

FCA Registration number: 213672

Cambrian Credit Union Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2019

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

Cambrian Credit Union Limited

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Cambrian Credit Union Limited

Credit Union Information

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

Cambrian Credit Union Limited

Directors' Report Year Ended 30 September 2019

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:

P Green - Chairman

J Killion

G Uttley

J Gilmore

M Toghill

T Jones

Dividends

The directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 30 September 2019. 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 2019

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 is 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 £149,535. The surplus from normal credit union activities was £64,104 and there was an exceptional item which generated a surplus £85,431. The surplus after taxation amounted to £126,435.

The dividend is calculated at 0.00% (2018: 0.00%) for the Member Accounts and Junior Accounts.

Cambrian Credit Union Limited

Directors' Report Year Ended 30 September 2019

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

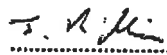
Hallidays will be recommended for re-appointment at the AGM under The Co-operative and Community Benefit Societies Act 2014.

Cambrian Credit Union Limited

Directors' Report Year Ended 30 September 2019

Approved by the Board on 25 February 2020 and signed on its behalf by:


.....
P Green
Chairman


.....
J Killion
Director


.....
M Toghil
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 2019, 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 2019 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors 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 directors 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

Opinion on other matter prescribed by The Co-operative and Community Benefit Societies Act 2014

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 2019 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.

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:

- 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 Board of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Respective Responsibilities of the Board of Directors and Auditor

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.

Cambrian Credit Union Limited

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


Auditor's responsibilities for the audit of the financial statements

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

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.


.....
Philip Jones (Senior Statutory Auditor)
For and on behalf of Hallidays, Statutory Auditor

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

25 February 2020

Cambrian Credit Union Limited

Revenue Account for the Year Ended 30 September 2019

| | Note | 2019 £ | 2018 £ |
|------------------------------------------|------|-----------------------|-------------------------|
| Income | 3 | 882,099 | 824,807 |
| Administrative expenses | | <u>(817,995)</u> | <u>(1,069,957)</u> |
| Operating surplus/(deficit) | 4 | <u>64,104</u> | <u>(245,150)</u> |
| Exceptional items | | | |
| Gain on disposal of property | | <u>85,431</u> | <u>-</u> |
| Total exceptional items | | <u>85,431</u> | <u>-</u> |
| Surplus/(Deficit) before tax | | 149,535 | (245,150) |
| Taxation | 7 | <u>(23,100)</u> | <u>(5,815)</u> |
| Surplus/(Deficit) for the financial year | | <u><u>126,435</u></u> | <u><u>(250,965)</u></u> |


The above results were derived from continuing operations.


Cambrian Credit Union Limited

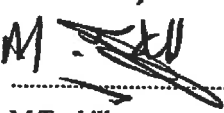
**(FCA Registration number: 213672)
Balance Sheet as at 30 September 2019**

| | Note | 2019 £ | 2018 £ |
|----------------------------------------------------------------|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 8 | 526,542 | 615,460 |
| Current assets | | | |
| Debtors | 9 | 3,242,404 | 3,187,694 |
| Cash, cash equivalents and liquid deposits | 10 | <u>4,333,375</u> | <u>4,679,978</u> |
| | | <u>7,575,779</u> | <u>7,867,672</u> |
| Total assets less current liabilities | | 8,102,321 | 8,483,132 |
| Creditors: Amounts falling due after more than one year | 11 | <u>-</u> | <u>-</u> |
| Net assets | | <u>8,102,321</u> | <u>8,483,132</u> |
| Liabilities and reserves | | | |
| Members capital - repayable on demand | 12 | 6,922,518 | 7,430,437 |
| General reserves | | 537,189 | 410,754 |
| Other liabilities | 11 | 442,614 | 441,941 |
| Subordinated loan - due after one year | | <u>200,000</u> | <u>200,000</u> |
| Total equity | | <u>8,102,321</u> | <u>8,483,132</u> |

Approved and authorised by the Board on 25 February 2020 and signed on its behalf by:


.....
P Green
Chairman


.....
J Killion
Director


.....
M Toghill
Director

Cambrian Credit Union Limited

Statement of Changes in Reserves for the Year Ended 30 September 2019

| | Other reserves £ | 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 reserve £ | General reserves £ | Revenue reserves £ | Total £ |
| At 1 October 2017 | 39,796 | 621,923 | - | 661,719 |
| Deficit for the year | - | - | (250,965) | (250,965) |
| Other reserve movement | - | (250,965) | 250,965 | - |
| Total comprehensive income | - | (250,965) | - | (250,965) |
| At 30 September 2018 | 39,796 | 370,958 | - | 410,754 |

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

Cambrian Credit Union Limited

Statement of Cash Flows for the Year Ended 30 September 2019

| | Note | 2019 £ | 2018 £ |
|--------------------------------------------------------------------|------|------------------|--------------------|
| Cash flows from operating activities | | | |
| Surplus/(deficit) for the year | | 126,435 | (250,965) |
| Adjustments to cash flows from non-cash items | | | |
| Depreciation and amortisation | 4 | 55,635 | 54,894 |
| Profit from disposal of property | | (85,431) | - |
| Taxation provision | 7 | 23,100 | 5,815 |
| Impairment losses | | <u>183,227</u> | <u>202,140</u> |
| | | 302,966 | 11,884 |
| Working capital adjustments | | | |
| (Increase)/decrease in other debtors | 9 | (5,861) | 8,976 |
| Increase/(decrease) in other creditors | 11 | <u>1,257</u> | <u>(11,499)</u> |
| Cash generated from operations | | 298,362 | 9,361 |
| Taxation paid | 7 | <u>(5,815)</u> | <u>(8,650)</u> |
| Net cash flow from operating activities | | <u>292,547</u> | <u>711</u> |
| Cash flows from investing activities | | | |
| Acquisitions of tangible assets | | (23,618) | (7,388) |
| Proceeds from sale of tangible assets | | <u>142,331</u> | <u>-</u> |
| Net cash flows from investing activities | | <u>118,713</u> | <u>(7,388)</u> |
| Cash flows from changes in operating assets and liabilities | | | |
| Cash inflow from members shares | | 13,777,509 | 14,226,410 |
| Cash outflow from share withdrawals | | (14,303,296) | (15,507,151) |
| Loans issued to members | | (2,878,789) | (2,776,425) |
| Repayment of loans by members | | 2,646,713 | 2,774,176 |
| Proceeds from subordinated loan | | <u>-</u> | <u>200,000</u> |
| Net cash flows from operating activities | | <u>(757,863)</u> | <u>(1,082,990)</u> |
| Net decrease in cash and cash equivalents | | (346,603) | (1,089,667) |
| Cash and cash equivalents at 1 October | | <u>4,679,978</u> | <u>5,769,645</u> |
| Cash and cash equivalents at 30 September | | <u>4,333,375</u> | <u>4,679,978</u> |

The notes on pages 13 to 22 form an integral part of these financial statements.
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Cambrian Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2019

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 25 February 2020.

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 FCA under the provisions of the Co-Operative and Community Benefit Societies Act 2014.

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.

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

The financial statements have been prepared on a going concern basis.

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.

Cambrian Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2019

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.

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.

Cambrian Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2019

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:

| | 2019 | 2018 |
|------------------------------------------------------|----------------|----------------|
| | £ | £ |
| Loan interest receivable from members | 648,520 | 599,618 |
| Bank interest receivable on cash and liquid deposits | 36,225 | 30,605 |
| Grants received | 44,941 | 70,651 |
| Bad debts recovered | 110,995 | 101,160 |
| Other revenue | 41,418 | 22,773 |
| | <u>882,099</u> | <u>824,807</u> |

4 Operating profit

Arrived at after charging/(crediting)

| | 2019 | 2018 |
|---------------------------------------------------------------------|--------------|--------------|
| | £ | £ |
| Depreciation expense | 55,635 | 54,894 |
| Auditor's remuneration - The audit of the company's annual accounts | <u>3,900</u> | <u>3,900</u> |

Cambrian Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2019

5 Staff costs

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

| | 2019 | 2018 |
|------------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 300,626 | 475,533 |
| Redundancy costs | - | 32,952 |
| Other employee expense | 16,231 | 19,739 |
| | <u>316,857</u> | <u>528,224</u> |

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

| | 2019 | 2018 |
|----------------------------|-------------|-------------|
| | No. | No. |
| Administration and support | <u>21</u> | <u>29</u> |

Cambrian Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2019

6 Auditors' remuneration

| | 2019 | 2018 |
|-----------------------------------|--------------|--------------|
| | £ | £ |
| Audit of the financial statements | <u>3,900</u> | <u>3,900</u> |
| Other fees to auditors | | |
| All other non-audit services | <u>2,100</u> | <u>2,100</u> |

| | 2019 | 2018 |
|-----------------------------------|--------------|--------------|
| | £ | £ |
| Audit of the financial statements | 3,900 | 3,900 |
| Non audit services | <u>2,100</u> | <u>2,100</u> |
| | <u>6,000</u> | <u>6,000</u> |

7 Taxation

Tax charged/(credited) in the income statement

| | 2019 | 2018 |
|-------------------------|---------------|--------------|
| | £ | £ |
| Current taxation | | |
| UK corporation tax | <u>23,100</u> | <u>5,815</u> |

Cambrian Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2019

8 Tangible assets

| | Land and buildings £ | Furniture, fittings and equipment £ | Website Development £ | Total £ |
|--------------------------|----------------------------|----------------------------------------------|-----------------------------|----------------|
| Cost or valuation | | | | |
| At 1 October 2018 | 596,581 | 273,283 | 30,041 | 899,905 |
| Additions | - | 23,618 | - | 23,618 |
| Disposals | (60,000) | - | - | (60,000) |
| At 30 September 2019 | <u>536,581</u> | <u>296,901</u> | <u>30,041</u> | <u>863,523</u> |
| Depreciation | | | | |
| At 1 October 2018 | 26,269 | 234,554 | 23,622 | 284,445 |
| Charge for the year | 10,488 | 38,729 | 6,419 | 55,636 |
| Eliminated on disposal | (3,100) | - | - | (3,100) |
| At 30 September 2019 | <u>33,657</u> | <u>273,283</u> | <u>30,041</u> | <u>336,981</u> |
| Carrying amount | | | | |
| At 30 September 2019 | <u>502,924</u> | <u>23,618</u> | <u>-</u> | <u>526,542</u> |
| At 30 September 2018 | <u>570,312</u> | <u>38,729</u> | <u>6,419</u> | <u>615,460</u> |

Included within the net book value of land and buildings above is £502,924 (2018 - £570,312) in respect of freehold land and buildings.

9 Debtors

| | 2019 £ | 2018 £ |
|---------------------------------|------------------|------------------|
| Loans to members | 3,208,496 | 3,159,647 |
| Prepayments | 33,908 | 28,047 |
| Total current and other debtors | <u>3,242,404</u> | <u>3,187,694</u> |

Cambrian Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2019

10 Cash and cash equivalents

| | 2019 | 2018 |
|---------------------|-----------|-----------|
| | £ | £ |
| Cash on hand | 140,850 | 121,309 |
| Cash at bank | 717,415 | 663,926 |
| Short-term deposits | 3,475,110 | 3,894,743 |
| | 4,333,375 | 4,679,978 |

11 Creditors

| | Note | 2019 | 2018 |
|----------------------------|------|---------|---------|
| | | £ | £ |
| Due within one year | | | |
| Child trust fund | | 168,751 | 179,195 |
| Juvenile deposits | | 229,363 | 247,232 |
| Accrued expenses | | 21,385 | 9,684 |
| Income tax liability | 7 | 23,115 | 5,830 |
| | | 442,614 | 441,941 |
| Due after one year | | | |
| Loans and borrowings | | 200,000 | 200,000 |

12 Members shares

| | 2019 | | 2018 | |
|----------------|-----------|-----------|-----------|-----------|
| | No. | £ | No. | £ |
| Members Shares | 6,922,518 | 6,922,518 | 7,430,437 | 7,430,437 |

During the year the Credit Union issued new share capital of £13,777,508 (2018: £14,226,410) and repaid share capital of £14,303,296 (2018: £15,507,151).

Cambrian Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2019

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 2019

14 Interest rate risk disclosures

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

| | 2019 | | 2018 | |
|-----------------------------------|-------------|--------------------------|-------------|--------------------------|
| | Amount £ | Average interest rate | Amount £ | Average interest rate |
| Financial assets | | | | |
| Loans to members | 3,221,899 | 20.1% | 3,168,655 | 18.9% |
| Shares repayable on demand | | | | |
| Members shares | 6,922,518 | 0.00% | 7,430,437 | 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 2019

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.

| | 2019 | | 2018 | |
|--------------------------------------|------------------|-----------------|------------------|-----------------|
| | Amount £ | Proportion % | Amount £ | Proportion % |
| Not impaired: | | | | |
| Neither past due nor impaired | 3,025,630 | 88.85% | 2,975,250 | 88.27% |
| Up to 3 months past due | 159,252 | 4.67% | 168,645 | 5.00% |
| Between 3 and 6 months past due | - | - | - | - |
| Between 6 months and 1 year past due | - | - | - | - |
| Over 1 year past due | - | - | - | - |
| Sub-total: loans not impaired | 3,184,882 | 93.54% | 3,143,895 | 93.27% |
| Individually impaired: | | | | |
| Not yet past due, but impaired | - | - | - | - |
| Up to 3 months past due | - | - | - | - |
| Between 3 and 6 months past due | 220,244 | 6.46% | 226,642 | 6.72% |
| Between 6 months and 1 year past due | - | - | 241 | 0.01% |
| Over 1 year past due | - | - | - | - |
| Total loans | 3,405,126 | 100% | 3,370,779 | 100% |
| Impairment allowance | (196,630) | | (211,132) | |
| Total carrying value | 3,208,496 | | 3,159,647 | |

Cambrian Credit Union Limited

Detailed Revenue Account for the Year Ended 30 September 2019

| | 2019 £ | 2018 £ |
|--------------------------------------------------|-----------------------|-------------------------|
| Income (analysed below) | <u>882,099</u> | <u>824,807</u> |
| Gross profit (%) | 100% | 100% |
| Administrative expenses | | |
| Regulatory costs (analysed below) | 55,125 | 60,817 |
| General administrative expenses (analysed below) | 579,261 | 804,581 |
| Finance charges (analysed below) | 382 | 2,419 |
| Impairment losses on loans to members | <u>183,227</u> | <u>202,140</u> |
| | <u>817,995</u> | <u>1,069,957</u> |
| Operating profit/(loss) | 64,104 | (245,150) |
| Exceptional items | <u>85,431</u> | <u>-</u> |
| Profit/(loss) before tax | <u><u>149,535</u></u> | <u><u>(245,150)</u></u> |

Cambrian Credit Union Limited

Detailed Revenue Account for the Year Ended 30 September 2019

| | 2019 £ | 2018 £ |
|---------------------------------------------------------------------|----------------|----------------|
| Income | | |
| Loan interest | 648,520 | 599,618 |
| Bank interest | 36,225 | 30,605 |
| Entrance Fees | 36,399 | 17,396 |
| Other Income | 6,519 | 5,577 |
| Grant Released | 44,941 | 70,651 |
| Cash over / (short) | (1,500) | (200) |
| Bad debt recovery | 110,995 | 101,160 |
| | <u>882,099</u> | <u>824,807</u> |
| Regulatory costs | | |
| Insurance | 49,294 | 52,950 |
| Fidelity Bond | 4,581 | 4,582 |
| Volunteer Expenses | - | 1,596 |
| FCA Fees | 1,250 | 1,689 |
| | <u>55,125</u> | <u>60,817</u> |
| General administrative expenses | | |
| Wages and salaries | 300,626 | 475,533 |
| Staff training | 7,288 | 12,082 |
| Staff welfare | 8,943 | 7,657 |
| Redundancy and notice payments | - | 32,952 |
| Rent and rates | 12,592 | 15,803 |
| Light, heat and power | 7,750 | 9,255 |
| Repairs and maintenance | 12,458 | 8,020 |
| Telephone and fax | 21,273 | 20,924 |
| Office expenses | 3,308 | 3,330 |
| Computer software and maintenance costs | 31,028 | 20,282 |
| Printing, postage and stationery | 8,221 | 21,206 |
| Sundry expenses | 6,143 | 9,297 |
| Board & AGM Expenses | 13,579 | 8,607 |
| Advertising | 30,032 | 50,213 |
| Auditor's remuneration - The audit of the company's annual accounts | 3,900 | 3,900 |
| Auditors' remuneration - non audit work | 2,100 | 2,100 |
| Legal and professional fees | 54,385 | 48,526 |
| Depreciation of freehold property | 10,488 | 11,844 |
| Depreciation of fixtures and fittings (owned) | 34,330 | 29,586 |
| Depreciation of office equipment (owned) | 4,399 | 6,336 |
| Depreciation of website (owned) | 6,418 | 7,128 |
| | <u>579,261</u> | <u>804,581</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 2019

| | 2019 | 2018 |
|----------------------------------------------|-----------------------|-------------------------|
| | £ | £ |
| Finance charges | | |
| Bank charges | 382 | 2,419 |
| Impairment losses on loans to members | | |
| Impairment expense | <u>183,227</u> | <u>202,140</u> |
| Operating profit/(loss) | 64,104 | (245,150) |
| Exceptional item | | |
| Profit on sale of property | <u>85,431</u> | <u>-</u> |
| Profit/(loss) before tax | <u><u>149,535</u></u> | <u><u>(245,150)</u></u> |

