

FCA Registration number: 213672

Cambrian Credit Union Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2018

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 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 2018

The Board of Directors present their report and the financial statements for the year ended 30 September 2018.

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

V Bushell (resigned 31 July 2018)

T Jones (appointed 15 February 2018)

Dividends

The directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 30 September 2018. 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 2018

Common Bond

Admission to membership of the Credit Union is restricted to:

- An individual who resides or is employed in the locality comprising the Welsh Unitary Authorities of Isle of Anglesey, Conwy, Denbighshire, Flintshire, Gwynedd, Powys and Wrexham.

- 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 deficit for the year, after taxation, amounted to £250,965.

The dividend is calculated at 0.00% (2017: 0.00%) for the Member Accounts and Junior Accounts.

Cambrian Credit Union Limited

Directors' Report Year Ended 30 September 2018

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.

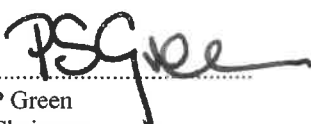
Disclosure of information to the auditors

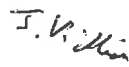
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Credit Union's auditors are aware of that information. The directors confirm that there is no relevant information that they know of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

Approved by the Board on 5 February 2019 and signed on its behalf by:


.....
P Green
Chairman


.....
J Killion
Director


.....
T Jones
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 2018, 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".

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.

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 2018 and of its loss 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.

Cambrian Credit Union Limited

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

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.

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 2018 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.



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

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

5 February 2019

Cambrian Credit Union Limited

Revenue Account for the Year Ended 30 September 2018

	Note	2018 £	2017 £
Income	3	824,807	897,631
Administrative expenses		<u>(1,069,957)</u>	<u>(1,136,134)</u>
Operating deficit	4	<u>(245,150)</u>	<u>(238,503)</u>
Surplus/(Deficit) before tax		(245,150)	(238,503)
Taxation	7	<u>(5,815)</u>	<u>(8,654)</u>
Surplus/(Deficit) for the financial year		<u><u>(250,965)</u></u>	<u><u>(247,157)</u></u>

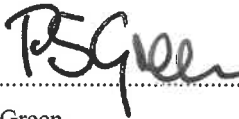
The above results were derived from continuing operations.

Cambrian Credit Union Limited

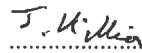
**(FCA Registration number: 213672)
Balance Sheet as at 30 September 2018**

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	8	615,460	662,966
Current assets			
Debtors	9	3,187,694	3,396,561
Cash, cash equivalents and liquid deposits	10	<u>4,679,978</u>	<u>5,769,645</u>
		<u>7,867,672</u>	<u>9,166,206</u>
Total assets less current liabilities		8,483,132	9,829,172
Creditors: Amounts falling due after more than one year	11	<u>-</u>	<u>-</u>
Net assets		<u>8,483,132</u>	<u>9,829,172</u>
Liabilities and reserves			
Members capital - repayable on demand	12	7,430,437	8,700,489
General reserves		410,754	661,719
Other liabilities	11	441,941	466,964
Subordinated loan - due after one year		<u>200,000</u>	<u>-</u>
Total equity		<u>8,483,132</u>	<u>9,829,172</u>

Approved and authorised by the Board on 5 February 2019 and signed on its behalf by:


.....

P Green
Chairman


.....

J Killion
Director


.....

T Jones
Director

Cambrian Credit Union Limited

Statement of Changes in Reserves for the Year Ended 30 September 2018

	Other reserves £	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
	Other reserve £	General reserves £	Revenue reserves £	Total £
At 1 October 2016	39,796	869,080	-	908,876
Deficit for the year	-	-	(247,157)	(247,157)
Other reserve movement	-	(247,157)	247,157	-
Total comprehensive income	-	(247,157)	-	(247,157)
At 30 September 2017	39,796	621,923	-	661,719

The notes on pages 12 to 20 form an integral part of these financial statements.

Cambrian Credit Union Limited

Statement of Cash Flows for the Year Ended 30 September 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Deficit for the year		(250,965)	(247,157)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	54,894	57,528
Taxation provision	7	5,815	8,654
Impairment losses		<u>202,140</u>	<u>265,413</u>
		11,884	84,438
Working capital adjustments			
Decrease in other debtors	9	8,976	20,843
Decrease in other creditors	11	<u>(11,499)</u>	<u>(26,294)</u>
Cash generated from operations		9,361	78,987
Taxation paid	7	<u>(8,650)</u>	<u>(7,069)</u>
Net cash flow from operating activities		<u>711</u>	<u>71,918</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(7,388)	(48,540)
Proceeds from sale of tangible assets		<u>-</u>	<u>40</u>
Net cash flows from investing activities		<u>(7,388)</u>	<u>(48,500)</u>
Cash flows from changes in operating assets and liabilities			
Cash inflow from members shares		14,226,410	13,702,189
Cash outflow from share withdrawals		(15,507,151)	(13,337,124)
Loans issued to members		(2,776,425)	(3,068,697)
Repayment of loans by members		2,774,176	3,817,949
Proceeds from subordinated loan		<u>200,000</u>	<u>-</u>
Net cash flows from operating activities		<u>(1,082,990)</u>	<u>1,114,317</u>
Net (decrease)/increase in cash and cash equivalents		(1,089,667)	1,137,735
Cash and cash equivalents at 1 October		<u>5,769,645</u>	<u>4,631,910</u>
Cash and cash equivalents at 30 September		<u><u>4,679,978</u></u>	<u><u>5,769,645</u></u>

The notes on pages 12 to 20 form an integral part of these financial statements.

Cambrian Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

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 5 February 2019.

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 2018

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 2018

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:

	2018	2017
	£	£
Loan interest receivable from members	599,618	609,741
Bank interest receivable on cash and liquid deposits	30,605	44,384
Grants received	70,651	121,997
Bad debts recovered	101,160	94,655
Other revenue	22,773	26,854
	<u>824,807</u>	<u>897,631</u>

4 Operating loss

Arrived at after charging/(crediting)

	2018	2017
	£	£
Depreciation expense	54,894	57,528
Auditor's remuneration - The audit of the company's annual accounts	<u>3,900</u>	<u>3,900</u>

5 Staff costs

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

	2018	2017
	£	£
Wages and salaries	475,533	465,748
Redundancy costs	32,952	-
Other employee expense	19,739	15,387
	<u>528,224</u>	<u>481,135</u>

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

	2018	2017
	No.	No.
Administration and support	<u>29</u>	<u>32</u>

Cambrian Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

6 Auditors' remuneration

	2018 £	2017 £
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>

	2018 £	2017 £
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

	2018 £	2017 £
Current taxation		
UK corporation tax	<u>5,815</u>	<u>8,654</u>

Cambrian Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

8 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Website Development £	Total £
Cost or valuation				
At 1 October 2017	594,619	267,857	30,041	892,517
Additions	<u>1,962</u>	<u>5,426</u>	-	<u>7,388</u>
At 30 September 2018	<u>596,581</u>	<u>273,283</u>	<u>30,041</u>	<u>899,905</u>
Depreciation				
At 1 October 2017	14,425	199,152	16,494	230,071
Charge for the year	<u>11,844</u>	<u>35,402</u>	<u>7,128</u>	<u>54,374</u>
At 30 September 2018	<u>26,269</u>	<u>234,554</u>	<u>23,622</u>	<u>284,445</u>
Carrying amount				
At 30 September 2018	<u>570,312</u>	<u>38,729</u>	<u>6,419</u>	<u>615,460</u>
At 30 September 2017	<u>580,194</u>	<u>69,225</u>	<u>13,547</u>	<u>662,966</u>

Included within the net book value of land and buildings above is £570,312 (2017 - £580,194) in respect of freehold land and buildings.

9 Debtors

	2018 £	2017 £
Loans to members	3,159,647	3,359,538
Prepayments	<u>28,047</u>	<u>37,023</u>
Total current and other debtors	<u>3,187,694</u>	<u>3,396,561</u>

10 Cash and cash equivalents

	2018 £	2017 £
Cash on hand	121,309	273,676
Cash at bank	663,926	1,398,180
Short-term deposits	<u>3,894,743</u>	<u>4,097,789</u>
	<u>4,679,978</u>	<u>5,769,645</u>

Cambrian Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

11 Creditors

	Note	2018 £	2017 £
Due within one year			
Child trust fund		179,195	186,599
Juvenile deposits		247,232	257,921
Accrued expenses		9,684	13,779
Income tax liability	7	<u>5,830</u>	<u>8,665</u>
		<u>441,941</u>	<u>466,964</u>
Due after one year			
Loans and borrowings		<u>200,000</u>	<u>-</u>

12 Members shares

	2018		2017	
	No.	£	No.	£
Members Shares	<u>7,430,437</u>	<u>7,430,437</u>	<u>8,700,489</u>	<u>8,700,489</u>

During the year the Credit Union issued new share capital of £14,226,410 (2017: £13,702,189) and repaid share capital of £15,507,151 (2017: £13,337,124).

Cambrian Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

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 2018

14 Interest rate risk disclosures

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

	2018		2017	
	Amount £	Average interest rate	Amount £	Average interest rate
Financial assets				
Loans to members	3,168,655	18.92%	3,381,273	18%
Shares repayable on demand				
Members shares	7,430,437	0.00%	8,700,489	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 2018

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.

	2018		2017	
	Amount £	Proportion %	Amount £	Proportion %
Not impaired:				
Neither past due nor impaired	2,975,250	88.27%	3,143,971	85.95%
Up to 3 months past due	168,645	5.00%	177,438	4.85%
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	3,143,895	93.27%	3,321,409	90.80%
Individually impaired:				
Not yet past due, but impaired	-	-	-	-
Up to 3 months past due	-	-	-	-
Between 3 and 6 months past due	226,642	6.72%	330,431	9.03%
Between 6 months and 1 year past due	241	0.01%	6,189	0.17%
Over 1 year past due	-	-	-	-
Total loans	3,370,779	100%	3,658,029	100%
Impairment allowance	(211,132)		(298,491)	
Total carrying value	3,159,647		3,359,538	

Cambrian Credit Union Limited

Detailed Revenue Account for the Year Ended 30 September 2018

	2018 £	2017 £
Income (analysed below)	<u>824,807</u>	<u>897,631</u>
Gross profit (%)	100%	100%
Administrative expenses		
Regulatory costs (analysed below)	60,817	62,764
General administrative expenses (analysed below)	804,581	806,934
Finance charges (analysed below)	2,419	1,022
Impairment losses on loans to members	<u>202,140</u>	<u>265,414</u>
	<u>1,069,957</u>	<u>1,136,134</u>
Operating loss	<u>(245,150)</u>	<u>(238,503)</u>
Loss before tax	<u>(245,150)</u>	<u>(238,503)</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 2018

	2018 £	2017 £
Income		
Loan interest	599,618	609,741
Bank interest	30,605	44,384
Entrance Fees	17,396	28,697
Other Income	5,577	649
Grant Released	70,651	121,997
Cash over / (short)	(200)	(2,492)
Bad debt recovery	101,160	94,655
	<u>824,807</u>	<u>897,631</u>
Regulatory costs		
Insurance	52,950	55,833
Fidelity Bond	4,582	4,463
Volunteer Expenses	1,596	2,136
ABCUL & FCA Fees	1,689	3,539
ABCUL current account project	-	(3,207)
	<u>60,817</u>	<u>62,764</u>
General administrative expenses		
Wages and salaries	475,533	465,748
Staff training	12,082	871
Staff welfare	7,657	14,516
Redundancy and notice payments	32,952	-
Rent and rates	15,803	20,219
Light, heat and power	9,255	10,505
Repairs and maintenance	8,020	6,659
Telephone and fax	20,924	22,421
Office expenses	3,330	2,916
Computer software and maintenance costs	20,282	23,115
Printing, postage and stationery	21,206	16,431
Sundry expenses	9,297	5,625
Board & AGM Expenses	8,607	7,101
Advertising	50,213	64,458
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	48,526	82,821
Depreciation of freehold property	11,844	11,879
Depreciation of fixtures and fittings (owned)	29,586	26,733
Depreciation of office equipment (owned)	6,336	10,044
Depreciation of website (owned)	7,128	8,872
	<u>804,581</u>	<u>806,934</u>

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Cambrian Credit Union Limited

Detailed Revenue Account for the Year Ended 30 September 2018

	2018 £	2017 £
Finance charges		
Bank charges	2,419	1,022
Impairment losses on loans to members		
Impairment expense	<u>202,140</u>	<u>265,414</u>
Operating loss	<u>(245,150)</u>	<u>(238,503)</u>
Loss before tax	<u><u>(245,150)</u></u>	<u><u>(238,503)</u></u>

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