

Firm reference number: 213934
Registration number IP00389C

BRADFORD DISTRICT CREDIT UNION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024



BRADFORD DISTRICT CREDIT UNION LIMITED

CREDIT UNION INFORMATION

Directors	Julian R D O'Neill Peter Judge Rosie Watson Julia Edwards Joseph Wheatley Ian Goodliffe Sharon Vassell Kevin Mowles	(Appointed 21 December 2023) (Appointed 3 November 2023) (Appointed 15 February 2024)
Secretary	Katie Hurrell	
FCA registration 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	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 The Unity Trust Bank Four Brindleyplace Birmingham B1 2JB	

BRADFORD DISTRICT CREDIT UNION LIMITED

CREDIT UNION INFORMATION

Bankers continued

Virgin Money
Banking Hall
30 St Vincent Place
Glasgow
G12HL

BRADFORD DISTRICT CREDIT UNION LIMITED

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BRADFORD DISTRICT CREDIT UNION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

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

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	(Resigned 31 January 2024)
David J Somerville	(Resigned 31 January 2024)
Rosie Watson	
Javed Khan	(Resigned 25 January 2024)
Julia Edwards	
Joseph Wheatley	
Michael Johnson	(Resigned 20 November 2023)
Ian Goodliffe	(Appointed 21 December 2023)
Sharon Vassell	(Appointed 3 November 2023)
Kevin Mowles	(Appointed 15 February 2024)

Directors' insurance

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, faith friendly mutual savings and lending co-operative owned and ran by our members. We are a friendly alternative to high street banks and other high interest 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 reviewed the vision and mission statement during the year and aligned with our strategic priorities.

Vision

- ***To be a leading West Yorkshire Credit Union serving our communities. Advocating financial sustainability and support financial education and literacy for our most vulnerable members.***

Mission

- ***Providing our members with an exceptional service, a comprehensive range of inclusive and affordable products that are easy to access, simple to use and straight forward to understand.***
- ***To be a commercially viable, ethical alternative to high street banks and other financial service providers.***
- ***Upholding a strong reputation for being great at what we do and making a positive social impact across our communities.***

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 and beyond.

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 2024

Achievements and Performance

2024 has been a year of breaking records. Writing over £2.7m in new lending taking our total loan book to be in excess of £3.8m achieving another year of growth by 20%, whilst maintaining our bad debt position. We have joined 1,143 new members taking total membership to over 10,500 with savings in excess of £6.5m and improvements to member retention at 66%.

We have reached the Finalist stages in this years Consumer Awards for best Credit Union in the North AND best Credit Union Loan Provider. We achieved Finalist at the Business Desk Leadership Awards, Bradford College special recognition award for our 'Technology and Digital Apprentice' and TWO awards from Bradford University for Placement Provider of the Year and Apprentice Placement Award of the year. We are also official partners of BD25 showcasing our collaboration as we enter 2025 City of Culture.

We were honoured to host our Mayor Tracy Brabin to celebrate us reaching our 10,000 members milestone and also to share the positive stories from being awarded funding for new initiatives that have bolstered our community reach and strengthened our social impact around financial education and wellbeing.

What a year!

Community Development Partnership Projects

We have continued to work with Inn Churches, Bradford Public Health and Bradford Council across three of our successful community led projects, FoodSavers and UniformSavers as well as BDCU's first ever Underwriting scheme, in partnership with the West Yorkshire Combined Authority as part of their Cost of Living Fund. This has enabled us to lend to those that would otherwise not be able to borrow from trusted and regulated firms, with supported repayment plans helping develop or rebuild their credit profile.

1) Food Savers

21 Outlets and over 690 people in poverty saving with the credit union and this is growing all the time. These FoodSavers members now save over £52,000.

2) Uniform Savers

UniformSavers has helped give 285 people the opportunity to save 3 times in order to receive a £100 incentive in August 24. 223 members saved and received in excess of £28,000. Incredibly 207 of those who qualified continue to save with BDCU, demonstrating how these members are now in the habit of saving. Those who continued to save were given a £30 reward in October 2024.

3) Mayors Micro Loan and Savings Scheme

300 members issued with a £200 loan and savings contribution of £16,350 by March 2024. This has enabled us to support 300 members as the cost of living crisis continues. Some of these members who have successfully repaid their loan and have improved their credit profile have gone on to borrow successfully without the support of a scheme.

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' continues, this 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 £4m and borrow over £2m. These savings also help us to lend to people other banks and lenders will not and mitigates them turning to other high cost lenders and illegal money sharks.

BRADFORD DISTRICT CREDIT UNION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Financial results

We have recognised growth in our interest income this year achieving over £674k and equally as important we have created longer term sustainable income extending out to over 5 years, by being initiative with our product offering.

We have been successful in managing our cost base following the cost of living crisis where interest levels soared to 10% and by default creates a much higher cost base for future years. In addition to this we have managed our bad debts and recoveries exceptionally well leading to an overall surplus position of £113k.

We have been successful in securing funding from our esteemed partners, Fair4All Finance, and have been awarded £222k. This has bolstered our reserves position and capital position and will allow for ongoing developments to further improve BDCU's offering to our members.

It is with delight that we can confirm due to the success we have seen this year the Directors have confirmed a Dividend of 1.5% will paid to our members. The total amount of the dividend will be £97,011.

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

	2024	2023	% Change
Membership number	10,558	9,802	7.7%
Savings Deposits (<i>including Juvenile deposits, see note</i>)	£6,548,884	£6,816,759	-3.9%
Active member loans number	1,724	1,628	5.9%
Total member loans	£3,829,472	£3,040,612	25.9%
Average loan size	£1,948	£1,724	13.0%
Surplus/(Deficit) for the year post dividend	£112,729	(£52,101)	116.4%
Net assets	£592,844	£480,115	23.5%

Our regulatory capital ratio at 7.95% remains above our regulatory minimum requirement of 5%.

Going Concern review and Forward Look

A 3 year forward look strategy and supporting delivery plan and financial plan was agreed by the Board in February 2024. This shows continuing growth in our lending, stabilised savings through a growing membership base and incremental surplus position further bolstering our regulatory capital.

Our recent success in securing funding will allow us the capability of delivering multiple strategic objectives. This will see investment in Our Members, Our Operating Platforms, Our People and Our Communities. We look forward to sharing more updates on these over the course of our next financial year through our regular Bulletins and Newsletter.

BRADFORD DISTRICT CREDIT UNION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Our People, Our Team

Our people have had a phenomenal year this year with a lot of individual successes and team successes. I could not be more proud of what we have all achieved.

Without the hard work of our dedicated team at BDCU, we would not be able to serve our members. We give thanks to them all for their efforts.

Our excellent team, continually serving our members and supporting one and other;
CEO, Katie supported by Ian EDI & Community Development Lead. Emma our Member Services Lead, Jess our Finance Lead, Keir Loans & Product Lead and David our BA/PM Lead. Supported by Bry, Lauren, Nicola, Siobhan, Fizza, Zayna and Janka.

We are further supported by our fantastic external partners, Incredible who support us with our Marketing and Design work and also Jane at JK Consultants for her invaluable governance and compliance support which has been instrumental throughout our consumer duty journey and delivering our first Annual Attestation report.

Our Board of Directors has strengthened again over the year and includes experience covering community development, financial services and regulation, IT, banking, marketing and data insights and more recently legal. I am also very proud to say BDCU have a diverse Board in gender and ethnicity.

We also say thankyou and goodbye to Directors who have served BDCU for a number of years and are now handing over the baton and welcome in the new.

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 **thankyou** for your continued support and hope you too recognise the transformational journey we are on and the successes we are achieving along the way, and that you too can celebrate these with us.

Statement of directors' responsibilities

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

Credit Union legislation requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standards applicable in the UK and Ireland" (United Kingdom Accounting Standards and applicable law). Under Credit Union legislation the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the credit union and of the surplus or deficit of the Credit Union for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the credit union's transactions and disclose with reasonable accuracy at any time the financial position of the credit union and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and with the Credit Union Act 1979. They are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BRADFORD DISTRICT CREDIT UNION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

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.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board

Katie Hurrell
Secretary

Julian R D O'Neill
Director

Rosie Watson
Director

19 December 2024

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 2024 which comprise the revenue account, 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 2024 and of its profit 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

TO THE MEMBERS OF BRADFORD DISTRICT CREDIT UNION LIMITED (CONTINUED)

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.

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:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Anything else...
- Enquiry of management and those charged with governance to identify any instances of non-compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Credit Union is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related Credit Union legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

BRADFORD DISTRICT CREDIT UNION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRADFORD DISTRICT CREDIT UNION LIMITED (CONTINUED)

Secondly, the Credit Union is subject to many other laws and regulations where the consequence of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance the imposition of fines or litigation or the loss of the Credit Union's license to operate. We identified the following areas as those most likely to have such an effect: Co-operative & Community Benefit Societies Act 2014, Credit Union Act 1979, Provisions of the Financial Services and Markets Act 2000, Prudential Regulation Authority (PRA), The Local Government Pension Scheme (Transitional Provisions, Savings & Amendments) Regulations 2014, data protection laws, anti-bribery, money laundering and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 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.

Stephanie Baker BA(Hons) ACA
Senior Statutory Auditor
For and on behalf of Xeinadin Audit Limited

19 December 2024

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 2024

		2024	2023
		£	£
Loan interest receivable and similar income	3	674,269	586,831
Interest payable	4	-	(7,229)
		<hr/>	<hr/>
Net interest income		674,269	579,602
Fees and commissions payable	5	(25,847)	(22,311)
Other income	6	239,350	160,456
Administrative expenses	7	(689,120)	(664,040)
Depreciation and amortisation	17	(1,672)	(1,672)
Other operating expenses	8	(17,216)	(17,516)
Impairment losses on loans to members	16	(25,726)	(66,616)
		<hr/>	<hr/>
Surplus/(Deficit) before taxation		154,038	(32,097)
Taxation	11	(41,309)	(20,004)
		<hr/>	<hr/>
Surplus/(Deficit) for the financial year		112,729	(52,101)
Other comprehensive income			
Actuarial gain on defined benefit pension schemes		-	37,000
		<hr/>	<hr/>
Total comprehensive income		112,729	(15,101)
		<hr/> <hr/>	<hr/> <hr/>

The revenue account has been prepared on the basis that all operations are continuing operations.

BRADFORD DISTRICT CREDIT UNION LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2024

	Notes	2024 £	2023 £
Assets			
Cash, cash equivalents and liquid deposits			
Loans and advances to banks	12	3,599,572	4,477,541
Loans and advances to members	13	3,705,780	2,950,604
Intangible assets	17	1,672	3,344
Tangible fixed assets	18	-	-
Other receivables	19	53,875	60,210
Prepayments and accrued income		95,829	27,485
Total assets		7,456,728	7,519,184
Liabilities			
Subscribed capital - repayable on demand	20	6,353,573	6,645,580
Other payables	21	510,311	393,489
		6,863,884	7,039,069
Retained earnings			
Defined benefit pension scheme revaluation		-	-
Marketing reserve		10,000	20,000
Lloyds grant reserve		100,000	100,000
Subordinated loan		100,000	100,000
Income and expenditure reserve		382,844	260,115
		592,844	480,115
Total liabilities		7,456,728	7,519,184

The financial statements were approved by the board of directors and authorised for issue on 19 December 2024 and are signed on its behalf by:

Julian R D O'Neill
Director

Rosie Watson
Director

Katie Hurrell
Secretary

Company registration number IP00389C

BRADFORD DISTRICT CREDIT UNION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Pension reserve	Marketing reserve	Lloyds grant reserve	Sub- ordinated loan	Income and expenditure reserve	Total
Notes	£	£	£	£	£	£
Balance at 1 October 2022	39,000	30,000	100,000	100,000	226,216	495,216
Year ended 30 September 2023:						
Deficit for the year pre dividend	-	-	-	-	(44,872)	(44,872)
Dividends paid 4	-	-	-	-	(7,229)	(7,229)
Deficit for the year post dividend	-	-	-	-	(52,101)	(15,101)
Actuarial gains on defined benefit plans	-	-	-	-	37,000	37,000
Transfer	(39,000)	(10,000)	-	-	49,000	-
Balance at 30 September 2023	-	20,000	100,000	100,000	260,115	480,115
Year ended 30 September 2024:						
Surplus for the year pre dividends	-	-	-	-	112,729	112,729
Surplus for the year post dividend	-	-	-	-	112,729	112,729
Transfer	-	(10,000)	-	-	10,000	-
Balance at 30 September 2024	-	10,000	100,000	100,000	382,844	592,844

BRADFORD DISTRICT CREDIT UNION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	2024 £	£	2023 £	£
Cash flows from operating activities					
Cash absorbed by operations	30	(857,965)		(958,092)	
Income taxes paid		(20,004)		(3,407)	
Net cash outflow from operating activities		(877,969)		(961,499)	
Investing activities					
Purchase of intangible assets		-		(2,508)	
Net cash used in investing activities			-		(2,508)
Net decrease in cash and cash equivalents		(877,969)		(964,007)	
Cash and cash equivalents at beginning of year		4,477,541		5,441,548	
Cash and cash equivalents at end of year		3,599,572		4,477,541	

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

Credit Union information

The registered office 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 is 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 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") and the requirements of the 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. The directors have given due consideration to the Credit Union's exposure to liquidity risk as disclosed in note 23. 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.

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

(Continued)

1.4 Taxation

The tax charge for the year reflects current tax payable. Current tax is the expected corporation tax payable for the year, using tax rates in force for the year. The Credit Union is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income.

As a result of the limited activities of the Credit Union from which surpluses are chargeable to corporation tax, it is unlikely that deferred tax will arise.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Credit Union operates and generates taxable income.

1.5 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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1.6 Tangible fixed assets

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

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

Fixtures and fittings	33% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 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.

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

(Continued)

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.

1.8 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.

1.9 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 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.

Basic financial assets

Basic financial assets, which include receivables 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 Prudential Regulation Authority (PRA)/Financial Conduct Authority (FCA).

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

(Continued)

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 payables, 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.

1.10 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.

1.11 Employee benefits

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

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

Other employee benefits: Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

1.12 Retirement benefits

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

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 with an effective date of 30 September 2022.

1.14 Reserves

Retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to members.

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment losses on loans to members are provided in accordance with the guidelines issued by the Prudential Regulation Authority. 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 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.

In accordance with FRS102, the policy of the Credit Union and the requirements of the standard for impaired losses written off differ. The Credit Union write off impaired loans when all methods of the recovery have been exhausted. Therefore, the impaired losses written off in the financial statements do not meet the requirements of FRS102. As a result of the above there is no net effect on the surplus or net assets of the Credit Union.

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.

Impairment losses and provisions

Impairment losses on loans to members are provided in accordance with the guidelines issued by the Prudential Regulation Authority. 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 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.

Impaired losses written off and recovered

In accordance with FRS102, the policy of the Credit Union and the requirements of the standard for impaired losses written off differ. The Credit Union write off impaired loans when all methods of the recovery have been exhausted. Therefore, the impaired losses written off in the financial statements do not meet the requirements of FRS102. As a result of the above there is no net effect on the surplus or net assets of the Credit Union.

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

3 Loan interest recoverable and similar income

	2024 £	2023 £
Loan interest receivable from members	498,624	490,702
Bank interest receivable on cash and liquid deposits	175,645	96,129
	<u>674,269</u>	<u>586,831</u>

4 Interest expense

Interest expense is the dividend paid to members for the prior year. The dividend is formally proposed by the Directors after the year end and is confirmed at the following AGM. As a result it does not represent a liability at the balance sheet date. A dividend is to be proposed for the year ended 30 September 2024 at 1.5% totalling £97,011.

	2024 £	2023 £
Interest paid during the year	-	7,229
Dividend rate:		
Christmas savings account	1.5%	0.10%
General savings account	1.5%	0.10%
Interest proposed but not recognised	<u>97,011</u>	<u>-</u>

5 Fees and commissions payable

	2024 £	2023 £
Bank charges	14,475	5,611
Merchant service charges	8,882	11,745
Verification costs	2,490	4,955
	<u>25,847</u>	<u>22,311</u>

6 Other income

	2024 £	2023 £
Grant income	209,912	148,493
Sundry income	29,438	11,963
	<u>239,350</u>	<u>160,456</u>

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

7 Administrative expenses

	2024 £	2023 £
Employment costs	410,758	420,201
Staff training and travel	5,303	4,872
Auditors' remuneration	9,899	8,880
Telephone	311	1,557
Computer maintenance	105,385	82,425
Legal and professional	37,478	42,725
General expenses	1,128	2,423
Printing postage and stationery	2,593	2,290
Advertising and marketing	38,885	39,229
Uniform savers	44,290	29,410
Food savers	33,090	29,778
Charitable donations	-	250
	<u>689,120</u>	<u>664,040</u>

8 Other operating expenses

Other operating expenses comprise the costs of occupying offices and regulatory and financial management costs:

	2024 £	2023 £
Cost of occupying the offices (excluding depreciation)		
Rent and rates	2,300	3,000
	<u>2,300</u>	<u>3,000</u>
Regulatory and financial management costs		
Financial Conduct Authority and Prudential Regulation Authority fees	2,413	1,355
Association of British Credit Union dues	6,895	7,139
Fidelity bond insurance	3,993	3,993
Other insurances	1,615	2,029
	<u>14,916</u>	<u>14,516</u>
	<u>17,216</u>	<u>17,516</u>

9 Auditor's remuneration

	2024 £	2023 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	7,000	6,480
	<u>7,000</u>	<u>6,480</u>

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

10 Employees

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

	2024	2023
	Number	Number
Administration and support	13	12
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2024	2023
	£	£
Wages and salaries	324,931	335,738
Social security costs	33,471	34,098
Pension costs - defined benefit scheme	36,395	33,303
Pension costs - defined contribution scheme	15,961	17,062
	<u> </u>	<u> </u>
	410,758	420,201
	<u> </u>	<u> </u>

11 Taxation

	2024	2023
	£	£
Current tax		
UK corporation tax on profits for the current period	41,309	20,004
	<u> </u>	<u> </u>

	2024	2023
	£	£
Profit/(loss) before taxation	154,038	(32,097)
	<u> </u>	<u> </u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 24.35% (2023: 22.01%)	37,508	(5,473)
Non-taxation surplus/(deficit) on transactions with members	3,801	25,477
	<u> </u>	<u> </u>
Taxation charge for the year	41,309	20,004
	<u> </u>	<u> </u>

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

12 Cash and cash equivalents

	2024 £	2023 £
Cash at bank	334,019	196,638
Short-term deposits	3,265,553	4,280,903
	<u>3,599,572</u>	<u>4,477,541</u>

Included within the figure above is amounts maturing after 3 months of £1,000,000 (2023: £nil)

13 Loans and advances to members

	2024 £	2023 £
As at 1 October	3,040,612	2,454,049
Advanced during the year	2,781,173	2,431,896
Repaid during the year	(1,942,724)	(1,700,287)
	<u>3,879,061</u>	<u>3,185,658</u>
Gross loans and advances to members	3,879,061	3,185,658
Impairment of individual financial assets	(49,589)	(145,046)
	<u>3,829,472</u>	<u>3,040,612</u>
Total loan assets for regulatory purposes	3,829,472	3,040,612
Impairment losses provision		
Groups of financial assets	(123,692)	(90,008)
	<u>3,705,780</u>	<u>2,950,604</u>
As at 30 September	<u>3,705,780</u>	<u>2,950,604</u>

14 Allowance account for impairment losses

	2024	2023
As at 1 October	90,008	109,081
Increase/(decrease) in allowance during the year	33,685	(19,073)
	<u>123,692</u>	<u>90,008</u>
As at 30 September	<u>123,692</u>	<u>90,008</u>

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

15 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.

	2024 Amount £	2024 Proportion %	2023 Amount £	2023 Proportion %
Not impaired:				
Neither past due not impaired	3,153,465	81	2,892,807	91
Up to 3 months past due	543,400	14	133,256	4
Between 3 and 6 months past due	-	-	-	-
Between 6 and 12 months past due	-	-	-	-
Over 12 months past due	-	-	-	-
	<u>3,696,865</u>	<u>95</u>	<u>3,026,063</u>	<u>95</u>
Groups of financial assets impaired:				
Not yet past due, but impaired	-	-	-	-
Up to 3 months past due	35,253	1	27,419	1
Between 3 and 6 months past due	22,315	1	39,577	1
Between 6 and 12 months past due	32,989	1	92,599	3
Over 12 months past due	91,639	2	-	-
	<u>3,879,061</u>	<u>100</u>	<u>3,185,658</u>	<u>100</u>
Impairment allowance	<u>(173,281)</u>		<u>(235,054)</u>	
Total carrying value	<u>3,705,780</u>		<u>2,950,604</u>	

16 Impairment losses recognised for the year

	2024 £	2023 £
Impairment of individual financial assets	49,589	145,046
Increase in impairment allowance during the year	33,685	(19,073)
	<u>83,274</u>	<u>125,973</u>
Reversal of impairment where debts recovered	(57,548)	(59,357)
	<u>25,726</u>	<u>66,616</u>

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

17 Intangible fixed assets

	Website development £
Cost	
At 1 October 2023 and 30 September 2024	5,016
Amortisation and impairment	
At 1 October 2023	1,672
Amortisation charged for the year	1,672
At 30 September 2024	3,344
Carrying amount	
At 30 September 2024	1,672
At 30 September 2023	3,344

18 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 October 2023 and 30 September 2024	2,874
Depreciation and impairment	
At 1 October 2023 and 30 September 2024	2,874
Carrying amount	
At 30 September 2024	-
At 30 September 2023	-

19 Other receivables

	2024 £	2023 £
Accrued loan interest	27,487	21,876
Optimus	22,040	28,324
PO payout	4,348	10,010
	53,875	60,210

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

20 Subscribed capital - repayable on demand

	2024	2023
	£	£
Members' shares brought forward	6,645,580	7,156,834
Share deposits during the year	9,270,768	8,823,578
Share withdrawals during the year	(9,562,775)	(9,334,832)
	<u>6,353,573</u>	<u>6,645,580</u>

Deposits from members may only be made by way of subscription for shares.

21 Other payables

	2024	2023
	£	£
Juvenile deposits	195,311	171,179
Deferred income	196,565	151,522
Unclaimed deposits	50,658	32,245
Accruals	26,468	14,249
Corporation tax	41,309	20,004
Other creditors	-	4,290
	<u>510,311</u>	<u>393,489</u>

22 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 December 2023 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 October 2023.

The total cost relating to defined benefit schemes for the year recognised in the revenue account as an expense was £36,395 (2023 - £33,303).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The defined benefit plan asset has not been recognised in the financial statements. This was also the case for the prior year as per FRS102 disclosure requirements.

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2024

22 Pension and other schemes

(Continued)

	2024	2023
	£	£
Fair value of scheme assets	1,355,000	1,223,000
Present value of defined benefit obligation	(764,000)	(720,000)
	<u>591,000</u>	<u>503,000</u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2024
	£
Present value at start of year	720,000
Movement in the year	44,000
	<u>764,000</u>

Fair value of scheme assets

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

	2024
	£
Fair value at start of year	1,223,000
Movement in the year	132,000
	<u>1,355,000</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2024	2023
	%	%
Cash and cash equivalents	4	4
Equity instruments	78	81
Property	3	3
Government bonds	9	6
Corporate bonds	4	5
Other	2	1
	<u>100</u>	<u>100</u>

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.

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2024

22 Pension and other schemes

(Continued)

Principal actuarial assumptions

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

	2024	2023
	%	%
Discount rate	5	5
Future salary increases	4	4
Future pension increases	3	3
Inflation	3	3
Pension accounts revaluation rate	3	3
	====	====

Post retirement mortality assumptions

	2024	2023
	Years	Years
Current UK pensioners at retirement age - male	21	21
Current UK pensioners at retirement age - female	24	24
	====	====

Multi-employer plans

This is a defined benefit plan.

Contingent Asset/Liability

In arriving at the amount of the Defined Benefit Pension scheme asset/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.

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 £6,855 (2023 - £7,758).

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

23 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.

24 Interest rate risk disclosure

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

	2024	2024	2023	2023
	Amount	Average Interest Rate	Amount	Average Interest Rate
Financial Assets				
Loans to members	3,829,472	14.70%	3,040,612	16.82%
Financial Liabilities				
Members' shares	6,353,573	0.00%	6,645,580	0.13%

The interest rates applicable to loans to members are fixed and range from 7.9% 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.

25 Liquidity risk disclosures

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

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

26 Fair value of financial instruments

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

27 Post balance sheet events

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

28 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 22 for detail.

29 Related party transactions

At 30 September 2024, loans totalling £26,145 (2023: £17,460) were advanced to employees and their family members of the Credit Union. These loans were advanced without any preferential terms.

30 Cash absorbed by operations

	2024	2023
	£	£
Profit/(loss) for the year after tax	154,038	(32,097)
Adjustments for:		
Actuarial gain on defined benefit pension		37,000
Amortisation and impairment of intangible assets	1,672	1,672
Impairment losses	33,684	90,008
Movements in working capital:		
(Increase)/decrease in receivables	(62,006)	11,778
Increase in payables	95,514	31,361
Cash flows from changes in operating assets and liabilities		
Cash inflow from subscribed capital	9,270,768	8,823,578
Cash outflow from repaid capital	(9,562,775)	(9,334,832)
New loans to members	(2,731,584)	(2,286,850)
Repayment of loans by members	1,942,724	1,700,290
Cash absorbed by operations	<u>(857,965)</u>	<u>(958,092)</u>

BRADFORD DISTRICT CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

31 Analysis of changes in net funds

	1 October 2023 £	Cash flows £	30 September 2024 £
Cash at bank and in hand	4,477,541	(877,969)	3,599,572