from acquisition		89,609	0
Net cash flow from managing liquid deposits		93,226	46,774
		<b>182,074</b>	<b>45,724</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>463,699</b>	<b>(102,187)</b>
Cash and cash equivalents at beginning of year		292,290	394,477
<b>Cash and cash equivalents at end of year</b>	17	<b>755,989</b>	<b>292,290</b>

## FALKIRK DISTRICT CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2024

### 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 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 Ireland.

The financial statements are prepared on the historical cost basis.

#### Going concern

The directors of the Credit Union believe that it is appropriate to prepare the financial statements on the going concern basis. In accordance with PRA Rulebook Guidelines outlined in Section 8.5 (1), the credit union must maintain a minimum Capital-To-Total assets ratio of 3%.

	2024	2023
The relevant ratios are:-	10.93%	7.93%

#### Income

Loan interest receivable and similar income: Interest on both loans to members and loans to banks (i.e. cash and cash equivalents held on deposit with other financial institutions) is recognised using the effective interest method, and is calculated and accrued on a daily basis. Exempt interest on members loans is not recognised.

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

Other income: Other income is recognised either evenly over the period to which it relates or when the transaction is complete.

#### 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, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income.

Tax deferred or accelerated is accounted for in respect of the revaluation of property unless, by the balance sheet date, the credit union has:

- (a) entered into a binding agreement to sell the revalued assets; and
- (b) recognised the gains and losses expected to arise on sale.

#### Tangible fixed assets

Tangible fixed assets comprises items of property, plant and equipment. Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Property is stated at a revalued amount. Valuations are carried out on a regular basis. Gains and losses are recognised in other comprehensive income and are non distributable.

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. The categories of property, plant and equipment are depreciated as follows:

Property	50 years
Fixtures and Fittings	5 years
Computers and Software	3 years

## FALKIRK DISTRICT CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

**2 Accounting policies (cont.)****Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and with the Bank of England and loans and advances to banks (i.e. cash deposited with banks) with maturity of less than or equal to three months.

**Deferred grants and funding / revenue contributions**

Deferred grants in respect of capital expenditure are credited to the income and expenditure account over the estimated useful life of the relevant fixed assets. The grants / funding shown in the balance sheet represent the grants / funding receivable to date less the amount so far credited to the income and expenditure account.

**Financial assets – loans and advances to members**

Loans to members are financial assets with fixed or determinable payments. Loans are made to members for provident or productive purposes on such security (or without security) and terms as the rules of the Credit Union provide. 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.

**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 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**

Defined contribution plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by the Credit Union for the relevant period.

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 below:

**Impairment losses on loans to members**

Impaired losses are stated after specifically reviewing all loans in arrears. The criteria used is whether the loan will be repaid within the term of the loan based upon the current regular pattern of repayments.

**4 Loan interest receivable and similar income**

	<b>2024</b>	<b>2023</b>
	£	£
Loan interest receivable from members	114,978	105,960
Bank interest receivable from cash and liquid deposits	93,584	62,642
<b>Total loan interest receivable and similar income</b>	<b><u>208,562</u></b>	<b><u>168,602</u></b>

## FALKIRK DISTRICT CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

**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.

		<b>2024</b>	<b>2023</b>
		£	£
Interest paid during the year		<u>26,077</u>	<u>0</u>
Dividend rate		1.00%	0.00%
Interest proposed, but not recognised		<u>42,000</u>	<u>28,000</u>
Dividend rate		1.50%	1.00%
<b>6 Fees and commissions receivable</b>		<b>2024</b>	<b>2023</b>
		£	£
Entrance fees		296	322
Annual service charge		8,948	8,914
Card fees and commission		233	330
<b>Total fees and commissions receivable</b>		<b><u>9,477</u></b>	<b><u>9,566</u></b>
<b>7 Other Income</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
		£	£
Capital grants released		5,701	8,680
Revenue Grants released	Other revenue grants	324	901
	Social Investment Scotland	6,713	6,485
Donations & Other Income		248	0
		<u>12,986</u>	<u>16,066</u>
<b>8 Expenses</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
		£	£
Administrative expenses	8a	76,317	75,474
Depreciation and amortisation	11a	7,275	11,239
Other operating expenses	8b	34,878	41,349
		<u>118,470</u>	<u>128,062</u>
<b>8a Administrative Expenses</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
		£	£
Employment costs	9b	48,103	48,975
Training and Conference		836	724
Directors, Staff and Volunteer staff expenses		583	702
Auditors remuneration	8c	5,460	3,240
Telephone		2,343	2,560
Computer maintenance		14,604	13,487
Legal and Professional		216	210
General expenses		362	424
Printing, Postage and Stationery		1,816	2,933
Other insurance		1,994	1,898
<b>Total Administrative Expenses</b>		<b><u>76,317</u></b>	<b><u>75,474</u></b>

## FALKIRK DISTRICT CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

<b>8b Other Operating Expenses</b>	<b>2024</b>	<b>2023</b>
<b>Cost of occupying offices (excluding depreciation)</b>	£	£
Rent, Rates and Water	1,564	650
Cleaning	955	953
Repairs and Maintenance	139	84
Heating and Lighting	3,257	1,954
Other occupancy costs	1,157	1,274
	<u>7,072</u>	<u>4,915</u>
<b>Regulatory and financial management costs</b>		
Financial Conduct Authority, Prudential Regulation Authority Fees and FSCS Levies	516	267
National Body Dues	4,072	4,010
Fidelity Insurance	2,419	2,419
Loan Protection and life savings insurance	19,473	28,428
Debt recovery and credit searches	1,326	1,310
	<u>27,806</u>	<u>36,434</u>
<b>Total Other operating Expenses</b>	<b><u>34,878</u></b>	<b><u>41,349</u></b>

**8c Auditors remuneration**

The Credit Union voluntarily presents an analysis of its auditors' remuneration in accordance with Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.

	<b>2024</b>	<b>2023</b>
	£	£
Fees payable for the audit of the Credit Union's annual accounts	5,370	3,150
Fees payable to the Credit Union's Auditor for other services: Services relating to taxation	90	90
<b>Total Auditors remuneration</b>	<b><u>5,460</u></b>	<b><u>3,240</u></b>

**9 Employees and employment costs****9a Number of employees**

The average monthly number of employees during the year were:

	<b>2024</b>	<b>2023</b>
	Number	Number
Office staff	<u>3</u>	<u>4</u>

**9b Employment costs**

	<b>2024</b>	<b>2023</b>
	£	£
Wages and salaries	46,400	47,858
Payments to defined contribution pension schemes	1,703	1,117
<b>Total employment costs</b>	<b><u>48,103</u></b>	<b><u>48,975</u></b>

The Directors of the Credit Union are all unpaid volunteers. The key management team for the Credit Union includes the credit union manager.

	<b>2024</b>	<b>2023</b>
	£	£
Short term employee benefits	16,112	14,634
Payments to defined contribution pension schemes	682	538
<b>Total key management personnel compensation</b>	<b><u>16,794</u></b>	<b><u>15,172</u></b>

Short-term employee benefits include wages, salaries, social security contributions and paid annual leave.

**10 Taxation****10a Recognised in the Revenue Account**

The taxation charge for the year, based on the main rate of Corporation Tax of 25% and reduced by marginal relief (2023 25% and reduced by marginal relief) comprised:

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		£	£
Current tax			
UK Corporation tax	10b	21,049	12,383
<b>Total current tax and total taxation expense recognised in the Revenue Account</b>		<b><u>21,049</u></b>	<b><u>12,383</u></b>

## FALKIRK DISTRICT CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

**10b Reconciliation of taxation expense**

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, tax charge for the year differs from the standard rate of corporation tax. The differences are explained below:

	<b>2024</b>	<b>2023</b>
	£	£
Surplus Before Taxation	<u>69,940</u>	<u>56,580</u>
Surplus before taxation multiplied by the main rate of corporation tax in the UK of 25% and reduced by marginal relief (2023 25% and reduced by marginal relief)	14,784	12,452
Effects of:		
Non-taxable deficit/(surplus) on transactions with members	<u>6,265</u>	<u>(69)</u>
<b>Total tax charge for the year</b>	<u><b>21,049</b></u>	<u><b>12,383</b></u>

**11a Tangible Fixed Assets**

Tangible Fixed Assets comprise the following property, plant and equipment:

	Note	Property	Computers and Software	Fixtures and Fittings	Total
Cost or Valuation		£	£		
As at 1 October 2023	11b	40,000	67,387	3,787	<b>111,174</b>
Additions		0	1,310	0	<b>1,310</b>
Additions on acquisition	18	0	11,812	661	<b>12,491</b>
Revaluation	11b	10,000	0	0	<b>10,000</b>
Disposals		0	(340)	0	<b>(340)</b>
<b>As at 30 September 2024</b>		<u><b>50,000</b></u>	<u><b>80,169</b></u>	<u><b>4,448</b></u>	<u><b>134,635</b></u>
<b>Depreciation</b>					
As at 1 October 2023		5,559	62,529	3,030	<b>71,118</b>
On acquisition	18	0	11,757	243	<b>12,018</b>
Charge for the year		1,610	4,886	779	<b>7,275</b>
Revaluation	11b	(5,559)	0	0	<b>(5,559)</b>
Charge on disposal		0	(227)	0	<b>(227)</b>
<b>As at 30 September 2024</b>		<u><b>1,610</b></u>	<u><b>78,945</b></u>	<u><b>4,052</b></u>	<u><b>84,625</b></u>
<b>Net Book Value</b>					
<b>As at 30 September 2024</b>		<u><b>48,390</b></u>	<u><b>1,224</b></u>	<u><b>396</b></u>	<u><b>50,010</b></u>
As at 30 September 2023		<u>34,441</u>	<u>4,858</u>	<u>757</u>	<u><b>40,056</b></u>

**11b Revaluation of property**

A revaluation of the property situated at 4 Station Road, Grangemouth was carried out by Shepherd, Chartered Surveyors of 11 Gladstone Place, Stirling on 5 September 2024, who have valued this property at **£50,000**. The valuation resulted in an additional gain of **£16,580**.



## FALKIRK DISTRICT CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

**12 Loans and advances to members**

<b>12a Loans and advances to members</b>		<b>Note</b>	<b>2024</b>	<b>2023</b>
			£	£
As at 1 October 2023			830,181	796,206
Loans on Acquisition		18	218,664	0
Advanced during the year			689,896	681,596
Interest receivable			114,978	105,960
Repaid during the year			(828,739)	(748,673)
<b>Gross loans and advances to members</b>		<b>12b</b>	<b>1,024,980</b>	<b>835,089</b>
Impairment losses:				
Individual financial assets		12b, 12e	(41,735)	(4,908)
Groups of financial assets		12d	(36,133)	(60,569)
		12c	(77,868)	(65,477)
<b>As at 30 September 2024</b>			<b>947,112</b>	<b>769,612</b>
<b>12b Memorandum - Total loan assets regulatory purposes</b>		<b>Note</b>	<b>2024</b>	<b>2023</b>
			£	£
Gross loans and advances to members			1,024,980	835,089
Impairment of individual financial assets			(41,735)	(4,908)
<b>Total loan assets for regulatory purposes</b>		<b>16b</b>	<b>983,245</b>	<b>830,181</b>

**12c Credit risk disclosures**

The credit union does not offer mortgages and as a result all loans to members are unsecured, except where 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. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>Proportion</b>	<b>Amount</b>	<b>Proportion</b>
<b>Not impaired:</b>				
Neither past due nor impaired	859,361	83.84%	679,407	81.35%
Up to 3 months past due	83,740	8.17%	72,062	8.63%
Between 3 and 6 months past due	0	0.00%	0	0.00%
Between 6 and 9 months past due	0	0.00%	0	0.00%
Between 9 months and 1 year past due	0	0.00%	0	0.00%
Over 1 year past due	0	0.00%	0	0.00%
<b>Sub-total: loans not impaired</b>	<b>943,101</b>	<b>92.01%</b>	<b>751,469</b>	<b>89.98%</b>
<b>Individually impaired:</b>				
Not yet past due, but impaired	0	0.00%	0	0.00%
Up to 3 months past due	0	0.00%	0	0.00%
Between 3 and 6 months past due	1,838	0.18%	12,724	1.52%
Between 6 and 9 months past due	3,852	0.38%	1,890	0.23%
Between 9 months and 1 year past due	7,382	0.72%	1,629	0.20%
Over 1 year past due	68,807	6.71%	67,377	8.07%
<b>Total loans</b>	<b>1,024,980</b>	<b>7.99%</b>	<b>835,089</b>	<b>10.02%</b>
<b>Impairment allowance</b>	<b>(77,868)</b>		<b>(65,477)</b>	
<b>Total carrying value</b>	<b>947,112</b>		<b>769,612</b>	

Factors that are considered in determining whether loans are impaired are discussed in note 3.

## FALKIRK DISTRICT CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

12d Allowance account for impairment losses	Note	2024	2023
		£	£
As at 1 October 2023		60,569	60,186
Allowance for losses made (reversed) during the year		(30,916)	383
Allowance on Acquisition	18	6,480	0
<b>Increase (decrease) in allowance during the year</b>	12e	<b>(24,436)</b>	<b>383</b>
<b>As at 30 September 2024</b>		<b><u>36,133</u></b>	<b><u>60,569</u></b>
<b>12e Impairment losses recognised for the year</b>		2024	2023
		£	£
Impairment of individual financial assets		41,735	4,908
Increase (decrease) in impairment allowances during the year		(30,916)	383
		<b>10,819</b>	<b>5,291</b>
Reversal of impairment where debts recovered		(337)	(1,424)
<b>Total impairment losses recognised for the year</b>		<b><u>10,482</u></b>	<b><u>3,867</u></b>
<b>13 Subscribed capital - financial liabilities</b>	Note	2024	2023
		£	£
As at 1 October 2023		2,739,441	2,875,164
Received during the year		1,554,393	1,648,922
Received on acquisition	18	531,961	0
Dividends paid during the year		26,077	0
Repaid during the year		(1,705,512)	(1,784,645)
<b>As at 30 September 2024</b>		<b><u>3,146,360</u></b>	<b><u>2,739,441</u></b>

Deposits from members are made by way of subscription for shares. The balance includes deposits made by juvenile members - £175,584 (2023 - £156,573).

14 Other payables	Note	2024	2023
		£	£
UK Corporation tax		21,050	12,383
Deferred tax		0	1,022
Accruals and deferred income		5,867	3,268
Revenue Grants carried forward	SIS	79,982	87,824
	SIS on Acquisition	9,401	0
	Other revenue grants	0	324
Capital grants carried forward		1,224	5,615
		<b><u>117,524</u></b>	<b><u>110,436</u></b>

**15 Grants carried forward**

To assist the future impact of the current global pandemic and to temporarily boost regulatory capital, in the 2020 financial year the credit union received a subordinated loan of **£35,000** from Social Investment Scotland's (SIS) Credit Union Resilience fund. This loan was repaid on the 26 March 2021 and a grant of **£125,000** was issued. **£1,050** (2023 - £1,050) which was spent on capital expenditure to be released in accordance with our fixed asset policy and **£6,533** (2023 £6,485) has been included in income during the year. The remaining **£79,982** (2023 £87,824) is carried forward on the balance sheet to be included as income in future years.

A further **£9,581** in SIS funding was brought in from the acquisition of Clackmannshire Credit Union (see note 18). This was granted for the same purpose as the initial funding to the credit union. From the balance brought in, a further **£180** has been included in income during the year. The remaining **£9,401** is carried forward on the balance sheet to be included as income in future years.

## FALKIRK DISTRICT CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

**16 Additional financial instruments disclosures****16a 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 the 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 payment has changed. The Credit Union also monitors its banking arrangements closely in light of the current banking situation.

**Liquidity risk:** The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it meets its liabilities as they fall due. The objective of the Credit Union's 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. Note 2 provides further details about the impact of the maturity mismatch on the going concern status of the Credit Union.

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

**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 the Credit Union is not exposed to any form of *currency risk* or *other price risk*.

**16b Interest rate risk disclosures**

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

	2024		2023	
	Amount	Average Interest Rate	Amount	Average Interest Rate
Financial assets	£	%	£	%
Loans to members	983,245	12.68%	830,181	13.03%

The interest rates applicable to loans to members are fixed and range from 5.9% to 24% per annum.

**16c Liquidity risk disclosures**

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

**16d Fair value of financial instruments**

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

**17 Cash and cash equivalents**

	2024	2023
	£	£
Loans and advances to banks	2,615,989	2,245,516
Less: amounts maturing after three months	(1,860,000)	(1,953,226)
<b>Total cash and cash equivalents</b>	<b>755,989</b>	<b>292,290</b>

**FALKIRK DISTRICT CREDIT UNION LTD**

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

**18 Merger with Clackmannanshire Credit Union Ltd**

On 30 July 2024 the Financial Conduct Authority approved the transfer of engagements with Clackmannanshire Credit Union Ltd. After incorporating the assets and liabilities, this resulted in a gain on acquisition of **£89,609**, which is presented in Other Comprehensive income.

**19 Post balance sheet events**

On 21 October 2024 the Financial Conduct Authority approved the transfer of engagements of St Francis Xavier and St Mary's Credit Union Ltd. The assets and liabilities of this credit union shall be incorporated during the 2024-2025 financial year.

**20 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) has 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.

**21 Related Party Transactions**

During the year, 6 members of the board, staff, volunteers and 4 of their close family members, had or were issued with loans with the Credit Union (2023 - 16 Members). These loans were approved on the same basis as loans to other members of the Credit Union. None of the directors, staff, volunteers and close family members have any preferential terms on their loans.

A former director at the Credit Union was also a director with Scottish League of Credit Unions (SLCU) a national trade association. The credit union is affiliated with SLCU and have paid £4,462 in conference fees and annual subscriptions (2023 £4,734).

**22 Non-audit services**

In common with many other Credit Unions of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist us with the preparation of the financial statements.