

FCA Registration number: 213672

# Cambrian Credit Union Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2020

Hallidays  
Statutory Auditor  
Riverside House  
Kings Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

## **Cambrian Credit Union Limited**

### **Contents**

Administrative Information	1
Directors Report	2 to 5
Independent Auditor's Report	6 to 8
Revenue Account	9
Balance Sheet	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 to 22

## **Cambrian Credit Union Limited**

### **Credit Union Information**

<b>Chairman</b>	P Green
<b>Directors</b>	P Green J Killion C Hawkins G Uttley J Gilmore T Jones T Wickenden
<b>Registered office</b>	144 Conway Road Llandudno Junction Conwy North Wales LL31 9NP
<b>Bankers</b>	The Co-operative Bank Central Commercial Branch PO Box 250 Skelmersdale Leeds WN8 6WT
<b>Auditors</b>	Hallidays Statutory Auditor Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD

## **Cambrian Credit Union Limited**

### **Directors' Report Year Ended 30 September 2020**

The Board of Directors present their report and the financial statements for the year ended 30 September 2019.

#### **The Board of Directors**

The Board of Directors who held office during the year were as follows:

J Watkins (appointed 25 February 2020 and resigned 21 July 2020)

M Toghill (resigned 24 October 2020)

P Green - Chairman

J Killion

C Hawkins (appointed 25 February 2020)

G Uttley

J Gilmore

T Jones

T Wickenden (appointed 25 February 2020)

#### **Dividends**

The directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 30 September 2020. This dividend has not been recognised as a liability in the financial statements.

#### **Principal activities and business review**

The principal activity of the Credit Union during the year was that of the provision of savings and lending facilities for the benefit of its members.

## Cambrian Credit Union Limited

### Directors' Report Year Ended 30 September 2020

#### Common Bond

Admission to membership of the Credit Union is restricted to:

- An individual who resides or is employed in the locality comprising the whole of Wales.
- A body corporate, an individual in his/her capacity as a partner in a partnership, an individual in his/her capacity as an officer or a member of the governing body of an unincorporated association, if the body corporate partnership or unincorporated association has:
  - A Place of business in the above locality
  - The following significant connection with the above locality:
    - is an organisation with a headquarters in Wales that delivers services to residents or employees in the above locality.
- An individual which is a member of the following bona fide organisations:
  - Unison
  - Unite the Union

Provided that the member lives or works within Wales, Shropshire, Cheshire West and Chester, Wirral,

- An individual who is a member of the same household as, and is a relative of, an individual who is a member of the Credit Union and falls directly within a common bond specified above.

#### **Results and dividends**

The accounts show the results for the years activities for the combined operations.

The surplus for the year, before taxation, amounted to £144,642. This has been an exceptional year, the grant funding was to help with our COVID response and to mitigate loss of business. We have also had funding to help open the new Rhyl premises. The COVID grant will need to cover additional expenses and loss of business not just for this financial year but into the start of the next financial year therefore it is prudent to ensure that these are place in reserves.

The dividend is calculated at 0.00% (2019: 0.00%) for the Member Accounts and Junior Accounts.

## **Cambrian Credit Union Limited**

### **Directors' Report Year Ended 30 September 2020**

#### **Directors responsibilities**

The Board of 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 Board of 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 Board of Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Credit Union and of the surplus or deficit of the Credit Union for that period. In preparing these financial statements, the Board of Directors are required to:

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

The Board of 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.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Credit Union's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

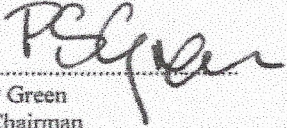
#### **Reappointment of auditors**


Hallidays will be recommended for re-appointment at the AGM under The Co-operative and Community Benefit Societies Act 2014.


**Cambrian Credit Union Limited**

**Directors' Report Year Ended 30 September 2020**

Approved by the Board on 23 February 2021 and signed on its behalf by:

  
.....  
P Green  
Chairman

  
.....  
J Killion  
Director

  
.....  
C Hawkins  
Director

## **Cambrian Credit Union Limited**

### **Independent Auditor's Report to the Members of Cambrian Credit Union Limited**

#### **Opinion**

We have audited the financial statements of Cambrian Credit Union Limited for the year ended 30 September 2020, set out on pages 12 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial reporting Standard applicable in the UK and Republic of Ireland".

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 2020 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Boards'; use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Credit Union's ability to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

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

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



## Cambrian Credit Union Limited

### Independent Auditor's Report to the Members of Cambrian Credit Union Limited

#### Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the credit union has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

#### Respective Responsibilities of the Board of Directors

As explained more fully in the The Board of Directors' Responsibilities (set out on page 4), 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 Board of 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 Board of 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the 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.

## Cambrian Credit Union Limited


### Independent Auditor's Report to the Members of Cambrian Credit Union Limited

- 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.

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.

#### Use of this 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.

  
.....  
Hallidays  
Statutory Auditor  
Riverside House  
Kings Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

23 February 2021

**Cambrian Credit Union Limited**

**Revenue Account for the Year Ended 30 September 2020**

	Note	2020 £	2019 £
Income	3	898,174	882,099
Administrative expenses		<u>(819,532)</u>	<u>(817,995)</u>
Operating surplus	4	<u>78,642</u>	<u>64,104</u>
<b>Exceptional items</b>			
Gain on disposal of property		-	85,431
Exceptional Grant Income		<u>66,000</u>	<u>-</u>
Total exceptional items		<u>66,000</u>	<u>85,431</u>
Surplus/(Deficit) before tax		144,642	149,535
Taxation	7	<u>(2,516)</u>	<u>(23,100)</u>
Surplus/(Deficit) for the financial year		<u><u>142,126</u></u>	<u><u>126,435</u></u>

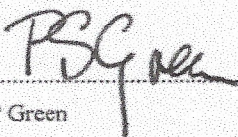
The above results were derived from continuing operations.


**Cambrian Credit Union Limited**


(FCA Registration number: 213672)  
**Balance Sheet as at 30 September 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	8	509,211	526,542
<b>Current assets</b>			
Debtors	9	2,811,977	3,242,404
Cash, cash equivalents and liquid deposits	10	<u>5,468,993</u>	<u>4,333,375</u>
		<u>8,280,970</u>	<u>7,575,779</u>
<b>Total assets less current liabilities</b>		8,790,181	8,102,321
<b>Creditors: Amounts falling due after more than one year</b>	11	<u>-</u>	<u>-</u>
<b>Net assets</b>		<u>8,790,181</u>	<u>8,102,321</u>
<b>Liabilities and reserves</b>			
Members capital - repayable on demand	12	7,478,543	6,922,518
General reserves		679,315	537,189
Other liabilities	11	432,323	442,614
Subordinated loan - due after one year		<u>200,000</u>	<u>200,000</u>
<b>Total equity</b>		<u>8,790,181</u>	<u>8,102,321</u>

Approved and authorised by the Board on 23 February 2021 and signed on its behalf by:

  
 P Green  
 Chairman

  
 J Killion  
 Director

  
 C Hawkins  
 Director

**Cambrian Credit Union Limited**

**Statement of Changes in Reserves for the Year Ended 30 September 2020**

	Other reserve £	General reserves £	Revenue reserves £	Total £
At 1 October 2018	39,796	370,958	-	410,754
Surplus for the year	-	-	126,435	126,435
Other reserve movement	-	126,435	(126,435)	-
Total comprehensive income	-	126,435	-	126,435
At 30 September 2019	39,796	497,393	-	537,189

	Other reserves £	General reserves £	Revenue reserves £	Total £
At 1 October 2019	39,796	497,393	-	537,189
Surplus for the year	-	-	142,126	142,126
Other reserve movement	-	142,126	(142,126)	-
Total comprehensive income	-	142,126	-	142,126
At 30 September 2020	39,796	639,519	-	679,315

**Cambrian Credit Union Limited**

**Statement of Cash Flows for the Year Ended 30 September 2020**

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Surplus for the year		142,126	126,435
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	18,369	55,635
Profit from disposal of property		-	(85,431)
Taxation provision	7	2,516	23,100
Impairment losses		<u>187,462</u>	<u>183,227</u>
		350,473	302,966
Working capital adjustments			
Decrease/(increase) in other debtors	9	4,524	(5,861)
(Decrease)/increase in other creditors	11	<u>(5,767)</u>	<u>1,257</u>
Cash generated from operations		349,230	298,362
Taxation paid	7	<u>(19,745)</u>	<u>(5,815)</u>
Net cash flow from operating activities		<u>329,485</u>	<u>292,547</u>
<b>Cash flows from investing activities</b>			
Acquisitions of tangible assets		(1,038)	(23,618)
Proceeds from sale of tangible assets		<u>-</u>	<u>142,331</u>
Net cash flows from investing activities		<u>(1,038)</u>	<u>118,713</u>
<b>Cash flows from changes in operating assets and liabilities</b>			
Cash inflow from members shares		11,428,573	13,777,509
Cash outflow from share withdrawals		(10,859,840)	(14,303,296)
Loans issued to members		(2,284,893)	(2,878,789)
Repayment of loans by members		<u>2,523,331</u>	<u>2,646,713</u>
Net cash flows from operating activities		<u>807,171</u>	<u>(757,863)</u>
Net increase/(decrease) in cash and cash equivalents		1,135,618	(346,603)
Cash and cash equivalents at 1 October		<u>4,333,375</u>	<u>4,679,978</u>
Cash and cash equivalents at 30 September		<u>5,468,993</u>	<u>4,333,375</u>

The notes on pages 13 to 22 form an integral part of these financial statements.  
Page 12

## **Cambrian Credit Union Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2020**

#### **1 General information**

The address of its registered office is:  
144 Conway Road  
Llandudno Junction  
Conwy  
North Wales  
LL31 9NP

These financial statements were authorised for issue by the Board on 23 February 2021.

#### **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 Co-Operative and Community Benefit Societies Act 2014.

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

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared in accordance with FRS102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and also with The Co-Operative and Community Benefit Societies Act 2014.

The financial statements are prepared on the historical cost basis.

##### **Going concern**

At the balance sheet date, the financial statements were prepared on a going concern basis which assumes the Credit Union will continue in operational existence for the foreseeable future.

The board have reviewed both capital and liquidity ratios for their industry as well as considering the reputational position of the Credit Union and accordingly have prepared the financial statements on a going concern basis.

The board have considered the impact of Brexit and COVID-19 on the ability of the Credit Union to continue in operational existence for the foreseeable future, being at least 12 months from the audit report date. The board have made assumptions when preparing forecasts for the business around the uncertainty due to COVID-19 that lead them to conclude the Credit Union is a going concern.

## Cambrian Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2020

#### 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.

#### Tax

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

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

#### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

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

Asset class	Depreciation method and rate
Computer Equipment & Website Development	33% Straight line
Fixtures & Fittings	25% Straight line
Land & Buildings	2% Straight line

#### 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.

#### Members shares

Members' shareholdings in the Credit Union are redeemable and described as members shares - repayable on demand. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.



## Cambrian Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2020

#### Employee benefits

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

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

#### Reserves

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

#### Use of estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the Credit Unions accounting policies.

### 3 Revenue

The analysis of the Credit Union's revenue for the year from continuing operations is as follows:

	2020	2019
	£	£
Loan interest receivable from members	650,142	648,520
Bank interest receivable on cash and liquid deposits	29,432	36,225
Grants received	83,225	44,941
Bad debts recovered	96,382	110,995
Other revenue	38,993	41,418
	<u>898,174</u>	<u>882,099</u>

### 4 Operating profit

Arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation expense	18,369	55,635
Auditor's remuneration - The audit of the company's annual accounts	<u>4,200</u>	<u>3,900</u>

**Cambrian Credit Union Limited**

**Notes to the Financial Statements for the Year Ended 30 September 2020**

**5 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£	£
Wages and salaries	307,517	282,520
Social security costs	17,109	13,806
Pension costs, defined contribution scheme	5,709	4,300
Other employee expense	11,000	16,231
	<u>341,335</u>	<u>316,857</u>

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

	2020	2019
	No.	No.
Administration and support	<u>19</u>	<u>21</u>

**6 Auditors' remuneration**

	2020	2019
	£	£
Audit of the financial statements	<u>4,200</u>	<u>3,900</u>
<b>Other fees to auditors</b>		
All other non-audit services	<u>2,400</u>	<u>2,100</u>

	2020	2019
	£	£
Audit of the financial statements	4,200	3,900
Non audit services	<u>2,400</u>	<u>2,100</u>
	<u>6,600</u>	<u>6,000</u>

## Cambrian Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2020

#### 7 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
<b>Current taxation</b>		
UK corporation tax	<u>2,516</u>	<u>23,100</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>144,642</u>	<u>149,535</u>
Corporation tax at standard rate	27,482	28,411
Effect of revenues exempt from taxation	<u>(24,966)</u>	<u>(5,311)</u>
Total tax charge	<u>2,516</u>	<u>23,100</u>

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, the tax charge for the year differs from the standard rate of Corporation Tax. The differences are shown above.

**Cambrian Credit Union Limited**

**Notes to the Financial Statements for the Year Ended 30 September 2020**

**8 Tangible assets**

	Land and buildings £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>			
At 1 October 2019	536,581	296,901	833,482
Additions	-	1,038	1,038
At 30 September 2020	<u>536,581</u>	<u>297,939</u>	<u>834,520</u>
<b>Depreciation</b>			
At 1 October 2019	33,657	273,283	306,940
Charge for the year	10,731	7,638	18,369
At 30 September 2020	<u>44,388</u>	<u>280,921</u>	<u>325,309</u>
<b>Carrying amount</b>			
At 30 September 2020	<u>492,193</u>	<u>17,018</u>	<u>509,211</u>
At 30 September 2019	<u>502,924</u>	<u>23,618</u>	<u>526,542</u>

Included within the net book value of land and buildings above is £492,193 (2019 - £502,924) in respect of freehold land and buildings.

**9 Debtors**

	2020 £	2019 £
Loans to members	2,782,593	3,208,496
Prepayments	29,384	33,908
Total current and other debtors	<u>2,811,977</u>	<u>3,242,404</u>

**Cambrian Credit Union Limited**

**Notes to the Financial Statements for the Year Ended 30 September 2020**

**10 Cash and cash equivalents**

	2020	2019
	£	£
Cash on hand	229,543	140,850
Cash at bank	1,726,240	717,415
Short-term deposits	<u>3,513,210</u>	<u>3,475,110</u>
	<u>5,468,993</u>	<u>4,333,375</u>

**11 Creditors**

	Note	2020	2019
		£	£
<b>Due within one year</b>			
Child trust fund		170,541	168,751
Juvenile deposits		242,068	229,363
Accrued expenses		13,828	21,385
Income tax liability	7	<u>5,886</u>	<u>23,115</u>
		<u>432,323</u>	<u>442,614</u>
<b>Due after one year</b>			
Loans and borrowings		<u>200,000</u>	<u>200,000</u>

**12 Members shares**

	2020		2019	
	No.	£	No.	£
Members Shares	<u>7,478,543</u>	<u>7,478,543</u>	<u>6,922,518</u>	<u>6,922,518</u>

During the year the Credit Union issued new share capital of £11,428,573 (2019: £13,777,508) and repaid share capital of £10,859,840 (2019: £14,303,296).

## Cambrian Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2020

#### 13 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.

**Cambrian Credit Union Limited**

**Notes to the Financial Statements for the Year Ended 30 September 2020**

**14 Interest rate risk disclosures**

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

	2020		2019	
	Amount £	Average interest rate	Amount £	Average interest rate
<b>Financial assets</b>				
Loans to members	2,805,405	23.1%	3,221,899	20.1%
<b>Shares repayable on demand</b>				
Members shares	7,478,543	0.00%	6,922,518	0.00%

The interest rates applicable to loans to members are fixed and range from 4.8% to 36%. The interest payable on shares 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.

**Cambrian Credit Union Limited**

**Notes to the Financial Statements for the Year Ended 30 September 2020**

**15 Credit risk disclosures**

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.

	2020		2019	
	Amount £	Proportion %	Amount £	Proportion %
<b>Not impaired:</b>				
Neither past due nor impaired	2,644,174	88.35%	3,025,630	88.85%
Up to 3 months past due	108,920	3.64%	159,252	4.67%
Between 3 and 6 months past due	-	-	-	-
Between 6 months and 1 year past due	-	-	-	-
Over 1 year past due	-	-	-	-
<b>Sub-total: loans not impaired</b>	<u>2,753,094</u>	<u>91.99%</u>	<u>3,184,882</u>	<u>93.54%</u>
<b>Individually impaired:</b>				
Not yet past due, but impaired	-	-	-	-
Up to 3 months past due	-	-	-	-
Between 3 and 6 months past due	217,861	7.28%	220,244	6.46%
Between 6 months and 1 year past due	21,911	0.73%	-	-
Over 1 year past due	-	-	-	-
<b>Total loans</b>	<u>2,992,866</u>	<u>100%</u>	<u>3,405,126</u>	<u>100%</u>
<b>Impairment allowance</b>	<u>(210,273)</u>		<u>(196,630)</u>	
<b>Total carrying value</b>	<u>2,782,593</u>		<u>3,208,496</u>	



**Cambrian Credit Union Limited**

**Detailed Revenue Account for the Year Ended 30 September 2020**

	2020 £	2019 £
Income (analysed below)	<u>898,174</u>	<u>882,099</u>
Gross profit (%)	100%	100%
<b>Administrative expenses</b>		
Regulatory costs (analysed below)	53,619	55,125
General administrative expenses (analysed below)	565,529	579,261
Finance charges (analysed below)	12,921	382
Impairment losses on loans to members	<u>187,463</u>	<u>183,227</u>
	<u>819,532</u>	<u>817,995</u>
Operating profit	<u>78,642</u>	<u>64,104</u>
Exceptional items	-	85,431
Net gain on financial liabilities at fair value through profit and loss account (analysed below)	<u>66,000</u>	<u>-</u>
	<u>66,000</u>	<u>85,431</u>
Profit before tax	<u><u>144,642</u></u>	<u><u>149,535</u></u>

**Cambrian Credit Union Limited**

**Detailed Revenue Account for the Year Ended 30 September 2020**

	2020	2019
	£	£
<b>Income</b>		
Loan interest	650,142	648,520
Bank interest	29,432	36,225
Entrance Fees	34,241	36,399
Other Income	2,921	6,519
Grants	83,225	44,941
Cash over / (short)	1,831	(1,500)
Bad debt recovery	96,382	110,995
	<u>898,174</u>	<u>882,099</u>
<b>Regulatory costs</b>		
Insurance	48,614	49,294
Fidelity Bond	3,360	4,581
FCA Fees	1,645	1,250
	<u>53,619</u>	<u>55,125</u>
<b>General administrative expenses</b>		
Wages and salaries	307,517	282,520
Staff NIC (Employers)	17,109	13,806
Staff pensions (Defined contribution)	5,709	4,300
Staff training	4,227	7,288
Staff welfare	6,773	8,943
Rent and rates	8,787	12,592
Light, heat and power	6,967	7,750
Repairs and maintenance	25,924	12,458
Telephone and fax	16,534	11,273
Office expenses	1,725	3,308
Computer software and maintenance costs	41,937	31,028
Printing, postage and stationery	7,436	8,221
Sundry expenses	5,915	6,143
Board & AGM Expenses	9,926	13,579
Advertising	31,142	30,032
Auditor's remuneration - The audit of the company's annual accounts	4,200	3,900
Auditors' remuneration - non audit work	2,400	2,100
Legal and professional fees	42,932	54,385
Depreciation of freehold property	10,731	10,488
Depreciation of fixtures and fittings (owned)	1,557	34,330
Depreciation of office equipment (owned)	6,081	4,399
Depreciation of website (owned)	-	6,418
	<u>565,529</u>	<u>579,261</u>

This page does not form part of the statutory financial statements.

**Cambrian Credit Union Limited**

**Detailed Revenue Account for the Year Ended 30 September 2020**

	2020 £	2019 £
<b>Finance charges</b>		
Bank charges	12,921	382
<b>Impairment losses on loans to members</b>		
Impairment expense	<u>187,463</u>	<u>183,227</u>
Operating profit	<u>78,642</u>	<u>64,104</u>
<b>Exceptional item</b>		
Profit on sale of property	-	85,431
<b>Exceptional Grant Income</b>		
Exceptional Item	<u>66,000</u>	<u>-</u>
Net finance income	<u>66,000</u>	<u>85,431</u>
Profit before tax	<u>144,642</u>	<u>149,535</u>