

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Firm Reference No 213756

Registered No IP00658C

**DIRECTORS REPORT AND
FINANCIAL STATEMENTS**

FOR THE 18 MONTH PERIOD ENDING

31ST MARCH 2024

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

ADMINISTRATIVE INFORMATION

Directors	Ruth Wailes Julie Mansfield Les Abbie Graham Evans Dominic Williams Robert Finch Michael Kitching
Secretary	Julie Mansfield
Society Registration Number	IP00658C
Financial Conduct Authority Registration Number	213756
Registered Office	61-63 Austin Street Ipswich Suffolk IP2 8DF
Auditors	Lindley Adams Limited Chartered Accountants and Statutory Auditors 28, Prescott Street Halifax, HX1 2LG
Bankers	The Co-operative Bank Plc P.O. Box 101, 1 Balloon Street Manchester M60 4EP Suffolk Building Society PO Box 547 Ipswich IP3 9WZ Cambridge & Counties Bank Charnwood Court 5B New Walk Leicester, LE1 6TE Lloyds Bank Plc 25 Gresham Street London EC2 7HN

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

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EASTERN SAVINGS AND LOANS CREDIT UNION LTD**DIRECTORS' REPORT
FOR THE 18 MONTH PERIOD ENDING 31ST MARCH 2024**

The Directors present their report and the financial statements for the 18-month period ending 31st March 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 18-month period, after taxation, amounted to £108,976 (2022 - £41,693 (12-month period)). In addition, there were 3,255 (2022 - 3,376) adult members with 1,595 (2022 - 1,261) members holding loans with the Credit Union.

The Directors have approved the payment of 2.25% junior interest and recommend the payment of a 1.5% dividend for adult and corporate members at the period end date of 31st March 2024. This will be voted upon at the Annual General Meeting.

Directors

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

Sally Chicken - resigned February 2024
Ruth Wailes
Julie Mansfield
Les Abbie
Graham Evans
Dominic Williams
Mandy Errington - resigned November 2023
Robert Finch - April 2023
Michael Kitching - April 2023

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 15 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 31/07/24 and signed on its behalf by:

Name of Director 1: RUTH WAILLES

Signature Ruth Wailles

Name of Director 2: GRAHAM EVANS

Signature Graham Evans

REPORT OF THE INDEPENDENT AUDITOR TO EASTERN SAVINGS AND LOANS CREDIT UNION LTD

OPINION

We have audited the financial statements of Eastern Savings and Loans Credit Union Ltd (the 'credit union') for the 18 month period ending 31 March 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 31 March 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 18 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.

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;
- 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 correspondence from professional advisors and regulators;
- 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:

- Inadequate internal controls, resulting from: management override, lack of oversight, segregation in duties or supervisory controls;
- Inadequate record keeping, resulting from: lack of complete and timely reconciliations of bank or cash or a lack of timely and appropriate documentation of transactions;
- Evidence of past or suspected fraud in the credit union;
- A high turnover of senior management or key staff;
- High volumes of cash being handled and processed;

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. 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.....

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Revenue Account for the period 1 October 2022 to 31 March 2024

	Note	2024 £	2022 £
Loan Interest receivable and similar income	4	358,838	169,405
Interest payable	5	<u>(7,066)</u>	<u>(3,319)</u>
Net interest income		351,772	166,086
Fees and commissions receivable	6	65,646	40,799
Fees and commissions payable		<u>(18,852)</u>	<u>(9,963)</u>
Net fees and commissions receivable		46,794	30,836
Other income	7	93,303	62,309
Administrative expenses	8a	(287,164)	(161,056)
Depreciation and amortisation	11	(4,377)	(3,026)
Other operating expenses	8b	(74,530)	(37,847)
Impairment losses on loans to members	12e	(7,102)	(14,309)
		<u>118,696</u>	<u>42,993</u>
Surplus Before Taxation		118,696	42,993
Taxation		(9,720)	(1,300)
		<u>108,976</u>	<u>41,693</u>
Surplus for the Financial Year		108,976	41,693
		<u>108,976</u>	<u>41,693</u>
Total comprehensive income		108,976	41,693

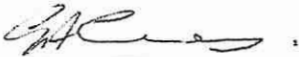
Note: There is no comprehensive income other than those included on the Revenue Account.

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Balance Sheet as at 31 March 2024

	Note	2024 £	2022 £
ASSETS			
Loans and advances to banks	16	1,394,990	1,475,212
Loans and advances to members	12	714,414	554,110
Tangible fixed assets	11	21,269	2,596
Prepayments and accrued income		22,424	12,318
Total assets		2,153,097	2,044,236
LIABILITIES			
Subscribed capital - repayable on demand	13	1,575,947	1,689,174
Other payables	14	297,826	162,714
		1,873,773	1,851,888
Subordinated loan	20	13,000	35,000
Retained earnings		266,324	157,348
Total liabilities		2,153,097	2,044,236

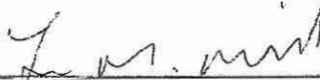
The financial statements were approved, and authorised for issue by the board on 31/07/24 and signed on its behalf by:



Director



Director



Secretary

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Statement of Changes in Retained Earnings for the period 1 October 2022 to 31 March 2024

	Note	2024 £	2022 £		
As at 1 October 2022		157,348	115,655		
Total comprehensive income for the year		108,976	41,693		
As at 31 March 2024		266,324	157,348		
Movement in reserves					
	Retained earnings				
	General reserve	Deferred Shares reserve	Lloyds Development Fund	Dividend Reserve	Total Reserves
As at 1 October 2022	46,591	3,500	100,000	7,257	157,348
Surplus for year	108,976	0	0	0	108,976
Other movements	107,257	0	(100,000)	(7,257)	0
As at 31 March 2024	262,824	3,500	0	0	266,324

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Cash flow statement for the period 1 October 2022 to 31 March 2024

	Note	2024 £	2022 £
Cash Flows from operating activities			
Surplus/(Deficit) before taxation		118,696	42,993
Adjustments for non-cash items			
Depreciation	11	4,377	3,026
Subordinated loan	20	(22,000)	(13,000)
Impairment losses	12e	11,489	16,676
		<u>(6,134)</u>	<u>6,702</u>
 Movements in:			
Prepayments and accrued income		(10,106)	4,479
Other payables		135,112	10,261
		<u>125,006</u>	<u>14,740</u>
 Cash flows from changes in operative assets and liabilities			
Cash inflow from subscribed capital	13	8,679,180	5,386,795
Cash outflow from repaid capital	13	(8,792,407)	(5,443,448)
New loans to members	12a	(1,425,088)	(682,819)
Repayment of loans by members	12a	1,253,295	717,573
		<u>(285,020)</u>	<u>(21,899)</u>
Taxation paid		(9,720)	(1,300)
Net Cash flows from operating activities		<u>(57,172)</u>	<u>41,236</u>
 Cash flows from investing activities			
Purchase of property, plant and equipment	11	(23,050)	0
Net cash flow from managing liquid deposits	16	(28,059)	(502,100)
		<u>(51,109)</u>	<u>(502,100)</u>
 Net decrease in cash and cash equivalents		<u>(108,281)</u>	<u>(460,864)</u>
Cash and cash equivalents at beginning of the year		973,112	1,433,976
 Cash and cash equivalents at end of year	16	<u>864,831</u>	<u>973,112</u>

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Notes to the Financial Statements for the period 1 October 2022 to 31 March 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 share 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 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	2022
The relevant ratios are:-	12.97%	9.41%

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.

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.

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. Deferred grants and funding in respect of revenue items are credited to the income and expenditure account over the period to which they relate or to match the relevant expenditure. 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.

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Notes to the Financial Statements for the period 1 October 2022 to 31 March 2024 (continued)

2 Accounting policies (cont.)

Tangible fixed assets

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

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value, on a straight line basis over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Office equipment & furniture	4 years
Computers, software and hardware	3 years
Building alterations	10 years

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.

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 accumulation of surplus and deficits to date.

Operating lease commitments

Rentals paid under operating leases are charged to the Revenue Account on a straight line basis over the period of the lease.

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Notes to the Financial Statements for the period 1 October 2022 to 31 March 2024 (continued)

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	2024	2022
	£	£
Loan interest receivable from members	307,678	162,564
Bank interest receivable from cash and liquid deposits	51,160	6,841
Total loan interest receivable and similar income	<u>358,838</u>	<u>169,405</u>

5 Interest expense

The adult and corporate members interest expense is paid for the prior year. The interest is agreed by the Board of Directors after the year end. As a result it does not represent a liability at the balance sheet date.

	2024	2022
	£	£
Adult and corporate interest paid	7,066	2,075
Junior interest paid during the year	<u>1,951</u>	<u>1,244</u>
Adult and corporate interest rate	0.50%	0.15%
Junior interest rate	1.50%	1.00%
Adult and corporate members interest proposed, but not recognised	17,976	7,257
Junior interest	<u>2,535</u>	<u>2,008</u>
Adult and corporate members interest rate (annual rate)	1.00%	0.50%
Junior interest rate (annual rate)	1.50%	1.50%

6 Fees and commissions receivable	2024	2022
	£	£
Entrance fees	4,721	2,453
Member service charges	52,019	31,824
Other fees	8,906	6,522
Total fees and commissions receivable	<u>65,646</u>	<u>40,799</u>

7 Other Income	2024	2022
	£	£
Grants released	39,823	16,668
Service level agreement income	41,810	35,070
Donations and other income	11,670	10,571
	<u>93,303</u>	<u>62,309</u>

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Notes to the Financial Statements for the period 1 October 2022 to 31 March 2024 (continued)

8 Expenses	Note	2024	2022
		£	£
Administrative expenses	8a	287,164	161,056
Depreciation and amortisation	11	4,377	3,026
Other operating expenses	8b	74,530	37,847
		<u>366,071</u>	<u>201,929</u>
8a Administrative Expenses	Note	2024	2022
		£	£
Employment costs	9b	180,535	108,980
Training and Conference		82	360
Advertising and Publicity		40,650	17,712
Directors & Volunteers expenses		0	748
Auditors remuneration	8c	10,440	6,300
Telephone		4,518	3,127
Computer costs		31,486	15,013
General expenses		4,665	1,917
Printing, Postage and Stationery		8,945	4,640
Loan fees		3,000	2,030
Other insurances		365	229
Junior interest		2,478	0
Total Administrative Expenses		<u>287,164</u>	<u>161,056</u>
8b Other Operating Expenses		2024	2022
Cost of occupying offices (excluding depreciation)		£	£
Rents and Rates		19,425	9,215
Cleaning		297	146
Repairs and Maintenance		1,799	471
Heating and Lighting		4,559	1,872
		<u>26,080</u>	<u>11,704</u>
Regulatory and financial management costs			
Financial Conduct Authority and Prudential Regulation Authority Fees and FSCS fee		469	308
National Body Dues		2,881	3,540
Fidelity Insurance		2,680	1,787
Loan Protection and life savings insurance		17,830	9,029
Debt recovery fees & credit checks		24,590	11,479
		<u>48,450</u>	<u>26,143</u>
Total Other operating Expenses		<u>74,530</u>	<u>37,847</u>

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Notes to the Financial Statements for the period 1 October 2022 to 31 March 2024 (continued)

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.

	2024	2022
	£	£
Fees payable for the audit of the Credit Union's annual accounts	10,350	6,210
Fees payable to the Credit Union's Auditor for other services:		
Services relating to taxation	90	90
Total Auditors remuneration	10,440	6,300

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

The average monthly number of employees during the year were:

	2024	2022
	Number	Number
Office staff	7	7

9b Employment costs

	2024	2022
	£	£
Wages and salaries	171,490	104,413
Social security costs	6,024	2,943
Payments to defined contribution pension schemes	3,021	1,624
Total employment costs	180,535	108,980

9c Key Management Remuneration

The Directors of the Credit Union are all unpaid volunteers. The key management team for the Credit Union includes the credit union chief executive officer and 2 senior staff member (2022: chief executive officer and 1 senior staff member).

	2024	2022
	£	£
Short term employee benefits	112,876	57,730
Payments to defined contribution pension schemes	2,343	1,176
Total key management personnel compensation	115,219	58,906

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 small profits rate of Corporation Tax of 19% (2022 19%) comprised:

	Note	2024	2022
		£	£
Current tax			
UK Corporation tax	10b	9,720	1,300
Total current tax and total taxation expense recognised in the Revenue Account		9,720	1,300

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Notes to the Financial Statements for the period 1 October 2022 to 31 March 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 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:

	2024 £	2022 £
Surplus Before Taxation	<u>118,696</u>	<u>42,993</u>
Surplus before taxation multiplied by main rate of corporation tax in the UK of 25% and reduced by marginal relief(2022 19%)	26,623	8,169
Effects of:		
Non-taxable surplus on transactions with members	<u>(16,903)</u>	<u>(6,869)</u>
Total tax charge for the year	<u>9,720</u>	<u>1,300</u>

11 Tangible Fixed Assets

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

	Office equip & furniture	Building alterations	Computers, software and hardware	Total
Cost	£	£	£	
As at 1 October 2022	4,118	54,705	30,548	89,371
Additions	0	0	23,050	23,050
Disposals	0	0	(18,449)	(18,449)
As at 31 March 2024	<u>4,118</u>	<u>54,705</u>	<u>35,149</u>	<u>93,972</u>
Depreciation				
As at 1 October 2022	4,118	52,690	29,967	86,775
Charge for the year	0	907	3,470	4,377
Charge on disposal	0	0	(18,449)	(18,449)
As at 31 March 2024	<u>4,118</u>	<u>53,597</u>	<u>14,988</u>	<u>72,703</u>
Net Book Value				
As at 31 March 2024	<u>0</u>	<u>1,108</u>	<u>20,161</u>	<u>21,269</u>
As at 30 September 2022	<u>0</u>	<u>2,015</u>	<u>581</u>	<u>2,596</u>

12 Loans and advances to members**12a Loans and advances to members**

	Note	2024 £	2022 £
As at 1 October 2022		838,273	935,086
Advanced during the year		1,425,088	682,819
Interest receivable		307,678	162,564
Repaid during the year		<u>(1,560,973)</u>	<u>(880,137)</u>
Gross loans and advances to members	12b	<u>1,010,066</u>	<u>900,332</u>
Impairment losses:			
Individual financial assets	12b, 12e	(77,354)	(62,059)
Groups of financial assets	12d	<u>(218,298)</u>	<u>(284,163)</u>
	12c	<u>(295,652)</u>	<u>(346,222)</u>
As at 31 March 2024		<u>714,414</u>	<u>554,110</u>

12b Memorandum - Total loan assets regulatory purposes

	Note	2024 £	2022 £
Gross loans and advances to members		1,010,066	900,332
Impairment of individual financial assets		<u>(77,354)</u>	<u>(62,059)</u>
Total loan assets for regulatory purposes	15b	<u>932,712</u>	<u>838,273</u>

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Notes to the Financial Statements for the period 1 October 2022 to 31 March 2024 (continued)

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. In addition to this, loans are secured by loan guarantee funds (total £78,130, 2022: £72,367):

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.

	2024		2022	
	Amount	Proportion	Amount	Proportion
Not impaired:				
Neither past due nor impaired	640,683	63.43%	511,037	56.77%
Up to 3 months past due	59,606	5.90%	36,141	4.01%
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%
Sub-total: loans not impaired	700,289	69.33%	547,178	60.78%
Individually impaired:				
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	12,909	1.28%	8,387	0.93%
Between 6 and 9 months past due	10,163	1.01%	3,953	0.44%
Between 9 months and 1 year past due	7,994	0.79%	17,029	1.89%
Over 1 year past due	278,711	27.59%	323,785	35.96%
Sub-total: loans individually impaired	309,777	30.67%	353,154	39.22%
Total loans	1,010,066	100.00%	900,332	100.00%
Impairment allowance	(295,652)		(346,222)	
Total carrying value	714,414		554,110	

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

12d Allowance account for impairment losses	Note	2024	2022
		£	£
As at 1 October 2022		284,163	329,546
Allowance for losses made/(reversed) during the year		43,985	50,277
Allowances reversed during the year		(109,850)	(95,660)
Decrease in allowance during the year	12e	(65,865)	(45,383)
As at 31 March 2024		218,298	284,163
12e Impairment losses recognised for the year		2024	2022
		£	£
Impairment of individual financial assets		77,354	62,059
Decrease in impairment allowances during the year		(65,865)	(45,383)
		11,489	16,676
Reversal of impairment where debts recovered		(4,387)	(2,367)
Total impairment losses recognised for the year		7,102	14,309

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Notes to the Financial Statements for the period 1 October 2022 to 31 March 2024 (continued)

	2024	As restated 2022
	£	£
13 Subscribed capital - financial liabilities		
As at 1 October 2022	1,689,174	1,745,827
Received during the year	8,672,114	5,383,490
Interest paid during the year	7,066	3,305
Repaid during the year	(8,792,407)	(5,443,448)
As at 31 March 2024	<u>1,575,947</u>	<u>1,689,174</u>

Deposits from members made by way of subscription for shares. The balance includes deposits made by juvenile depositors - £132,314 (2022 - £145,092).

	2024	2022
	£	£
14 Other payables		
UK Corporation tax	9,720	1,300
Creditors and accruals	25,323	19,146
Subordinated loan	52,000	30,000
Loan Guarantee Funds	203,899	105,143
Grants carried forward: Revenue	6,884	7,125
	<u>297,826</u>	<u>162,714</u>

15 Additional financial instruments disclosures**15a 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.

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*.

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.

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Notes to the Financial Statements for the period 1 October 2022 to 31 March 2024 (continued)

15b Interest rate risk disclosures

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

	2024		2022	
	Amount	Average Interest Rate	Amount	Average Interest Rate
	£	%	£	%
Financial assets				
Loans to members	1,010,066	21.47%	900,332	16.83%

The interest rates applicable to loans to members are fixed and range from 6% (6.17% APR) to 36% (42.58% APR).

15c 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.

15d Fair value of financial instruments

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

16 Cash and cash equivalents

	2024	2022
	£	£
Loans and advances to banks	1,394,990	1,475,212
Less: amounts maturing after three months	(530,159)	(502,100)
Total cash and cash equivalents	864,831	973,112

17 Post balance sheet events

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

18 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.

19 Related Party Transactions

During the year, 22 members of the board, staff, volunteers, their close family members and connected corporate members held shares with the credit union (2022: 22 members). No members from the board, staff, volunteers or their close family members, had loans with the Credit Union (2022: 0 members).

20 Subordinated Loan

The credit union has two subordinated debts totalling £65,000 to strengthen the credit unions regulatory capital. The debt of £45,000 has a maturity date of 31.03.2025 whilst the second debt of £20,000 matures on 31.07.2024. These are presented in accordance with the PRA rulebook, rule 8.2 (5). The loans are written down from capital by 20% over the final four years to maturity, the impact on regulatory capital is set out below:

		2024	2022
		£	£
Regulatory capital is made up of:	Retained earnings	266,324	157,348
	Subordinated loan	13,000	35,000
	CAPITAL	279,324	192,348
This is divided by:	TOTAL ASSETS	2,153,097	2,044,236
CAPITAL TO TOTAL ASSETS RATIO (A / B x 100):		12.97%	9.41%

EASTERN SAVINGS AND LOANS CREDIT UNION LTD

Notes to the Financial Statements for the period 1 October 2022 to 31 March 2024 (continued)

21 Operating Lease Agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:	2024	2022
	£	£
Within one year	12,500	12,500
Within two and five years	2,083	20,833
More than five years	0	0
	<u>14,583</u>	<u>33,333</u>

22 Financial Commitments

The credit unions only financial commitments are the operating lease payments.

	2024	2022
	£	£
Contracted but not provided for in the financial statements	<u>14,583</u>	<u>33,333</u>

23 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.

22 Prior Year Adjustment

The prior year figures on the deposits and withdrawals in Subscribed Capital has been restated.

In the prior year the deposits and withdrawals included internal transfers between membership account numbers.

This was due to complications with the previous software and the way in which electronic transfers were accounted for.

These transfers have now been excluded from the figures

The previously stated deposits of £9,786,837 have been restated to £5,383,490

The previously stated withdrawals of £9,846,795 have been restated to £5,443,448