

***BALLYCASTLE CREDIT
UNION LIMITED***

**Annual Report and Financial
Statements**

For the year ended 30th September 2023

Contents

Page

Notice of Annual General Meeting.....	1
Directors and Advisers.....	2
Report of Board of Directors.....	3
Independent Auditors' Report to the Members of Ballycastle Credit Union Limited.....	4-7
Income and Expenditure Account.....	8
Balance Sheet.....	9
Statement of Changes in Reserves.....	10
Cash Flow Statement.....	11
Notes to the Financial Statements.....	12-28
Schedule 1 – Other Management Expenses.....	29
Minors Revenue Account.....	30

BALLYCASTLE CREDIT UNION LIMITED

The 58th Annual General Meeting of Ballycastle Credit Union Limited shall be held at Ramoan Parish Centre, Ballycastle on Tuesday 5th December 2023 at 7.30pm.

AGENDA

1. Ascertainment of Quorum
2. Attendance and Apologies
3. Adoption of Standing Orders and change of Credit Union Rules
4. Minutes of AGM of Tuesday 6th December 2022 and Matters Arising
5. Report of Directors
6. Report of Treasurer and Consideration of Accounts
7. Report of Auditor
8. Declaration of Dividend
9. Amendments to Rules
10. Report of Credit Committee
11. Report of Supervisory Committee
12. Report of Credit Control Committee
13. Report of Membership Committee
14. Report of Insurance Officer
15. Election of Auditor
16. Election of Directors
17. Any other business
18. Announcement of election results
19. Adjournment

BALLYCASTLE CREDIT UNION LIMITED

DIRECTORS

Brian Dillon (President)
Stella Byrne (Vice President)
Fergus Busby (Treasurer)
Linda Donovan (Secretary)
Deborah McLean
Siobhan McAfee
Ann McMullan
Peter McCaughan
Tracey McAllister

SUPERVISORY COMMITTEE

Matt Scrimgeour (Appointed 18 April 2023)

SECRETARY AND REGISTERED OFFICE

Linda Donovan
1 The Diamond,
Ballycastle,
BT54 6AW

SOLICITORS

Campbell & Co Solicitors,
84 Castle Street,
Ballycastle,
Co. Antrim,
BT54 6AR

McGill Solicitors,
42 Ann Street,
Ballycastle,
Co. Antrim,
BT54 6AD

BANKERS

Danske Bank,
24, Anne Street,
Ballycastle,
BT54 6AD.

Bank of Ireland,
2, The Diamond,
Coleraine,
BT52 1DE.

AUDITORS

Moore (N.I.) LLP,
Waterford House,
32, Lodge Road,
Coleraine,
Co. Londonderry,
BT52 1NB.

BALLYCASTLE CREDIT UNION LIMITED
Report of the Board of Directors
For the year ended 30th September 2023

Statement of Directors' Responsibilities

The Credit Unions (Northern Ireland) Order 1985 and amendments thereto require the directors to prepare financial statements for each financial year which give a true and fair view of the State of Affairs of the Credit Union and the Income and Expenditure Account of the Credit Union for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and to enable them to ensure that the financial statements are prepared in accordance with applicable law in Northern Ireland and UK Generally Accepted Accounting Practice, including the standards issued by the Financial Reporting Council, and in particular FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". They are 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 Auditors

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company'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 make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board of Directors

Brian Dillon
President

Date: 22nd November 2023

BALLYCASTLE CREDIT UNION LIMITED

Independent Auditors' Report to the Members of Ballycastle Credit Union Limited

Opinion

We have audited the financial statements of Ballycastle Credit Union Limited (the 'Credit Union') for the year ended 30th September 2023 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the 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 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 30th September 2023 and of its income/(expenditure) for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Credit Unions (Northern Ireland) Order 1985.

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 directors are responsible for the other information. The other information comprises the information included in the annual reports, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If,

BALLYCASTLE CREDIT UNION LIMITED

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 Credit Union 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 where the Credit Unions (Northern Ireland) Order 1985 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the Credit Union in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Credit Union in accordance with the requirements of the legislation;
- the income and expenditure account to which our report relates, and the balance sheet are not in agreement with the books of account of the Credit Union;
- we have not obtained all the information and explanations which we considered were necessary for the purposes of 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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Credit Union.

BALLYCASTLE CREDIT UNION LIMITED

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the Credit Union and considered that the most significant are the Credit Unions (Northern Ireland) Order 1985, UK financial reporting standards as issued by the Financial Reporting Council and UK taxation legislation.
- We obtained an understanding of how the Credit Union complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BALLYCASTLE CREDIT UNION LIMITED

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 Article 47 of the Credit Unions (Northern Ireland) Order 1985. 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.

**Moore (N.I.) LLP
Chartered Accountants
Statutory Auditors
32 Lodge Road
Coleraine
BT52 1NB**

Date: 22nd November 2023

BALLYCASTLE CREDIT UNION LIMITED

Income and Expenditure Account

for the year ended 30th September 2023

	Note	2023 £	2022 £
Interest on members' loans	4	716,287	611,105
Other interest and similar income	5	133,290	49,146
Net interest income		849,577	660,251
Other income	7	12,005	98,321
Employment costs	9b	(168,266)	(143,785)
Depreciation	12	(25,802)	(23,592)
Loss on disposal of fixed assets		(12,973)	-
Capital grant release charge		12,996	17,328
Other management expenses (Schedule 1)		(280,908)	(211,622)
Net recoveries or (losses) on loans to members	13d	(148,366)	(178,098)
,Surplus for the financial year before taxation		238,263	218,803
Taxation	10	(28,537)	(9,338)
Surplus for the financial year after taxation		209,726	209,465
Total comprehensive income		209,726	209,465

The financial statements were approved, and authorised for issue, by the Board on 22nd November 2023 and signed on its behalf by:

Brian Dillon
President

Fergus Busby
Treasurer

Linda Donovan
Secretary

BALLYCASTLE CREDIT UNION LIMITED

Balance Sheet

as at 30th September 2023

	Note	2023 £	2022 £
ASSETS			
Cash and cash equivalents	11	1,955,699	1,793,981
Tangible fixed assets	12	455,827	453,417
Loans to members – Gross	13a	7,834,774	6,689,492
Provisions against loans to members	13c	(420,650)	(309,579)
Prepayments and accrued income	14	156,688	155,936
Investments	15	5,350,000	5,761,200
Total assets		15,332,338	14,544,447
LIABILITIES			
Members' shares	16	(12,218,507)	(11,585,841)
Minors' deposits		(911,869)	(870,245)
Easy Share accounts	16	(107,295)	(100,224)
Other payables	17	(121,307)	(112,271)
Total liabilities		(13,358,978)	(12,668,581)
ASSETS LESS LIABILITIES			
		1,973,360	1,875,866
RESERVES			
General reserve		1,973,360	1,875,866
Total reserves		1,973,360	1,875,866

The financial statements were approved, and authorised for issue, by the Board on 22nd November 2023 and signed on its behalf by:

Brian Dillon
President

Fergus Busby
Treasurer

Linda Donovan
Secretary

BALLYCASTLE CREDIT UNION LIMITED

Statement of Changes in Reserves

for the year ended 30th September 2023

	General reserve £	Distribution Reserve £	Unappropriated surplus £	Total reserves £
Opening at 1st October 2021	1,743,126	-	-	1,743,126
Total comprehensive income for the year	-	-	209,465	209,465
Dividends paid during the year (Note 6)	-	-	(29,365)	(29,365)
Interest rebate paid during the year (note 6)	-	-	(47,360)	(47,360)
Transfer between reserves	132,740	-	(132,740)	-
Closing balance at 30th September 2022	1,875,866	-	-	1,875,866
Opening balance at 1st October 2022	1,875,866	-	-	1,875,866
Total comprehensive income for the year	-	-	209,726	209,726
Dividends paid during the year (Note 6)	-	-	(60,950)	(60,950)
Interest rebate paid during the year (note 6)	-	-	(51,282)	(51,282)
Transfer between reserves	97,494	-	(97,494)	-
Closing balance at 30th September 2023	1,973,360	-	-	1,973,360

BALLYCASTLE CREDIT UNION LIMITED

Cash Flow Statement

for the year ended 30th September 2023

	Note	2023 £	2022 £
Cash flows from operating activities	19	281,274	248,689
Loans repaid by members	13a	2,798,030	2,411,695
Loans granted to members	13a	(3,987,670)	(3,698,534)
Bad debts recovered	13d	7,064	11,853
Corporation tax paid		(9,414)	(4,389)
Investment income received		133,290	49,146
Dividends paid		(60,950)	(29,365)
Loan interest rebate		(51,282)	(47,360)
Net cash (out flows) from operating activities		(889,658)	(1,058,265)
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(41,185)	(18,220)
Movement in investments –proceeds and purchases		411,200	1,023,016
Net cash flows from investing activities		370,015	1,004,796
Cash flow from financing activities			
Net movement in members shares		681,361	215,902
Net cash flows from financing activities		681,361	215,902
Net increase/(decrease) in cash and cash equivalents		161,718	162,432
Cash and cash equivalents at beginning of year		1,793,981	1,631,549
Cash and cash equivalents at end of year	11	1,955,699	1,793,981

BALLYCASTLE CREDIT UNION LIMITED

Notes to the Financial Statements

for the year ended 30th September 2023

1. Legal and regulatory framework

Ballycastle Credit Union Limited is established under the Credit Unions (Northern Ireland) Order 1985. The Credit Union is registered with the Department for the Economy and is regulated by the Financial Conduct Authority ("FCA") and Prudential Regulation Authority ("PRA"). The principal place of business is 1, The Diamond, Ballycastle.

2. Accounting policies

2.1. Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

The financial statements have been prepared on the historical cost basis.

2.2. Currency

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 (£).

2.3. Going concern

The financial statements are prepared on the going concern basis. The directors of Ballycastle Credit Union Limited believe that the going concern basis of accounting is appropriate as the Credit Union:

- Maintains an appropriate level of liquidity
- Holds a healthy bad debt provision
- Has a capital to asset ratio of 12.75% which is in line with the PRA guidelines.

2.4. Income

Interest on members' loans

Interest on loans to members is recognised using the effective interest method and is calculated and accrued on a daily basis.

Investment income

The Credit Union currently only has investments that are bank deposits and use the effective interest method to recognise investment income.

Other income

Other income such as entrance and membership fees arise in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

2.5. Interest on minors' deposits

Interest on minors' deposits is recognised using the effective interest method.

2.6. Dividends on shares and loan interest rebates

Dividends are made from current year's surplus or the unappropriated surpluses set aside for that purpose. The Board's proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union.

The rate of dividend and loan interest rebate recommended by the Board will reflect:

- the risk profile of the Credit Union, particularly in its loan and investment portfolios;
- the Board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend and loan interest rebate expectations.

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

These are all dominated by prudence and the need to sustain the long-term welfare of the Credit Union.

For this reason the Board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements.

The Credit Union accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting.

2.7. Taxation

Corporation tax is provided for on taxable interest from investments and non-mutual income. All other income of the Credit Union is exempt from Corporation tax.

2.8. Cash and cash equivalents

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

2.9. 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 when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

2.10. Basic financial assets

Basic financial assets are initially measured at the transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method. Basic financial instruments include the following:

Loans to members

Loans to members are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Investments held at amortised cost

Investments comprise cash deposits which are initially measured at the amount deposited and are subsequently measured at amortised cost using the effective interest method.

2.11. Other receivables

Other receivables such as prepayments are initially measured at transaction price including transaction costs and are subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements

for the year ended 30th September 2023

2.12. Impairment of financial assets

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the expected cash flows discounted at the asset's original effective interest rate.

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans which are assessed on a loan by loan basis for impairment.

Any impairment losses are recognised in the Income and Expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Income and Expenditure account.

2.13. De-recognition 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 to another party substantially all of the risks and rewards of ownership of the financial asset, 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.

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. Ballycastle Credit Union Limited does not transfer loans to third parties.

2.14. Basic financial liabilities

Basic financial liabilities are initially recognised at the transaction price, including transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial liabilities members' shares and deposits

Members' shares, Easy Share Accounts and Deposits are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently minors' deposits are measured at amortised cost.

Other payables

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

2.15. De-recognition of financial liabilities

Financial liabilities are derecognised when the obligations of the Credit Union specified in the contract are discharged, cancelled or expire.

2.16. Tangible fixed assets

Tangible fixed assets comprise items of property, fixtures and fittings, office equipment and computer 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, fixtures and fittings, office equipment and computer equipment less its estimated residual value over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Property	1% Reducing balance
Fixtures and fittings	25% Reducing balance
Office equipment	25% Reducing balance
Computer equipment	25% Reducing balance

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 recognised in the Income and Expenditure account.

2.17. Impairment of tangible fixed assets

At each reporting end date, the Credit Union reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income and Expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure account.

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

2.18. Employee benefits

Pension Scheme

Ballycastle Credit Union Limited participate in a defined contribution pension scheme. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Other Employee Benefits

The costs of short-term employee benefits, including holiday pay, are recognised as a liability and as an expense (unless those costs are required to be recognised as part of the cost of fixed assets) over the period they are earned.

2.19. Capital grants receivable

Capital grants receivable are recognised at the fair value of the asset received or received when there is reasonable assurance that the grant conditions will be met and the grant will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2.20. Reserves

General reserve

The Credit Union is required to maintain and establish a minimum General reserve of at least 5% of the first £10M of assets and 8% on assets between £10 million and £50 million in accordance with the PRA Rulebook: Non-CRR Firms.

Unappropriated surplus

The Unappropriated surplus is the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the General reserve. At the balance sheet date the balance in the unappropriated reserve was £NIL.

Distribution reserve

The Credit Union does not have a distribution reserve.

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 Ballycastle Credit Union Limited'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

The Credit Union's accounting policy for impairment of financial assets is set out in the accounting policy in Note 2.12. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. At all times the Credit Union ensures that its provisions meet the minimum requirements contained within the PRA Credit Union Rule book. Over and above the regulatory requirements, the Credit Union reviews the loan book for evidence of impairment. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on months in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Key assumptions underpinning the Credit Union's estimates of

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

collective provisions for loans with similar credit risk characteristics are based on the historical experiences of the Credit Union's allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of 12 months, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

4. Interest on members' loans

	2023 £	2022 £
Closing accrued loan interest receivable	42,405	29,593
Loan interest received in year	703,475	623,268
Opening accrued loan interest receivable	(29,593)	(41,756)
Total interest on members' loans	716,287	611,105

5. Other interest and similar income

	2023 £	2022 £
Investment income receivable	133,290	49,146
Total investment income	133,290	49,146

6. Dividends and Loan Interest Rebate

The dividend and any loan interest rebate are formally proposed by the directors after the year end and are confirmed at an AGM of the members.

Dividends paid

	2023 £	2022 £
Dividend paid at 0.5% (2022 – 0.25%)	60,950	29,365
	60,950	29,365

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

Interest rebate paid

	2023 £	2022 £
Interest rebate paid at 10% on standard loans and 5% on other reduced rate loans (2022 – Interest rebate paid at 10% on standard loans and 5% on other reduced rate loans)	51,282	47,360
	51,282	47,360

7 Other income

	2023 £	2022 £
Miscellaneous income	-	245
Job Retention Scheme	-	4,021
Entrance fees	209	140
Annual fee for members	5,691	5,676
Cash over	15	30
AXA Insurance commission	1,332	540
Other interest received	195	-
Council Festive Lighting refund	22	-
Closed account funds	4,541	-
ILCU SPS refund	-	53,821
Lottery Funding	-	23,639
Treasurer adjustments – to write off old balances	-	10,209
Total other income	12,005	98,321

8. Expenses

	Note	2023 £	2022 £
Employment costs	9b	168,266	143,785
Depreciation	12	25,802	23,592
Loss on disposal of fixed assets		12,973	-
Capital grant release		(12,996)	(17,328)
Other management expenses (Schedule 1)		280,908	211,622
		474,953	361,671

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

9. Employees and employment costs

9a. Number of employees

The average monthly number of employees during the year was:

	2023	2022
	Number	Number
Management team	1	1
Other staff	10	8
Total	11	9

9b. Employment costs

	2023	2022
	£	£
Wages and salaries	151,730	130,816
Social security costs	11,661	10,331
Pension costs	4,875	2,638
Total employment costs	168,266	143,785

9c. Key management personnel

Short-term employee benefits include wages, salaries, social security contributions and paid annual leave. Key management of the Credit Union are considered to be the Board of Directors who do not receive any remuneration for their services. The Treasurer received an honorarium this year of £4,000 (2022 - £3,000).

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

10. Taxation

	2023 £	2022 £
Corporation tax charge in respect of current year	<u>28,537</u>	9,338
Reconciliation of tax charge to taxable income		
Investment income and non-mutual income	133,290	49,146
Corporation Tax at 25% (2022 - 19%)	<u>33,323</u>	9,338
Change in tax rate	(3,988)	-
Marginal relief	(873)	-
Adjustment in respect of prior years	75	-
Corporation tax charge	<u>28,537</u>	9,338

As disclosed in the accounting policy for taxation in note 2.7 all income other than income from investments is exempt from Corporation Tax.

11. Cash and cash equivalents

	2023 £	2022 £
Cash balances	63,785	50,013
Short term deposits with banks	1,891,914	1,743,968
Total cash and cash equivalents	<u>1,955,699</u>	1,793,981

Short term deposits with banks are deposits with original maturity of less than or equal to three months. All other deposits with banks are included under Investments in the Balance Sheet and disclosed in Note 15a.

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

12. Tangible fixed assets

12a Tangible fixed assets comprise the following property, plant and equipment:

	Ballycastle Property £	Cushendall Property £	Fixtures & Fittings £	Office Equipment £	Computer Equipment £	Total £
Cost						
At 1 October 2022	460,068	19,496	68,266	34,089	156,027	737,946
Additions	-	-	27,305	-	13,880	41,185
Disposals	-	-	-	(14,036)	(56,800)	(70,836)
30 September 2023	460,068	19,496	95,571	20,053	113,107	708,295
Depreciation						
At 1 October 2022	79,491	5,474	67,392	33,794	98,378	284,529
Charge for year	3,806	140	7,130	67	14,659	25,802
Depreciation on disposal	-	-	-	(13,957)	(43,906)	(57,863)
At 30 September 2023	83,297	5,614	74,522	19,904	69,131	252,468
Net book value						
At 30 September 2023	376,771	13,882	21,049	149	43,976	455,827
At 30 September 2022	380,577	14,022	874	295	57,649	453,417

12b The buildings were revalued on 31st August 2018 by PJ McIlroy & Son, independent valuers not Connected with the Credit Union. The Ballycastle and Cushendall Properties were revalued at £375,000 and £40,000 respectively. The overall market uplift was deemed immaterial and as such was not reflected in the accounts.

13. Loans to members – financial assets

13a. Loans to members

	Note	2023 £	2022 £
As at 1 st October		6,689,492	5,473,081
Advanced during the year		3,987,670	3,698,534
Repaid during the year		(2,798,030)	(2,411,695)
Loans written off		(44,358)	(70,428)
Gross loans to members	13b	7,834,774	6,689,492
Loan provision	13c	(420,650)	(309,579)

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

13b. Credit risk disclosures

Ballycastle Credit Union Limited does not offer mortgages. All loans to members below £30,000 are unsecured with loans above £30,000 being secured on land or a second property. There are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There are maximum amounts set down by the PRA in terms of what amount a member can borrow from the Credit Union.

The carrying amount of the loans to members represents Ballycastle Credit Union Limited'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.

	2023		2022	
	Amount £	Proportion %	Amount £	Proportion %
Not impaired:				
Neither past due nor impaired	7,151,082	91.28%	6,045,307	90.37%
More than 3 months past due	31,816	0.41%	28,086	0.42%
More than 6 months past due	7,755	0.10%	7,641	0.11%
More than 9 months past due	7,257	0.09%	3,020	0.05%
More than 12 months past due	8,136	0.10%	3,781	0.06%
Gross loans not impaired	7,206,046	91.98%	6,087,835	91.01%
Gross loans individually impaired	628,728	8.02%	601,657	8.99%
Gross loans collectively impaired	-	0%	-	0%
Total gross loans	7,834,774	100%	6,689,492	100%
Impairment allowance				
Individual loans	(420,650)		(309,579)	
Groups of loans	-		-	
Total carrying value	7,414,124		6,379,913	

Factors that are considered in determining whether loans are impaired are discussed in Note 3, dealing with estimates.

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

13c. Loan provision account for impairment losses

	2023 £	2022 £
As at 1 st October	309,579	190,057
Allowances increased during the year	111,071	119,522
As at 30th September	420,650	309,579

13d. Net recoveries or losses recognised for the year

	2023 £	2022 £
Bad debts recovered	7,064	11,853
Increase in loan provisions during the year	(111,071)	(119,522)
	(104,007)	(107,669)
Loans written off	(44,358)	(70,428)
Net (losses) on loans to members recognised for the year	(148,366)	(178,098)

14. Prepayments and accrued income

	2023 £	2022 £
Prepayments	32,334	2,881
Accrued Bank interest	81,949	30,512
Accrued loan interest income	42,405	29,593
Lottery Funding	-	92,950
	156,688	155,936

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

15a Investments

Investments at the current and prior Balance Sheet date were all measured at amortised cost as appropriate and comprised of the following:

	2023 £	2022 £
Fixed term deposits with banks	5,350,000	5,761,200
Total investments at amortised cost	5,350,000	5,761,200

The category of counterparties with whom the investments were held was as follows:

Note	2023 £	2022 £
A	2,600,000	3,000,000
A-	-	1,511,200
BBB+	1,750,000	-
BBB	1,000,000	1,250,000
Total investments	5,350,000	5,761,200

16. Members' Shares – financial liabilities

		2023 £	2022 £
As at 1 st October	Main accounts	11,585,841	11,406,574
	Easy shares	100,224	87,893
		11,686,065	11,494,467
Received during the year		3,549,078	3,015,697
Repaid during the year		(2,909,341)	(2,824,099)
As at 30th September		12,325,802	11,686,065
Split as follows:			
	Main accounts	12,218,507	11,585,841
	Easy shares	107,295	100,224
		12,325,802	11,686,065

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

Members' shares are repayable on demand except for shares attached to loans. Minors' deposits are repayable on demand. The breakdown of the shares between attached and unattached is as follows:

	2023 £	2022 £
Unattached shares	10,279,406	9,850,169
Attached shares	2,046,396	1,835,896
Total members' shares	12,325,802	11,686,065

17. Other payables

	2023 £	2022 £
Corporation tax	28,462	9,263
Creditors and other accruals	50,618	51,025
Other taxation and social security	3,239	-
Capital grant receivable	38,988	51,983
	121,307	112,271

18. Capital grants receivable

	2023 £	2022 £
Arising from capital grants receivable	38,988	51,983
	38,988	51,983

Grants received have been recognised based on the accrual model.

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

19. Reconciliation of operating surplus to operating cash flow

	2023 £	2022 £
Surplus before taxation	238,263	218,803
Depreciation charges	25,802	23,592
Loss on disposal of fixed assets	12,973	-
(Increase)/decrease in debtors and prepayments	(751)	(90,131)
(Decrease)/increase in creditors	2,907	(84,510)
Increase in deferred income	(12,996)	51,983
Net losses on loans to members for the year	148,366	178,098
Investment Income	(133,290)	(49,146)
Net Cash inflow from operating activities	281,274	248,689

20. Additional financial instruments disclosures

20a. Financial risk management

Ballycastle Credit Union Limited is a provider of personal loans up to a limit of £15,000 above attached shares and additional lending of up to £30,000 unsecured and up to £100,000 secured. The Credit Union also provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

The main financial risks arising from Ballycastle Credit Union Limited's activities are credit risk, liquidity risk, market 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 Ballycastle Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit policy, and any amendments to it. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit risk on members' loans is disclosed in Note 13b.

The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the PRA. The credit ratings of the financial institutions where investments are held are disclosed in Note 15.

A Fixed Rate Credit Union Bond is held with Progressive Building Society. The Progressive Building Society does not have permanent interest-bearing shares and therefore has no credit rating.

Liquidity risk: The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio as set out in the PRA Rulebook.

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

Market risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. Ballycastle Credit Union Ltd. 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 on investments and members' loans when deciding on the dividend rate payable on shares and on any loan interest rebate.

20b. Interest rate risk disclosures

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

	2023		2022	
	Amount £	Average interest rate	Amount £	Average interest rate
Financial assets				
Gross loans to members	7,834,774	9.81%	6,689,492	10.13%
Financial liabilities				
Members' shares	12,325,802	0%	11,686,065	0%
Minors' deposits	911,869	0%	870,245	0%
	13,237,671		12,556,310	

The interest rates applicable to loans to members are fixed and range from 6% to 12%. The dividend on shares and interest on deposits is determined on the basis of income less administrative expenses.

20c. Liquidity risk disclosures

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans.

20d. Fair value of financial instruments

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

20e. Capital

The Credit Union is required to maintain sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current General reserve is above the minimum requirement set down by the PRA and stands at 12.75% of the total assets of the Credit Union at the Balance Sheet date. As part of the overall strategy of maintaining the minimal general reserve level as required by the PRA, the directors have taken the decision to limit a member's shareholding in the Credit Union.

21. Post Balance Sheet events

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

BALLYCASTLE CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2023

22. Capital commitments

There were no capital commitments either contracted for or approved by the Board at the year end.

23. Insurance against fraud

The Credit Union has insurance against fraud in compliance with the PRA Rulebook.

24. Financial commitments, guarantees and contingent liabilities

In the year to 30th September 2018, £572,000 was received from the Irish League of Credit Unions in order to enable Ballycastle Credit Union to meet the minimum capital to assets requirement. In accepting this money Ballycastle Credit Union was subject to the following conditions:

- Any recoveries from current written off bad debts are paid back to the SPS fund and the ILCU has the option to purchase these debts in the future for the sum of £1.
- Any future profit from a future sale of either the Ballycastle or Cushendall buildings would be paid back to the SPS fund.
- Any reserves money which brings the capital to assets ratio above 13% will be paid back to the SPS fund.

During the year ended 30th September 2023 the Credit Union paid back £3,282 (2022 - £2,995) of the SPS fund as a result of bad debts recovered.

25. Related party transactions

During the year loans were advanced to directors and the management team of the Credit Union (to include their family members or any business in which the directors or management team had a significant shareholding) in the amount of £97,950 (2022: £163,100). The loans outstanding from these parties at 30th September 2023 were £347,800 (2022: £286,862). These loans amounted to 4.44% of total gross loans due at 30th September 2023 (2022: 4.29%).

There were no provisions against the loans due from the directors and the management team at the current or prior Balance Sheet date. No officers had arrears as at 30th September 2023 (2022: £0).

The directors and management team share balances stood at £191,225 at 30th September 2022 (2022: £192,675).

26. Approval of Financial Statements

The financial statements were approved, and authorised for issue, by the Board on Tuesday 5th December 2023.

27. Auditors Ethical Standards

In common with many businesses of our size and nature we use our auditors to assist with the compilation of the statutory financial statements and to prepare and submit returns to the tax authorities.

BALLYCASTLE CREDIT UNION LIMITED

Schedule to the Financial Statements

for the year ended 30th September 2023

Schedule 1 - Other management expenses

	2023 £	2022 £
Rent and rates	6,453	3,902
Insurance	13,807	12,910
Heat and light	5,120	5,202
Office repairs and maintenance	28,418	23,619
Share and loan insurance	126,131	109,914
Stationery and postage	4,170	3,271
Telephone	4,814	3,488
Auditors' remuneration	11,000	10,200
Bank interest and charges	8,261	7,536
Travelling expenses	2,639	1,732
General expenses	11,370	5,750
Convention and chapter expenses	250	500
Promotional and training expenses	5,479	3,458
Annual general meeting expenses	2,962	2,403
Legal and professional fees	2,250	8,450
Affiliation fees	4,861	4,783
Savings protection scheme	3,282	2,995
Donations and sponsorship	36,346	1,509
Juvenile Promotion	3,295	-
Total other management expenses	280,908	211,622

BALLYCASTLE CREDIT UNION LIMITED

Minors' Revenue Account for the year ended 30th September 2023

	2023 £	2022 £
Income		
Investment Income	12,860	-
Expenses		
Administration Charges	(20)	-
Deficit for year	12,840	-
Taxation	(2,746)	-
Retained unappropriated deficit for year	10,094	-
Retained unappropriated (deficit)/surplus brought forward	(887)	(887)
Appropriation		
Interest paid on deposits	-	-
Retained unappropriated deficit carried forward	9,207	(887)

Minors' Balance Sheet as at 30th September 2023

	2023 £	2022 £
Assets		
Cash at bank and on deposit	411,189	869,358
Investments	500,000	-
Debtors	12,634	-
	923,823	869,358
Liabilities		
Creditors and accruals	2,746	-
Assets less liabilities	921,077	869,358
Reserves		
Minors' savings	911,869	870,245
Retained unappropriated deficit	9,207	(887)
Total reserves	921,077	869,358