

Firm reference number: 213934
Registered number: IP00389C

BRADFORD DISTRICT CREDIT UNION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

BRADFORD DISTRICT CREDIT UNION LIMITED

COMPANY INFORMATION

Directors

Julian R D O'Neill
Peter Judge
Martin Stubbs
David J Somerville
Catherine Bacon
Rosie Watson
Michael Johnson (Appointed 12 May 2022)
Javed Khan (Appointed 11 August 2022)

Company number IP00389C

Registered office

Ground Floor
City Hall
Bradford
BD1 1HY

Auditor

Xeinadin Audit Limited
2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9QP

Bankers

Buckinghamshire Building Society
High Street
Chalford St. Giles
Buckinghamshire
HP8 4QB

The Co-operative Bank Plc
PO Box 250
Skelmersdale
WN8 6WT

Lloyds Bank Plc
45 Hustlergate
Bradford
West Yorkshire
BD1 1NT

Nationwide Building Society
1 Tyrrel Street
Bradford
West Yorkshire
BD1 1RU

Santander PLC
Corporate Banking
Bootle
Merseyside
L30 4GB

Bankers continued The Unity Trust Bank

BRADFORD DISTRICT CREDIT UNION LIMITED

COMPANY INFORMATION

Four Brindleyplace
Birmingham
B1 2JB

Virgin Money
Banking Hall
30 St Vincent Place
Glasgow
G12HL

BRADFORD DISTRICT CREDIT UNION LIMITED

CONTENTS

	Page
Directors' report	1 - 5
Independent auditor's report	6 - 8
Revenue account	9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 28

BRADFORD DISTRICT CREDIT UNION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their annual report and financial statements for the year ended 30 September 2022.

Results and dividends

The results for the year are set out on page 9.

Directors

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

Julian R D O'Neill

Peter Judge

Martin Stubbs

David W Dickens

(Resigned 8 September 2022)

David J Somerville

Catherine Bacon

Rosie Watson

Ian J Fletcher

(Resigned 18 October 2022)

Sue Duffy

(Resigned 10 February 2022)

Michael Johnson

(Appointed 12 May 2022)

Javed Khan

(Appointed 11 August 2022)

Aims and Purposes

Bradford District Credit Union (BDCU) was established in 1993 by Bradford Council who continue to support us as a key stakeholder to this day, for which we are extremely grateful. It is open to anyone who lives or works in Bradford District, Craven, Kirklees and surrounding areas. BDCU is an ethical, mutual savings and loans company run by our members who live and work within the catchment area. We are a friendly alternative to banks, doorstep loan sharks and other costly money lenders. Our activities are as defined in the Credit Union Act 1979 and there have been no significant changes during the year.

Objectives and Activities

The board again reviewed the vision statement during the year, the credit union continues to have the three priorities shown below:

- To be a viable and accessible alternative to high street banks and other high interest lenders.
- To be well known across our local Common Bond area as a modern and ethical organisation that supports and encourages saving, budgeting and lending
- To expand our membership and services in a sustainable way, inclusive of financially excluded communities and assist in increasing the level of financial literacy.

Going Concern

The Directors assess on an annual basis whether it is appropriate to adopt going concern when signing the accounts. This assessment considers whether there are any material uncertainties related to events or conditions that may affect the credit union financially for the next 12 months.

Further information can be found following the financial results and performance for the year.

BRADFORD DISTRICT CREDIT UNION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Achievements and Performance

New Website, Same Web Address – www.bdcu.co.uk

We welcomed Marketing Intern Amnah to the team and she is working with our Financial Inclusion Development Officer (FIDO) on marketing, including newsletters, posts and the new website that launched in October 2022.

The new look and feel is more straightforward allowing members and non-members get to the information they need quickly and making it easier to apply for any of our products.

We have also introduced our MoneyTips page with lots of helpful advice on staying financially healthy during the Cost of Living crisis.

New Community Development Partnership Projects

In the last year we launched two major new projects funded by Bradford Council and welcomed Project Worker Siobhan to help oversee these projects.

FoodSavers

During Covid, a host of Food Banks sprang up to meet the growing demand for food from people on furlough. However, funding for these was time limited and was creating a free food dependency. Working with our partners at Inn Churches we launched a new pilot to help people buy low cost quality food in their community – and save into the Credit Union at the same time. The pilot became FoodSavers that has now been funded by Bradford Council. We now have 13 outlets and over 250 people in poverty saving with the credit union and this is growing all the time. These FoodSavers members now save over £10,000.

UniformSavers

UniformSavers is a partnership project to tackle the 'Cost of Living Crisis' funded by Bradford Public Health with a £100 bonus for saving towards a school uniform. The ability to save each month and reducing worry to pay for costs like a school uniform, supports mental wellbeing. Most participants said that they would not normally save, they would either borrow from a pay day loan or from their parents, family or friends or even a loan shark. They felt that this pilot saving scheme is realistic with no stigma attached in terms of a small saving of £10. Following a launch in November 2021, 285 people joined the scheme and were paid their £100 in August 2022. Incredibly 60% continue to save with BDCU, demonstrating how these members are now in the habit of saving.

USA Collaboration

This year we welcomed our partner Scott Butterfield from the USA to Bradford who was so thrilled at the work we are doing that he published an article in the world-wide CUInsight financial journal citing BDCU as a case study for Financial Inclusion partnership work. He invited Ian back to the USA to speak at the World Council of Credit Unions on the work we are doing in Bradford along with other credit unions and our trade body ABCUL.

Payroll Savings and Loan Schemes

BDCU now has 4,000 staff saving at 34 payroll partner companies, a huge achievement - with more companies wanting to join. This is important as the 'Cost of Living Crisis' affects more staff who are facing higher costs with less to live on. We are proud to announce that across these 4,000 members, they have saved in excess of £5 million and borrowed over £2 million. These savings also help us to lend people other banks and lenders will not.

BRADFORD DISTRICT CREDIT UNION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial Results

Whilst our loan book has been affected by the current climate, particularly during the last quarter of the year, this has resulted in a deficit for the year of £27,242. The Directors are aware that the current issues affecting members continue to present challenges, and has considered and addressed this within their Going Concern review. The credit union has maintained its regulatory requirements and service to members throughout the year.

Due to the deficit declared this year the Directors have concluded they are unable to recommend a dividend payment to its members in the financial year 2021/22.

A summary of results can be seen in the table below;

	2022	2021	% Change
Membership number	9,220	8,589	+7.34%
Savings Deposits (<i>including Juvenile deposits, see note</i>)	£7,354,852	£7,580,537	-2.98%
Active member loans number	1,619	1,707	-5.16%
Total member loans	£2,563,133	£2,897,843	-11.55%
Average loan size	£1,583	£1,698	-6.86%
Operating Surplus/(Deficit) for year	(£27,242)	£46,144	-159%
Net assets	£7,677,050	£7,965,094	-3.61%

Our regulatory capital ratio at 6.5% remains above our regulatory minimum requirement of 5%.

Going Concern Review and Forward Look

Market uncertainty continues following the effects of Covid-19 and Brexit and is subject to more volatility as we enter into a 'cost of living' crisis, emerging from the Ukrainian war.

The Directors have reviewed and considered the ability to safely grow the loan book and generate interest income from Members Loans whilst managing bad debt levels, to ensure a robust financial balance sheet is in place to allow for future sustainability.

We are mindful of the increased level of bad debt and its impact on our financial performance and our ability to pay a dividend, and will again be looking at what actions we can take to limit this over the next financial period but would ask that members be aware that we can only continue to operate if the loans we provide are repaid so we can continue to offer products and services to all of our members.

Growth and success will be achieved through investment in our web platform and decision engine, supported by improved target marketing, alongside continued grant funding to support community based products and services. In addition to this, BDCU continue to develop its operations and work more efficiently, smarter not harder, in order that we can serve its growing and demanding membership.

Even in these difficult times we are investing in transforming the Credit Union so that we can continue to offer a range of products and services expected of a modern financial institution. We remain a welcome alternative to payday loans and doorstep lending.

BRADFORD DISTRICT CREDIT UNION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Our People

Without the hard work of our dedicated team at BDCU would not be able to serve our members. We give thanks to them all for their efforts. We would also like thank our outgoing CEO, Andrew Bowker who has retired at the end of October 2022, for steering the Credit Union throughout some unprecedented times.

We welcome Katie Hurrell as our new CEO and wish her well in her new role with BDCU. Katie has more than 10 years of executive leadership experience across multiple disciplines and holds expertise in FCA regulated sectors, including Financial Services, Healthcare, Charities and other Not for profit Sectors, including Credit Unions. Katie is also a qualified chartered accountant with a strong ethos for fairness, collaborative working and has a people come first perspective.

Katie is supported by; Jamie our Operations Manager who continues to work hard and support the team. Bryony who has a healthy baby daughter and has recently returned to work following a period of maternity leave. Keir, Nicola, Katlyn and Lauren are now trained and fully supporting the credit union and its valued members. Siobhan has been appointed to support the work we now undertake with Foodsavers and other community focussed initiatives, alongside Ian Brewer who continues to support BDCU across our broad network and finally we successfully recruited Amnah on a 12-month marketing placement from her degree course at Bradford University.

Our training for both staff and Directors continues to be supported by ABCUL and we thank them for their regular input. We regularly attend the ABCUL Forum Meetings and briefing sessions that keep us up to date with sector developments and regulatory requirements and the challenges affecting our industry and the sharing of good practice across the wider credit union family.

And Finally, to our Members...

We **thank you** for your continued support. Despite it being another challenging year, we have increased our membership and extended our reach even further in assisting financially excluded people.

We look forward to extending our reach even further and serving more members, new and existing, and have lots of exciting new developments and initiatives planned that will benefit everyone.

Auditor

Xeinadin Audit Limited were appointed as auditor to the Credit Union under the Co-operative and Community Benefit Societies Act 2014, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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

Credit Union law 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 Credit Union law 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 profit or loss 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Credit Union's transactions and disclose with reasonable accuracy at any time the financial position of the Credit Union and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BRADFORD DISTRICT CREDIT UNION LIMITED


DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 company'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 company's auditor is aware of that information.

On behalf of the board



Julian R D O'Neill
Director



Martin Stubbs
Director

15 December 2022

BRADFORD DISTRICT CREDIT UNION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRADFORD DISTRICT CREDIT UNION LIMITED

Opinion

We have audited the financial statements of Bradford District Credit Union Limited for the year ended 30 September 2022 which comprise the profit and loss 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30 September 2022 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

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 has been prepared in accordance with applicable legal requirements.

BRADFORD DISTRICT CREDIT UNION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRADFORD DISTRICT CREDIT UNION LIMITED

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 in relation to which The Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- 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 purpose 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 Board of Directors.
- Conclude on the appropriateness of the Board of 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Credit Union audit. We remain solely responsible for our audit opinion.

BRADFORD DISTRICT CREDIT UNION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRADFORD DISTRICT CREDIT UNION LIMITED

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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 Section 87, Part 7 of Chapter 14 of The Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.



Michael Caputo FCA
Senior Statutory Auditor
For and on behalf of Xeinadin Audit Limited

15 December 2022

Chartered Accountants
Statutory Auditor

2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9QP

BRADFORD DISTRICT CREDIT UNION LIMITED

REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	2021 £
Income	3	744,952	608,845
Bank interest receivable		17,930	8,258
Gross surplus		<u>762,882</u>	<u>617,103</u>
Administrative expenses		(785,517)	(568,190)
Operating surplus/(deficit)	4	<u>(22,635)</u>	<u>48,913</u>
Interest payable and similar expenses	7	(1,200)	(1,200)
Surplus/(Deficit) before tax		<u>(23,835)</u>	<u>47,713</u>
Taxation	8	(3,407)	(1,569)
Surplus/(Deficit) for the financial year		<u><u>(27,242)</u></u>	<u><u>46,144</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

BRADFORD DISTRICT CREDIT UNION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022 £	2021 £
(Loss)/profit for the year	(27,242)	46,144
Other comprehensive income		
Grant income set aside for family loans	-	19,331
Total comprehensive income for the year	<u>(27,242)</u>	<u>65,475</u>

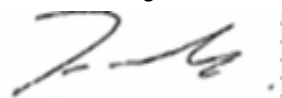
BRADFORD DISTRICT CREDIT UNION LIMITED

BALANCE SHEET

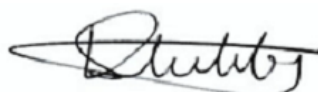
AS AT 30 SEPTEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Intangible assets	10		2,508		-
Tangible assets	11		-		515
			<u>2,508</u>		<u>515</u>
Current assets					
Debtors	12	2,553,525		2,903,488	
Cash at bank and in hand		5,441,548		5,405,707	
		<u>7,995,073</u>		<u>8,309,195</u>	
Creditors: amounts falling due within one year	14	(283,531)		(307,616)	
Net current assets			<u>7,711,542</u>		<u>8,001,579</u>
Total assets less current liabilities			<u>7,714,050</u>		<u>8,002,094</u>
Provisions for liabilities					
Defined benefit pension liability		37,000		37,000	
		<u>37,000</u>	(37,000)	<u>37,000</u>	(37,000)
Net assets			<u>7,677,050</u>		<u>7,965,094</u>
Capital and reserves					
Members' shares	16		7,156,834		7,410,772
Defined benefit pension scheme revaluation			39,000		39,000
Marketing reserve			30,000		30,000
Lloyds grant reserve			100,000		100,000
Subordinated loan			100,000		100,000
Family loan reserve			-		19,331
Income and expenditure reserve			251,216		265,991
Total equity			<u>7,677,050</u>		<u>7,965,094</u>

The financial statements were approved by the board of directors and authorised for issue on 15 December 2022 and are signed on its behalf by:



Julian R D O'Neill
Director



Martin Stubbs
Director

Company Registration No. IP00389C

BRADFORD DISTRICT CREDIT UNION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	Share capital £	Defined benefit pension scheme revaluation £	Marketing reserve £	Lloyds grant reserve £	Subordinated loan £	Family loan reserve £	Income and expenditure reserve £	Total £
Balance at 1 October 2020		6,256,408	39,000	30,000	100,000	100,000	-	219,847	6,745,255
Year ended 30 September 2021:									
Profit for the year		-	-	-	-	-	19,331	26,813	46,144
Other comprehensive income:									
Grant income set aside for family loans		-	-	-	-	-	-	19,331	19,331
Total comprehensive income for the year		-	-	-	-	-	19,331	46,144	65,475
Members shares deposited	16	7,590,419	-	-	-	-	-	-	7,590,419
Members shares withdrawn	16	(6,436,055)	-	-	-	-	-	-	(6,436,055)
Balance at 30 September 2021		7,410,772	39,000	30,000	100,000	100,000	19,331	265,991	7,965,094
Year ended 30 September 2022:									
Loss and total comprehensive income for the year		-	-	-	-	-	(19,331)	(7,911)	(27,242)
Members shares deposited	16	8,304,789	-	-	-	-	-	-	8,304,789
Dividends	9	-	-	-	-	-	-	(6,864)	(6,864)
Members shares withdrawn	16	(8,558,727)	-	-	-	-	-	-	(8,558,727)
Balance at 30 September 2022		7,156,834	39,000	30,000	100,000	100,000	-	251,216	7,677,050

BRADFORD DISTRICT CREDIT UNION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	25	283,990		237,080	
Interest paid		(1,200)		(1,200)	
Income taxes paid		(1,569)		(1,949)	
Net cash inflow from operating activities		281,221		233,931	
Investing activities					
Purchase of intangible assets		(2,508)		-	
Interest received		17,930		8,258	
Net cash generated from investing activities		15,422		8,258	
Financing activities					
Cash inflow from member's share deposits		16,863,516		7,410,772	
Cash outflow from member's share withdrawals		(17,117,454)		(6,436,055)	
New loans to members		-		(2,049,272)	
Repayment of loans by members		-		2,089,221	
Dividends paid		(6,864)		-	
Net cash (used in)/generated from financing activities		(260,802)		1,014,666	
Net increase in cash and cash equivalents		35,841		1,256,855	
Cash and cash equivalents at beginning of year		5,405,707		4,148,852	
Cash and cash equivalents at end of year		5,441,548		5,405,707	

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

Credit Union information

The registered office for Bradford District Credit Union is Ground Floor, City Hall, Bradford, BD1 1HY.

Legal and regulatory framework

The Credit Union is a society established under the Industrial and Provident Societies Act 1965, whose principal activity is to operate as a Credit Union, within the meaning of the Credit Unions Act 1979. The Credit Union has registered with the Financial Conduct Authority under the provisions of the Financial Services and Markets Act 2000.

In accordance with the regulatory environment for Credit Union's, deposits from members can be made by subscription for redeemable shares, deferred shares and interest-bearing shares. At present the Credit Union has only issued redeemable shares.

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 £.

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

Loan interest receivable and similar income: Interest on both loans to members and loans to banks (ie. cash and cash equivalents held on deposit with other financial institutions) is recognised using the effective interest method, and is calculated and accrued on a daily basis.

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

Grant income is included on an accruals basis with revenue grants credited to the income and expenditure account.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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:

Website development	33% straight line
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1.5 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.

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

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:

Fixtures and fittings	33% straight line
-----------------------	-------------------

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.

1.6 Impairment of fixed assets

At each reporting period end date, the Credit Union reviews the carrying amounts of its tangible and intangible 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 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.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, 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.

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash 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. Financial assets classified as receivable within one year are not amortised.

Financial assets - loans and advances to members

Loans to members are financial assets with fixed to determinable payments, and are not quoted in active market. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member. The credit union does not transfer loans to third parties.

Impairment of financial assets

The credit union assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

The provision for doubtful debts is made in accordance with guidance issued by the PRA/FCA.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Credit Union after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price 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 classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities - subscribed capital

Members' shareholdings in the credit union are redeemable and therefore are classified as financial liabilities, and described as members' shares. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

1.9 Equity instruments

Equity instruments issued by the Credit Union are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Credit Union.

1.10 Taxation

The tax expense represents the sum of the tax currently payable.

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

The Credit Union participates in the West Yorkshire Pension Fund which is part of the Local Government Pension Scheme. The scheme is a multi employer scheme and is accounted for as a defined benefit pension scheme as required by Section 28 of FRS 102 "Employee benefits". In line with FRS 102 the Credit Union recognises the defined benefit pension liability as it is required to do so.

1.13 Subordinated loans

Amounts classified as subordinated loans are those loans which qualify as such by the Prudential Regulation Authority's regulations and so are considered part of the Credit Union's capital base. During 2017 Bradford District Credit Union Limited received a loan from the City of Bradford Metropolitan District Council. This loan is subordinated to the interests of all other creditors including members and juvenile depositors. This loan has been renegotiated post year end.

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

Bad debt provision

The Credit Union calculate a bad debt provision in line with FCA requirement - CREDS 7.5 Provisioning. This is calculated as follows:

35% of the net liability where the borrower is more than 3 months in arrears.
60% of the net liability where the borrower is more than 6 months in arrears.
80% of the net liability where the borrower is more than 9 months in arrears.
100% of the net liability where the borrower is more than 12 months in arrears.

3 Income

	2022	2021
	£	£
Loan interest receivable from members	537,100	504,863
Bad debts recovered	56,098	56,391
Grants received	120,770	35,938
Other revenue	30,984	11,653
	<u>744,952</u>	<u>608,845</u>

	2022	2021
	£	£
Other revenue		
Interest income	<u>17,930</u>	<u>8,258</u>

4 Operating surplus/(deficit)

	2022	2021
	£	£
Operating surplus/(deficit) for the year after charging:		
Depreciation of owned tangible fixed assets	<u>515</u>	<u>958</u>

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the Credit Union's auditor and associates:		
Audit of the financial statements of the Credit Union	5,880	5,280
Non audit remuneration paid to auditors	1,600	1,500
	<u>7,480</u>	<u>6,780</u>

6 Employees

The average monthly number of persons (including directors) employed by the Credit Union during the year, analysed by category, was:

	2022	2021
	Number	Number
Administration and support	11	7

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	268,658	227,611
Pension costs - defined benefit scheme	47,133	59,454
Pension costs - defined contribution scheme	4,352	5,829
	<u>320,143</u>	<u>292,894</u>

7 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1,200	1,200

8 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	3,407	1,569

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

9 Dividends

2022
£

2021
£

Final paid

6,864

-

10 Intangible fixed assets

Website
development
£

Cost

At 1 October 2021

-

Additions

2,508

At 30 September 2022

2,508

Amortisation and impairment

At 1 October 2021 and 30 September 2022

-

Carrying amount

At 30 September 2022

2,508

At 30 September 2021

-

11 Tangible fixed assets

Fixtures and
fittings
£

Cost

At 1 October 2021

68,038

Disposals

(65,164)

At 30 September 2022

2,874

Depreciation and impairment

At 1 October 2021

67,523

Depreciation charged in the year

515

Eliminated in respect of disposals

(65,164)

At 30 September 2022

2,874

Carrying amount

At 30 September 2022

-

At 30 September 2021

515

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

12 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Members' loans net of provisions	2,454,049	2,817,990
Other debtors	64,712	63,058
Prepayments	34,764	22,440
	<u>2,553,525</u>	<u>2,903,488</u>

13 Cash and cash equivalents

	2022	2021
	£	£
Cash on hand	271	8,786
Cash at bank	1,218,294	2,263,319
Short-term deposits	4,222,982	3,133,602
	<u>5,441,547</u>	<u>5,405,707</u>

14 Creditors: amounts falling due within one year

	2022	2021
	£	£
	Notes	
RPF funding	-	5,921
Juvenile deposits	198,017	169,765
Corporation tax	3,407	1,569
Other creditors	61,703	93,353
Accruals and deferred income	20,404	37,008
	<u>283,531</u>	<u>307,616</u>

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

15 Pension and other schemes

Defined benefit pension schemes

West Yorkshire Pension Fund

The disclosures below relate to the funded liabilities within the West Yorkshire Pension Fund (the "fund") which is part of the Local Government Pension Scheme (the "the LGPS") and certain unfunded liabilities which have been separately disclosed.

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earning scheme. Details of the benefits earned over the period covered by this disclosure are set out in 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Funds Funding Strategy Statement.

This actuarial valuation is per the report dated 12 November 2019 provided by the West Yorkshire Pension Fund. As part of that valuation a new Rates and Adjustment Certificate was produced for the three year period from 1 April 2020.

The total cost relating to defined benefit schemes for the year recognised in the revenue account as an expense was £47,133 (2021 - £59,454).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2022	2021
	£	£
Fair value of scheme assets	845,000	845,000
Present value of defined benefit obligation	(882,000)	(882,000)
	<u> </u>	<u> </u>
Defined benefit pension scheme deficit	(37,000)	(37,000)
	<u> </u>	<u> </u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2022
	£
Present value at start of year	882,000
	<u> </u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2022
	£
Fair value at start of year	845,000
	<u> </u>

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

15 Pension and other schemes

(Continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2022	2021
	%	%
Cash and cash equivalents	1	1
Equity instruments	76	76
Property	5	5
Government bonds	4	4
Corporate bonds	3	3
Other	11	11
	<u>100</u>	<u>100</u>
	<u><u>100</u></u>	<u><u>100</u></u>

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

15 Pension and other schemes

(Continued)

The pension scheme has not invested in any of the credit union's own financial instruments or in properties or other assets used by the credit union.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2022	2021
	%	%
Discount rate	3.30	3.30
Future salary increases	3.35	3.35
Future pension increases	2.10	2.10
Inflation	3.35	3.35

Post retirement mortality assumptions

	2022	2021
	Years	Years
Current UK pensioners at retirement age - male	23	23
Current UK pensioners at retirement age - female	26	26

Multi-employer plans

This is a defined benefit plan.

Contingent Liability

In arriving at the amount of the Defined Benefit Pension scheme liability the directors have taken into consideration the following factors:

In valuing the scheme assets and liabilities, the West Yorkshire Pension Fund (WYPF) have introduced a risk assessment process for some employers in the Fund as part of their overall risk management framework. This will enable the pension fund to refine the funding strategy to better reflect the risk posed by different employers. At the time of signing the financial statements, the results of the risk assessment had not been provided.

Although the expectation is that the funding position will have deteriorated since the last comprehensive valuation date, resulting in an increase in the liability stated in the financial statements, due to the uncertain nature of the outcome of the new risk assessment process the effect on the liability for Bradford Credit Union cannot be measured reliably. The directors have therefore decided not to include any change in the defined benefit pension scheme liability.

Defined contribution pension scheme

The Credit Union also operates a defined contribution pension scheme. The Pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £4,352 (2021 - £5,829).

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

16 Share capital

	2022	2021
	£	£
Members' shares brought forward	7,410,772	6,256,408
Share deposits during the year	8,304,789	7,590,419
Share withdrawals during the year	(8,558,727)	(6,436,055)
	<u>7,156,834</u>	<u>7,410,772</u>

17 Operating lease commitments

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

	2022	2021
	£	£
Within one year	<u>-</u>	<u>8,544</u>

The amount of non-cancellable operating lease payments recognised as an expense during 2022 was £8,544 (2021: £23,227).

18 Financial risk management

The Credit Union manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable/dividends payable.

The main financial risks arising from the Credit Union 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 the Credit Union, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Liquidity risk: The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

Market risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. The Credit Union conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore the Credit Union is not exposed to any form of currency risk or other price risk.

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

19 Related party transactions

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

19 Related party transactions

(Continued)

At 30 September 2022, loans totalling £15,384 (2021: XXXX) were advanced to directors and family members of employees of the Credit Union. These loans were advanced without any preferential terms.

20 Interest rate risk disclosure

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

	2022 Amount £	2022 Average interest rate	2021 Amount £	2021 Average interest rate
Financial assets				
Loans to members	2,563,133	22.3%	2,897,843	26.05%
Financial liabilities				
Members' shares	7,156,834	0%	6,256,408	0%

The interest rates applicable to loans to members are fixed and range from 12.7% to 42.6%.

The interest payable on subscribed capital is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and interest payable. As a result, the deficit for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

21 Number of members (including juniors)

	2022	2021
Number of members at the beginning of the year	8,589	8,018
Joined in the year	1,148	984
Lapsed during the year	(517)	(413)
Number at the end of the year	<u>9,220</u>	<u>8,589</u>

22 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 FSCS. As a result of the Credit Union participation it has a contingent liability, which cannot be quantified in respect of future contributions to the FSCS, as requested by the Financial Services and Markets Act 2000.

There is also a contingent liability in respect of the Defined Benefit Pension Scheme. Please see note 15 for detail.

23 Subordinated debt

During 2017 Bradford District Credit Union Limited received a loan from the City of Bradford Metropolitan District Council. This loan is subordinated to the interests of all other creditors including members and juvenile depositors. This loan has been renegotiated post year end.

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

24 Credit risk disclosure

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.

	2022	2022	2021	2021
	Amount	Proportion	Amount	Proportion
	£	%	£	%
Not impaired:				
Neither past due not impaired	2,311,831	90.20	2,742,784	94.65
Up to 3 months past due	15,106	4.49	64,253	2.22
Between 3 and 6 months past due	-	-	-	-
Between 6 and 12 months past due	-	-	-	-
Over 12 months past due	-	-	-	-
Subtotal: loans not impaired	2,426,937	94.69	2,807,037	96.87
Individually impaired:				
Not yet past due, but impaired	-	-	-	-
Up to 3 months past due	-	-	-	-
Between 3 and 6 months past due	35,911	1.40	13,989	0.48
Between 6 and 12 months past due	10,510	0.41	4,882	0.17
Over 12 months past due	<u>89,772</u>	<u>3.50</u>	<u>71,934</u>	<u>2.48</u>
Total loans	2,563,131	100	2,897,842	100
Impairment allowance	<u>(337,926)</u>		<u>(225,942)</u>	
Total carrying value	2,225,205		2,671,900	

The amounts recognised within the impairment allowance are as follows:

	2022	2021
	£	£
Bad debts written off in the period	228,845	146,089
Bad debt provision at the balance sheet date	<u>109,081</u>	<u>79,853</u>
Impairment allowance	337,926	225,942

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

25 Cash generated from operations

	2022 £	2021 £
(Loss)/profit for the year after tax	(27,242)	46,144
Adjustments for:		
Taxation charged	3,407	1,569
Finance costs	1,200	1,200
Investment income	(17,930)	(8,258)
Depreciation and impairment of tangible fixed assets	515	958
Impairment losses	-	76,505
Movements in working capital:		
Decrease in debtors	349,963	15,435
(Decrease)/increase in creditors	(25,923)	103,527
Cash generated from operations	<u>283,990</u>	<u>237,080</u>

26 Analysis of changes in net funds

	1 October 2021 £	Cash flows £	30 September 2022 £
Cash at bank and in hand	5,405,707	35,841	5,441,548
Borrowings excluding overdrafts	(5,921)	5,921	-
	<u>5,399,786</u>	<u>41,762</u>	<u>5,441,548</u>

BRADFORD DISTRICT CREDIT UNION LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

		2022		2021
	£	£	£	£
Turnover				
Interest on members loans		537,099		504,863
Bad debts recovered		56,098		56,391
Grants and subsidies		120,770		35,938
Other income		30,985		11,653
		<u>744,952</u>		<u>608,845</u>
Administrative expenses				
Wages and salaries	268,658		227,611	
Staff pension costs - other	4,352		5,829	
Staff pension costs defined benefit (allocation)	47,133		59,454	
Rent re licences and other	2,900		2,900	
Computer running costs	57,360		39,689	
Travelling expenses	1,317		39	
Training costs	1,967		900	
Legal and professional fees	18,442		41,491	
Non audit remuneration paid to auditors	1,600		1,500	
Audit fees	5,880		5,280	
Bank charges	331		90	
Credit agency charges	21,078		10,397	
Bad debts written off	228,845		146,089	
Bad debt provision	29,229		(11,116)	
Fidelity bond & office insurance	3,991		4,467	
Printing and stationery	10,880		9,934	
Advertising and marketing	14,920		6,402	
Social activity costs	2,054		638	
PRA/FCA fees	716		2,072	
Association fees	7,282		11,572	
Telephone and fax	1,331		1,703	
Sundry expenses	1,246		291	
Uniform savers	20,420		-	
Food savers	33,070		-	
Depreciation	515		958	
		<u>(785,517)</u>		<u>(568,190)</u>
Operating (loss)/profit		<u>(40,565)</u>		<u>40,655</u>
Interest receivable and similar income				
Bank interest received	17,930		8,258	
		<u>17,930</u>		<u>8,258</u>
Interest payable and similar expenses				
Bank interest on loans and overdrafts		<u>(1,200)</u>		<u>(1,200)</u>
(Loss)/profit before taxation	3.20%	<u>(23,835)</u>	7.84%	<u>47,713</u>