



Alexander Sloan

Accountants and Business Advisers

**EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

Registration No. 213810

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
CREDIT UNION INFORMATION

FCA number 213810

Registered Society number 730C

Directors Patricia Butler
Philip Fee
Simon Haslam
Gordon Thomas
Malcolm Wright
Tanya Noone (Appointed 20 March 2024)
Richard Payne (Appointed 18 November 2024)
Alexa Toms (Appointed 17 February 2025)

Secretary Philip Fee

Registered office CUBO
The Old Post Office
Victoria Street
Derby
Derbyshire
DE1 1EQ

Auditor Alexander Sloan LLP
180 St Vincent Street
Glasgow
G2 5SG

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EREWASH CREDIT UNION LIMITED TRADING AS DERBYSHIRE COMMUNITY BANK DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

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

Principal activity

The principal activity of the Credit Union continued to be that defined in the Credit Union Act 1979. The Credit Union's common bond covers anyone living or working in Derbyshire, or living with and being a relative of someone living or working in Derbyshire.

The Credit Union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Results and dividends

The results for the year are set out on page 6.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Adele Atkinson	(Resigned 18 December 2023)
Patricia Butler	
Philip Fee	
Simon Haslam	
Gordon Thomas	
Malcolm Wright	
Graham Bolton	(Resigned 19 August 2024)
Tanya Noone	(Appointed 20 March 2024)
Richard Payne	(Appointed 18 November 2024)
Alexa Toms	(Appointed 17 February 2025)

Compliance statement

Under the Prudential Regulation Authority rulebook the Board of Directors must report to the members at the Annual General Meeting on certain areas of compliance within the Credit Union. The Credit Union is therefore pleased to report that during the year the Credit Union has been in compliance with:

- Depositor Protection Rules 11, 12, 14 and the requirements of rule 15 that relate to rule 11;
- PRA Credit Union Rule 2.10 (fidelity bond insurance requirements); and
- The requirements of compliance under the PRA "additional activities".

Principal risks and uncertainties

The main financial risks of the Credit Union are set out in the notes to the financial statements.

EREWASH CREDIT UNION LIMITED TRADING AS DERBYSHIRE COMMUNITY BANK DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Statement of Directors responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Legislation requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the credit union and of the surplus or deficit of the credit union for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the credit union's transactions and disclose with reasonable accuracy at any time the financial position of the credit union and enable them to ensure that the financial statements comply with the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014. Directors 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.

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Credit Union's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Credit Union's auditor is aware of that information.

Auditor

A resolution for the re-appointment of Alexander Sloan as auditors of the Credit Union is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



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Simon Haslam

Director 5/3/2025

Date:

EREWASH CREDIT UNION LIMITED

TRADING AS DERBYSHIRE COMMUNITY BANK

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EREWASH CREDIT UNION LIMITED

Opinion

We have audited the financial statements of Erewash Credit Union Limited (the 'Credit Union') for the year ended 30 September 2024 which comprise the revenue account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30 September 2024 and of its surplus 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 Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the credit union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report have been prepared in accordance with applicable legal requirements.

**EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF EREWASH CREDIT UNION LIMITED**

Matters on which we are required to report by exception

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

- proper books of account have not been kept by the Credit Union in accordance with the requirements of the legislation; or
- a satisfactory system of control over transactions has not been kept by the Credit Union in accordance with the requirements of the legislation; or
- the Revenue Account and Balance Sheet are not in agreement with the books of account of the Credit Union; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the credit union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the credit union or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the credit union through discussions with management, and from our wider knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the credit union, including Corporate and Community Benefit Society legislation and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the credit union's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF EREWASH CREDIT UNION LIMITED**

Extent to which the audit was considered capable of detecting irregularities, including fraud

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with PRA, FCA and HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Credit Union's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Sloan LLP

Alexander Sloan LLP

5/3/2025

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**Accountants & Business Advisers
Statutory Auditor**

180 St Vincent Street
Glasgow
G2 5SG

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	2024 £	2023 £
Loan interest receivable and similar income	3	441,131	439,727
Interest payable and similar charges	4	(28,186)	(21,550)
Net interest receivable		412,945	418,177
Fees and commissions receivable	5	78	78
Fees and commissions payable	6	(1,861)	(1,770)
Net fees and commissions		(1,783)	(1,692)
Other operating income	7	-	10,405
Administrative expenses	8	(278,416)	(264,048)
Depreciation and amortisation		(689)	(1,135)
Other operating expenses	9	(33,434)	(31,598)
Impairment on loans for bad and doubtful debts	16	(91,078)	(91,774)
Surplus before taxation		7,545	38,335
Corporation tax	13	(1,568)	(444)
Surplus for the year		5,977	37,891

The Revenue Account has been prepared on the basis that all operations are continuing operations.

The notes on pages 11 to 26 form an integral part of these financial statements.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	2024	2023
	£	£
Surplus for the year	5,977	37,891
Other comprehensive income	-	-
Total comprehensive income for the year	<u>5,977</u>	<u>37,891</u>

The notes on pages 11 to 26 form an integral part of these financial statements.

**EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
BALANCE SHEET**

AS AT 30 SEPTEMBER 2024

	Notes	2024 £	2023 £
Assets			
Loans and advances to banks	14	581,281	540,459
Loans and advances to customers	15	1,436,734	1,522,997
Tangible assets	17	989	1,678
Prepayments		1,783	1,648
Total assets		2,020,787	2,066,782
Liabilities and reserves			
Customer accounts	18	1,560,778	1,608,613
Other liabilities	19	16,199	20,336
Accruals and deferred income	21	4,148	4,148
Provisions for liabilities	23	5,839	5,839
		1,586,964	1,638,936
General reserve		412,607	403,379
Other reserves		21,216	24,467
Total reserves		433,823	427,846
Total liabilities and reserves		2,020,787	2,066,782

5/3/2025

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

Pat Butler

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Patricia Butler

Director

Simon Mark Haslam

.....

Simon Haslam

Director

Phil Fee

.....

Philip Fee

Secretary

The notes on pages 11 to 26 form an integral part of these financial statements.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Appropriation Reserve £	General Reserve £	Total £
Balance at 1 October 2022	13,929	376,026	389,955
Year ended 30 September 2023:			
Surplus and total comprehensive income for the year	-	37,891	37,891
Other movements	10,538	(10,538)	-
Balance at 30 September 2023	24,467	403,379	427,846
Year ended 30 September 2024:			
Surplus and total comprehensive income for the year	-	5,977	5,977
Other movements	(3,251)	3,251	-
Balance at 30 September 2024	21,216	412,607	433,823

The notes on pages 11 to 26 form an integral part of these financial statements.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	£	2024 £	£	2023 £
Cash flows from operating activities					
Surplus for the period			5,977		37,891
Depreciation and amortisation	10	689		1,135	
Corporation tax expenses	13	1,568		444	
Provision movement	16	91,078		91,774	
Interest income on loans	3	(432,881)		(437,388)	
Distribution on members shares	4	28,186		21,550	
			(311,360)		(322,485)
Working capital adjustments					
Change in other receivables and prepayments		(135)		2,464	
Change in other liabilities		(5,261)		(2,650)	
Change in provisions		-		(1,567)	
Change in deferred income		-		(10,405)	
			(5,396)		(12,158)
Cash flows from changes in operating assets and liabilities					
Loan repayments less loans advanced	15	428,066		143,468	
Customer balance cash movement		(76,021)		(84,490)	
			352,045		58,978
Corporation tax paid			(444)		(782)
Net cash flow from operating activities			40,822		(238,556)
Net cash used in investing activities			-		-
Net increase/(decrease) in cash and cash equivalents			40,822		(238,556)
Cash and cash equivalents at beginning of year			540,459		779,015
Cash and cash equivalents at end of year			581,281		540,459

The notes on pages 11 to 26 form an integral part of these financial statements.

EREWASH CREDIT UNION LIMITED

TRADING AS DERBYSHIRE COMMUNITY BANK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

Background information

Erewash Credit Union Limited is registered in the UK as a society 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 Union Act 1979. The Credit Union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Co-operative and Community Benefit Societies Act 2014.

The financial statements are prepared in sterling, which is the functional currency of the credit union. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the credit union has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

Fees and charges receivable 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 complete.

Interest receivable on loans to members and bank interest are recognised using the effective interest rate basis and are calculated and accrued on a daily basis.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Electronic and electrical equipment	5 years straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of less than 8 days.

1.6 Financial instruments

The credit union has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments. Financial instruments are recognised in the credit union’s balance sheet when the credit union becomes party to the contractual provisions of the instrument.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include loans to members and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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 expected cash flows.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the credit union transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities

Basic financial liabilities, including members deposits are classified as debt and are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the credit union's contractual obligations expire or are discharged or cancelled.

1.7 Taxation

The tax expense for the period comprises current tax. Tax is recognised in the revenue account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from the surplus as reported in the revenue account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The credit union's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date. Any surplus on transactions with members of the credit union is excluded from taxable income.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

(Continued)

1.8 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the credit union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

2 Judgements and key sources of estimation uncertainty

In the application of the credit union's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Loan Impairment

The credit union assesses, at each reporting date, if there is objective evidence that any of its loans to customers are impaired. The loans are assessed collectively in groups that share similar credit-risk characteristics. 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.

LP/LS Insurance

The Credit Union makes provision for future death benefit claims. The Credit Union has made an estimate of the provision. The actual amounts required to be paid will depend on the life of members and their balances with the Credit Union.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

3 Interest receivable and similar income

	2024	2023
	£	£
Interest income on loans	432,881	437,388
Interest income on bank deposits	8,250	2,339
	<u>441,131</u>	<u>439,727</u>

4 Interest payable and similar charges

As shares are classed as a liability the dividend on these shares is classed as interest for accounting purposes under FRS 102:

	2024	2023
	£	£
Interest and similar charges paid during the period		
Dividend on dividend bearing shares	24,526	19,190
Interest paid on interest bearing shares	3,660	2,360
	<u>28,186</u>	<u>21,550</u>

The distributions on member's shares represents distributions paid in the year which were approved at the last Annual General Meeting. The distribution rates approved at the previous AGM were:

	2024	2023
	%	%
Distribution rates paid during year		
Ordinary member dividend	2.00	0.75
Corporate savers dividend	2.00	2.75
Junior savers dividend	2.00	2.75
	<u>2.00</u>	<u>2.75</u>

At the forthcoming Annual General Meeting the Directors will propose the following dividends based on the results for the current year. If approved these dividends will be included as a cost in next year's financial statements once they have been paid.

	2024	2023
	%	%
Dividend rates to be proposed at the Annual General Meeting		
Ordinary member dividend	2.00	2.00
Corporate savers dividend	2.00	2.00
Junior savers dividend	2.00	2.00
	<u>2.00</u>	<u>2.00</u>

5 Fees and commissions receivable

	2024	2023
	£	£
Service charges	78	78
	<u>78</u>	<u>78</u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

6	Fees and commissions payable		2024	2023
			£	£
	Bank charges		1,861	1,770
			<u> </u>	<u> </u>
7	Other operating income		2024	2023
			£	£
	Other income		-	10,405
			<u> </u>	<u> </u>
8	Administrative expenses		2024	2023
		Notes	£	£
	Staff costs	12	189,176	171,281
	External auditor's remuneration		10,000	7,800
	Member communication and advertising		5,798	5,048
	Legal, professional and credit control costs		31,539	26,083
	Computer and software expenses		30,804	38,230
	Travel costs		9	4,452
	General administration costs		11,090	11,154
			<u> </u>	<u> </u>
			278,416	264,048
			<u> </u>	<u> </u>
9	Other operating expenses		2024	2023
			£	£
	Regulatory costs		1,747	2,150
	Costs of occupying offices		31,687	29,448
			<u> </u>	<u> </u>
			33,434	31,598
			<u> </u>	<u> </u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

10 Operating surplus

	2024	2023
	£	£
Operating surplus for the year is stated after charging:		
Fees payable to the credit union's external auditor for the audit of the financial statements	10,000	7,800
Depreciation of owned tangible fixed assets	689	1,135
Operating lease charges	31,061	28,080
	<u>31,750</u>	<u>29,015</u>

11 Directors' remuneration

The average monthly number of Directors at the Credit Union during the year was:

	2024	2023
	Number	Number
	7	7
	<u>7</u>	<u>7</u>

The directors do not receive remuneration for their service to the Credit Union.

12 Staff costs

The average monthly number of persons employed by the credit union during the year was:

	2024	2023
	Number	Number
Administration and support staff	7	7
	<u>7</u>	<u>7</u>

Their aggregate remuneration comprised:

	2024	2023
	£	£
Wages and salaries	170,901	154,490
Social security costs	9,920	8,154
Pension costs	8,355	8,637
	<u>189,176</u>	<u>171,281</u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

13 Corporation tax

	£	£
Current tax		
UK corporation tax on taxable surplus for the current period	1,568	444

The actual charge for the year can be reconciled to the expected charge for the year based on the surplus or deficit and the standard rate of tax as follows:

	2024	2023
	£	£
Surplus before taxation	7,545	38,335
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2023: 19.00%)	1,434	7,284
Tax effect of income/expenditure not taxable in determining taxable surplus	134	(6,840)
Taxation charge for the year	1,568	444

14 Loans and advances to banks

	2024	2023
	£	£
Cash held at banks	581,281	540,459
Loans and advances to banks	581,281	540,459
Total cash and bank balances	581,281	540,459
Loans split by repayment period		
Cash and cash equivalents	581,281	540,459
	581,281	540,459

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

15 Loans and advances to customers

	Notes	2024 £	2023 £
Loan movement			
Opening balances		2,329,791	2,040,765
Interest on loans		432,881	437,388
Loans advanced during the period		1,096,464	1,327,963
Loans repaid during the period		(1,524,530)	(1,471,431)
Loans derecognised		(39,566)	(4,894)
		<u>2,295,040</u>	<u>2,329,791</u>
Loan impairment provisions	16	(858,306)	(806,794)
		<u>1,436,734</u>	<u>1,522,997</u>
Loans split by repayment period			
Capital repayments due within 1 year		1,620,150	1,611,764
Capital repayments due after 1 year		674,890	718,027
Loan impairment provisions	16	(858,306)	(806,794)
		<u>1,436,734</u>	<u>1,522,997</u>
Loans split by type			
Loans to members		2,295,040	2,329,791
Loan impairment provisions	16	(858,306)	(806,794)
		<u>1,436,734</u>	<u>1,522,997</u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

16 Loan impairment

	Write off Provision £	Arrears Provision £	Total Provisions £
Loan impairment provision			
Opening balances	596,187	210,607	806,794
Provision movement	84,501	(32,989)	51,512
	<u>680,688</u>	<u>177,618</u>	<u>858,306</u>
Closing balances	<u>680,688</u>	<u>177,618</u>	<u>858,306</u>

Under Financial Reporting Standard 102 (FRS 102), the criteria for derecognising (writing off a loan) is different from when the credit union would write off the loan for internal purposes. Loans written off by the Board that do not meet the criteria in FRS 102 for being derecognised are not written off in these financial statements. The loans the credit union feel should be written off but which do not meet the criteria in FRS 102 for being derecognised are fully provided in the write off provision which is shown above. As a result there is no net effect on the surplus or net assets of the credit union from this requirement of FRS 102.

	Notes	2024 £	2023 £
Impairment revenue account charge			
Impairment provision movement		51,512	86,880
Bad debts derecognised	15	39,566	4,894
		<u>91,078</u>	<u>91,774</u>

17 Tangible fixed assets

	Electronic and electrical equipment £
Cost	
At 1 October 2023 and 30 September 2024	6,293
Depreciation and impairment	
At 1 October 2023	4,615
Depreciation charged in the year	689
	<u>5,304</u>
At 30 September 2024	<u>5,304</u>
Carrying amount	
At 30 September 2024	989
	<u>989</u>
At 30 September 2023	<u>1,678</u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

18 Customer accounts

	2024	2023
	£	£
Deposit movement		
Opening balances	1,608,613	1,671,553
Deposited during the period	2,974,782	2,879,990
Withdrawn during the period	(3,022,617)	(2,942,930)
	<u>1,560,778</u>	<u>1,608,613</u>
 Deposits split by type		
Standard dividend bearing member shares	1,167,938	1,149,682
Standard interest bearing member shares	210,620	280,850
Corporate dividend bearing shares	132,519	130,426
	<u>1,511,077</u>	<u>1,560,958</u>
Juvenile member deposits	49,701	47,655
	<u>1,560,778</u>	<u>1,608,613</u>

19 Other liabilities

	2024	2023
	£	£
Corporation tax	1,568	444
Other taxation and social security	-	3,455
Other creditors	3,971	1,909
Accruals and deferred income	10,660	14,528
	<u>16,199</u>	<u>20,336</u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

20 Financial risk management

The credit union manages its shares and loans so that it earns income from the margin between interest receivable and interest payable (including dividends paid).

The main financial risks arising from the activities of the credit union are credit risk, liquidity risk and market risk. The Board reviews and agrees policies for managing each of these risks which are summarised below:

Credit risk

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayment to the credit union, resulting in financial loss to the credit union. In order to manage this risk the Board approves the 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 the likelihood of repayment has changed. The credit union also monitors its banking arrangements for credit risk.

Liquidity risk

The policy of the credit union is to maintain sufficient funds in liquid form at any time to ensure that it can meet its liabilities as they fall due and meet the liquidity ratios set by the regulators. The objective of the policy is to provide a degree of protection against any unexpected developments that may arise.

Market risk

Market risk generally comprises of interest rate risk, currency risk and other price risk. The main risks impacting the credit union are set out below:

Interest rate risk: The main interest rate risk for the credit union arises between the interest rate exposure on loans, bank deposits and shares that form an integral part of a credit union's operations. The credit union considers rates of interest receivable when deciding on proposed dividend rates. Dividend rates are based on the historical results of the credit union and the credit union's strategic plans. The credit union does not use interest rate options to hedge its own positions.

Foreign Currency Risk: All transactions are carried out in sterling and therefore the credit union is not exposed to any form of foreign currency risk.

Other price risk: The credit union only holds investments in government securities and those with credit institutions that meet the criteria of Chapter 6 of the PRA rulebook. The credit union monitors the investments throughout the year.

21 Deferred income

	2024	2023
	£	£
Opening balance	4,148	14,553
Release in period	-	(10,405)
	<hr/>	<hr/>
Carried Forward	4,148	4,148
	<hr/> <hr/>	<hr/> <hr/>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

22 Retirement benefit schemes

	2024	2023
	£	£
Defined contribution schemes		
Charge to revenue account in respect of defined contribution schemes	8,355	8,637
	<u> </u>	<u> </u>

The credit union operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the credit union in an independently administered fund.

At the balance sheet date, pension contributions of £1,251 (2023: £1,031) were due to be paid by the credit union.

23 Provisions for liabilities

	2024	2023
	£	£
LP/LS Insurance Provision	5,839	5,839
	<u> </u>	<u> </u>

The Credit Union provides a level of death benefit protection for members. A provision is therefore made for the estimated cost based on the history of claims and claims known at the Balance Sheet date.

Movements on provisions:

	£
At 1 October 2023 and 30 September 2024	5,839
	<u> </u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

24 Credit risk on lending

The credit union holds the following security against its loans to members:

	2024	2023
	£	£
Security for loans		
Attached shares	286,530	308,460
	<u>286,530</u>	<u>308,460</u>

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. The status 'past due' includes any loan where payments are in arrears. The amount included is the entire loan amount and not just the overdue amount.

	2024	2023
	£	£
Loans not individually impaired		
Not past due	1,467,281	1,485,841
	<u>1,467,281</u>	<u>1,485,841</u>
Loans individually impaired		
Between 3 and 6 months past due	18,185	58,389
Between 6 months and 1 year past due	73,346	96,616
Over 1 year past due	55,540	92,758
Individually impaired and written off for internal purposes	680,688	596,187
	<u>827,759</u>	<u>843,950</u>
Total loans	2,295,040	2,329,791
Impairment allowance	(858,306)	(806,794)
	<u>1,436,734</u>	<u>1,522,997</u>

25 Credit risk on bank and investments

The credit union invests funds not yet actively deployed in the following investments:

	2024	2023
	£	£
Bank accounts	581,281	540,459
	<u>581,281</u>	<u>540,459</u>

The credit union believes the full amount of these investments is recoverable.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

26 Interest rates on financial instruments

The following table shows the interest earned during the year divided by the average loan balance and the dividend/interest paid during the year divided by the average share balance. The average balance is taken as the average of the opening and closing balances.

	2024		2023	
	Amount £	Interest rates in year %	Amount £	Interest rates in year %
Financial assets				
Loans to members	2,295,040	18.72%	2,329,791	20.02%
Loans and advances to banks	581,281	1.47%	540,459	0.35%
	<u>2,876,321</u>		<u>2,870,250</u>	
Financial liabilities				
Juvenile deposits	(49,701)	-	(47,655)	-
Dividend bearing shares	(1,300,457)	1.89%	(1,280,108)	1.50%
Interest bearing shares	(210,620)	1.49%	(280,850)	0.73%
	<u>(1,560,778)</u>		<u>(1,608,613)</u>	

27 Reserves

General Reserve

The general reserve represents the base capital of the credit union and is the retained surpluses and deficits which have not been allocated to another specific reserve.

Appropriation Reserve

The appropriation reserve represents funds allocated by the Board for the future payment of dividends. As the dividends are not a commitment at the year end date they are not included within creditors.

28 Capital

The credit union classes all of its reserves as capital. The credit union manages its reserves through its financial and budgeting policies and procedures. The Prudential Regulation Authority sets out requirements for the capital ratio that the credit union must maintain. The ratio is calculated after proposed dividends. The credit union's compliance with the ratio at the year end is set out below:

	2024 %	2023 %
Actual capital to asset ratio	<u>20.42%</u>	<u>19.52%</u>
Regulatory requirement		
Total capital requirement	<u>3.00%</u>	<u>3.00%</u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

29 Interest rate risk

The credit union's primary source of net income arises from the management of the differences in the exposures arising from financial instruments and the margins earned on them. The credit union does not use interest rate options to hedge its own positions. The interest rate repricing table set out below is based on the earlier of the loan maturity date and the next interest rate repricing date. The loan maturity date is subject to a number of factors.

	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
	£	£	£	£	£	£	£
Assets							
Loans and advances to banks	581,281	-	-	-	-	-	581,281
Loans and advances to customers	81,518	50,332	387,567	908,136	9,181	-	1,436,734
Property, plant and equipment	-	-	-	-	-	989	989
Prepayments	-	-	-	-	-	1,783	1,783
Total assets	662,799	50,332	387,567	908,136	9,181	2,772	2,020,787
Liabilities and reserves							
Customer accounts	210,620	-	-	-	-	1,350,158	1,560,778
Other liabilities	-	-	-	-	-	16,199	16,199
Accruals and deferred income	-	-	-	-	-	4,148	4,148
Provisions	-	-	-	-	-	5,839	5,839
Reserves	-	-	-	-	-	433,823	433,823
Total liabilities and reserves	210,620	-	-	-	-	1,810,167	2,020,787
	(452,179)	(50,332)	(387,567)	(908,136)	(9,181)	1,807,395	-

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

30 Analysis of changes in net funds

	1 October 2023	Cash flows	30 September 2024
	£	£	£
Cash and cash equivalents	540,459	40,822	581,281
	<u> </u>	<u> </u>	<u> </u>

31 Financial commitments, guarantees and contingent liabilities

The credit union participates in the Financial Services Compensation Scheme (FSCS) which provides protection for its members up to the level of protection offered by the FSCS. As a result of the credit union's participation it has a contingent liability, which cannot be quantified, in respect of future contributions to the FSCS, as required by the Financial Services and Markets Act 2000.

32 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024	2023
	£	£
Within one year	32,319	6,015
Between two and five years	5,184	1,215
	<u> </u>	<u> </u>
Total lessee operating lease commitment	37,503	7,230
	<u> </u>	<u> </u>

33 Related party transactions

Key management personnel

The credit union classes the Directors and members of the senior management team as key management.

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2024	2023
	£	£
Wages and salaries	74,708	85,811
	<u> </u>	<u> </u>

Transactions with key management

Balances held by members of key management and their close family members in the credit union are set out below.

	2024	2023
	£	£
Shares held by key management and their close family	47,041	45,317
	<u> </u>	<u> </u>

The following page does not form part of the statutory accounts

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
DETAILED REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	2024 £	2023 £
Income			
Interest income on loans	3	432,881	437,388
Interest income on bank deposits	3	8,250	2,339
Fees and commissions receivable	5	78	78
Other income	7	-	10,405
		<u>441,209</u>	<u>450,210</u>
Expenditure			
Staff costs	12	189,176	171,281
Auditors remuneration		10,000	7,800
Member communication and advertising	8	5,798	5,048
Legal, professional and credit control costs	8	31,539	26,083
Computer and software expenses	8	30,804	38,230
Travel costs	8	9	4,452
Bank charges	6	1,861	1,770
General administration costs	8	11,090	11,154
Regulatory costs	9	1,747	2,150
Costs of occupying offices	9	31,687	29,448
Depreciation and amortisation	10	689	1,135
Impairment on loans for bad and doubtful debts	16	91,078	91,774
		<u>405,478</u>	<u>390,325</u>
Surplus before taxation		35,731	59,885
Corporation tax	13	(1,568)	(444)
		<u>34,163</u>	<u>59,441</u>
Distributions		(28,186)	(21,550)
Surplus for the year		<u>5,977</u>	<u>37,891</u>