

MONEY MATTERS CREDIT UNION LTD
(TRADING AS MONEY MATTERS COMMUNITY BANK)

Firm Reference No 213625

Registered No 447C

**DIRECTORS REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

30 SEPTEMBER 2023

MONEY MATTERS CREDIT UNION LTD

ADMINISTRATIVE INFORMATION

Directors	Dennis O'Connor (non-executive director) Richard Owusu-Cyrus (non-executive director) Rajeshree Meghani (non-executive director) Shobhin Shah (non-executive director)
Secretary	Debbie Roberts (resigned March 2022)
Society Registration Number	447C
Financial Conduct Authority Registration Number	213625
Registered Office	Lewsey Community Centre Landrace Road Luton Bedfordshire LU4 0SW
Auditors	Lindley Adams Limited Chartered Accountants and Statutory Auditors 28, Prescott Street Halifax, HX1 2LG
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2N 7HN The Co-operative Bank Plc P.O. Box 101, 1 Balloon Street Manchester M60 4EP

MONEY MATTERS CREDIT UNION LTD

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MONEY MATTERS CREDIT UNION LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

The Directors present their report and the financial statements for the year ended 30 September 2023.

Principal activity and Business Review

The principal activities of the credit union are the promotion and encouragement of regular saving and prudent borrowing by its members, as defined in the Credit Unions Act 1979.

Results and Dividends

The deficit for the year, after taxation, amounted to £10,589 (2022 - £79,692 deficit). In addition, there were 2,763 (2022 - 2,711) adult members with 245 members (2022 - 206) holding loans with the Credit Union. The Directors do not recommend the payment of a dividend at the year end.

Directors

The directors who served during the year are as stated below:

Dennis O'Connor (non-executive director)	- appointed February 2023
Matthew Doyle	- resigned July 2023
Richard Owusu-Cyrus (non-executive director)	
Rajeshree Meghani (non-executive director)	
Shobhin Shah (non-executive director)	

Financial risk management objectives and policies

The main financial risks arising from the Credit Union's activities are credit risk, liquidity risk and interest-rate risk. The Board reviews and agrees policies for managing each of these risks and these are summarised below:

- Credit Risk: All loan applications are assessed with reference to the Credit Union's lending policy. Changes to policy are approved by the Board.
- Interest Rate Risk: The main interest rate risk arises from differences between interest rate exposures on assets and on liabilities that form an integral part of the credit union's operations. The Credit Union considers interest rates when deciding on the dividend rates to propose on share accounts.
- Liquidity Risk: The Credit Union's policy is to maintain sufficient funds in a liquid form at all times to ensure that the Credit Union can meet its liabilities as they fall due. The objective of liquidity is to help smooth mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

These areas are outlined in greater detail in section 15 of the Notes to the Financial Statements.

Statement of Directors' Responsibilities

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

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

- Select suitable accounting policies and apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

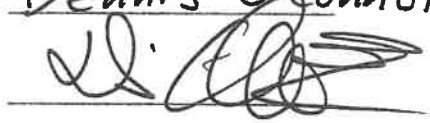
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Credit Union's transactions and disclose with reasonable accuracy at any time the financial position of the Credit Union and enable them to ensure that the financial statements comply with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


In so far as the directors are aware:

- There is no relevant audit information (information needed by the Credit Union's auditors in connection with preparing their report) of which the Credit Union's auditors are unaware, and
- The directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Credit Union's auditors are aware of that information.

21/09/24

This report was approved by the Board on and signed on its behalf by:

Name of Director 1: Dennis O'Connor
Signature: 

Name of Director 2: Shobhin Shah
Signature: 

REPORT OF THE INDEPENDENT AUDITOR TO MONEY MATTERS CREDIT UNION LTD

QUALIFIED OPINION

We have audited the financial statements of Money Matters Credit Union Ltd (the 'credit union') for the year ended 30 September 2023 which comprise revenue account, balance sheet, statement of changes to retained earnings, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the basis for qualified opinion section, the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2022 and of its income and expenditure 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 and the Credit Unions Act 1979.

BASIS FOR QUALIFIED OPINION

There are material uncertainties arising from differences on loan, share and bank balances. A variance of £6,117 existed in the prior year arising from the recorded amounts of the loan balances and the books of account. This year, £8,558 of accumulated share and loan differences were written off. This includes £22,716 of variances from prior years and -£14,158 from this year. Bank variances of £15,247 were also written off this year. We were unable to satisfy ourselves by alternative means concerning the amounts written off, which are included in Expenses under Account Differences, by using other audit procedures. Consequently, we were unable to determine whether any adjustments to these amounts are necessary.

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 the provisions available for small entities, in the circumstances as set out in note 20 to the financial statements, 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.

EMPHASIS OF MATTER

We draw attention to Note 17 to the financial statements, the board of directors have agreed to a transfer of engagements to PlaneSaver Credit Union Ltd. Our opinion is not modified in respect of this matter.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 of the Financial Statements, which indicates that the capital-to-total assets ratio is below the Prudential Regulation Authority's minimum capital requirement. This could cause sanctions to be applied to the credit union by the Prudential Regulation Authority. As stated in note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern if the merger disclosed in Note 17 is not completed. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Except for the effects of the matters described in the basis for qualified opinion section of our report, in light of the knowledge and understanding of the credit union and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Arising from the limitation in audit scope relating to loans and advances to members, share balances and the bank accounts:

- We have not obtained all the information and explanations necessary for the purposes of our audit.
- A satisfactory system of control over transactions has not been maintained;

Otherwise, we have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- The revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the Credit Union's books of account;

RESPONSIBILITIES OF THE BOARD

As explained more fully in the Statement of Directors' responsibilities set out on page 2, the Board is 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 they 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 is 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 either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, and instances of non-compliance with laws and regulations. We design procedures based on assessed risk and in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the credit union and determined that the following were most relevant: FRS 102, Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities. Including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations irrespective of the size of amounts involved;
- we enquired of management the systems and controls the credit union has in place, the areas of the financial statements that are mostly susceptible to the risks of irregularities and fraud (which we outline below) and whether there was any known, suspected or alleged fraud;
- we identified the laws and regulations applicable to the credit union through discussions with senior management;
- identified laws and regulations were communicated within the audit team who remained alert to instances of non-compliance throughout the audit.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including override of controls) and addressed the risk through:

- making enquiries of those charged with governance as to their knowledge of actual, suspected and alleged instances of fraud;
- considering the internal controls in place to mitigate the risks of fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed our audit procedures which included, but were not limited to:

- reviewing the financial statements disclosures and determining whether accounting policies have been appropriately applied;
- obtaining third party confirmation of bank balances, members shares and members loans;
- reviewing the minutes of meetings of those charged with governance;
- reviewing relating party transactions of those charged with governance and determining whether the information provided is complete and appropriately disclosed in the financial statements;
- reviewing correspondence from professional advisors and regulators;
- reviewing and testing the internal controls in place for loans and savings and determining whether controls have been appropriately applied;
- reviewing and testing of revenue recognition processes and determining completeness of income;
- checking expenses are bona fide transactions of the credit union, and;
- reviewing post balance sheet and subsequent events, both financial and non-financial, that have occurred in the period between the financial year end and the signing of the audit report.

There is a risk that we will not detect all irregularities, including fraud, because of the inherent limitations of an audit, including those leading to a material misstatement in the financial statements of non-compliance with regulations. The areas in the financial statements that are most susceptible to fraud are Loans and Advances to Members and Subscribed Capital. We have investigated in particular where there is:

- Inadequate internal controls, resulting from: management override, lack of oversight, segregation in duties or supervisory controls;
- Inadequate record keeping, resulting from: lack of complete and timely reconciliations of bank or cash or a lack of timely and appropriate documentation of transactions;
- Evidence of past or suspected fraud in the credit union;
- A high turnover of senior management or key staff;

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the credit union, in accordance with section 87 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 those matters we are required to state to it in a Report of the auditor's 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, for our audit work, for this report, or for the opinions we have formed.



Lindley Adams Limited
Chartered Accountants and Statutory Auditors
28 Prescott Street,
Halifax, HX1 2LG

Date: 21/ September 2024

MONEY MATTERS CREDIT UNION LTD

Revenue Account for the year ended 30 September 2023

	Note	2023 £	2022 £
Loan Interest receivable and similar income	4	97,211	111,567
Interest payable	5	<u>0</u>	<u>0</u>
Net interest income		97,211	111,567
Fees and commissions receivable	6	655	735
Fees and commissions payable		<u>(569)</u>	<u>(329)</u>
Net fees and commissions receivable		86	406
Other income	7	36,416	5,354
Administrative expenses	8a	(118,746)	(135,724)
Depreciation and amortisation	11	(5,335)	(5,788)
Other operating expenses	8b	(14,445)	(25,853)
Impairment losses on loans to members	12e	(760)	(29,347)
		<u>(5,573)</u>	<u>(79,385)</u>
Deficit Before Taxation		(5,573)	(79,385)
Taxation		(5,016)	(307)
		<u>(10,589)</u>	<u>(79,692)</u>
Deficit for the Financial Year		(10,589)	(79,692)
Other comprehensive income		0	0
		<u>0</u>	<u>0</u>
Total comprehensive expenditure		(10,589)	(79,692)

Note: There is no comprehensive income other than those included on the Revenue Account.

MONEY MATTERS CREDIT UNION LTD

Balance Sheet as at 30 September 2023

	Note	2023 £	2022 £
ASSETS			
Loans and advances to banks	16	<u>1,586,745</u>	<u>1,748,143</u>
Loans and advances to members	12	412,626	422,273
Tangible fixed assets	11a	302	1,877
Intangible fixed assets	11b	4,240	7,200
Prepayments and accrued income		9,950	28,278
Total assets		<u>2,013,863</u>	<u>2,207,771</u>
LIABILITIES			
Subscribed capital - repayable on demand	13	1,985,868	2,168,798
Other payables	14	<u>20,635</u>	<u>21,024</u>
		2,006,503	2,189,822
Retained earnings		7,360	17,949
Total liabilities		<u>2,013,863</u>	<u>2,207,771</u>

The financial statements were approved, and authorised for issue by the board on 20/9/24 and signed on its behalf by:



Director



Director



Secretary

MONEY MATTERS CREDIT UNION LTD

Statement of Changes in Retained Earnings for the year ended 30 September 2023

	2023	2022
	£	£
As at 1 October 2022	17,949	97,641
Total comprehensive expenditure for the year	(10,589)	(79,692)
As at 30 September 2023	7,360	17,949

Movement in reserves

	Retained earnings		Total
	General reserve	Revenue reserve	
As at 1 October 2022	(56,009)	73,958	17,949
Deficit for year	(10,589)	0	(10,589)
Other movements	0	0	0
As at 30 September 2023	(66,598)	73,958	7,360

MONEY MATTERS CREDIT UNION LTD

Cash flow statement for the year ended 30 September 2023

	Note	2023 £	2022 £
Cash Flows from operating activities			
Deficit Before Taxation		(5,573)	(79,385)
Adjustments for non-cash items			
Depreciation and amortisation	11	5,335	5,788
Impairment losses	12e	6,523	38,416
		<u>11,858</u>	<u>44,204</u>
 Movements in:			
Prepayments and accrued income		18,328	(19,067)
Other payables		(389)	5,392
		<u>17,939</u>	<u>(13,675)</u>
 Cash flows from changes in operative assets and liabilities			
Cash inflow from subscribed capital	13	1,319,041	1,435,482
Cash outflow from repaid capital	13	(1,501,971)	(1,589,247)
New loans to members	12a	(283,860)	(405,800)
Repayment of loans by members	12a	286,984	374,614
		<u>(179,806)</u>	<u>(184,951)</u>
Taxation paid		(5,016)	(307)
Net Cash flows from operating activities		<u>(160,598)</u>	<u>(234,114)</u>
 Cash flows from investing activities			
Purchase of property, plant and equipment, website costs	11a	(800)	(786)
Net cash flow from managing liquid deposits		0	0
		<u>(800)</u>	<u>(786)</u>
 Net decrease in cash and cash equivalents		<u>(161,398)</u>	<u>(234,900)</u>
Cash and cash equivalents at beginning of year		1,748,143	1,983,043
 Cash and cash equivalents at end of year	16	<u><u>1,586,745</u></u>	<u><u>1,748,143</u></u>

MONEY MATTERS CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023

1 Legal and regulatory framework

The Credit Union is a society established under the Co-operative and Community Benefit Societies Act 2014, 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 and is regulated by the Prudential Regulation Authority under the provisions of the Financial Services and Markets Act 2000.

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

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 - the Financial Reporting Standard applicable in the UK and Ireland.

The financial statements are prepared on the historical cost basis.

Going concern

The directors of the Credit Union believe that it is appropriate to prepare the financial statements on the going concern basis despite a capital to total assets ratio below 3%. This is due to the actions the directors are taking (also set out in Note 17) to address the impact of events. In accordance with PRA Rulebook Guidelines outlined in Section 8.5 (1), the credit union must maintain a minimum Capital-To-Total assets ratio of 3%.

	2023	2022
The relevant ratios are:-	0.37%	0.81%

Income

Loan interest receivable and similar income: Interest on both loans to members and loans to banks (i.e. 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. Exempt interest on members loans is not recognised.

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.

Other income: Other income is recognised either evenly over the period to which it relates or when the transaction is complete.

Taxation

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

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

Deferred grants and funding / revenue contributions

Deferred grants in respect of capital expenditure are credited to the income and expenditure account over the estimated useful life of the relevant fixed assets. Deferred grants and funding in respect of revenue items are credited to the income and expenditure account over the period to which they relate or to match the relevant expenditure. The grants / funding shown in the balance sheet represent the grants / funding receivable to date less the amount so far credited to the income and expenditure account.

MONEY MATTERS CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

2 Accounting policies (cont.)**Tangible fixed assets**

Tangible fixed assets comprises items of property, plant and equipment, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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:

Office equipment	5 years
Computers and equipment	3 years

Intangible fixed assets

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

Amortisation is provided to write off the cost of each asset, less its estimated residual value, on a straight line basis over its estimated useful life. The categories of intangible assets are amortised as follows:

Website	5 years
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Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and with the Bank of England and loans and advances to banks (i.e. cash deposited with banks) with maturity of less than or equal to three months.

Financial assets – loans and advances to members

Loans to members are financial assets with fixed or determinable payments. Loans are made to members for provident or productive purposes on such security (or without security) and terms as the rules of the Credit Union provide. 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.

Impairment of financial assets

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

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

Financial liabilities – subscribed capital

Members' shareholdings in the Credit Union are redeemable and therefore are classified as financial liabilities, and described as subscribed capital. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

Employee benefits

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

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

Reserves

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

MONEY MATTERS CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

3 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 Union's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Impairment losses on loans to members

Impaired losses are stated after specifically reviewing all loans in arrears. The criteria used is whether the loan will be repaid within the term of the loan based upon the current regular pattern of repayments.

4	Loan interest receivable and similar income		2023	2022
			£	£
	Loan interest receivable from members		70,809	109,950
	Bank interest receivable from cash and liquid deposits		26,402	1,617
	Total loan interest receivable and similar income		97,211	111,567
5	Interest expense			
	Interest expense is the dividend paid to members for the prior year. The dividend is formally proposed by the Directors after the year end and is confirmed at the following AGM. As a result it does not represent a liability at the balance sheet date.			
			2023	2022
			£	£
	Interest paid during the year		0	0
	Dividend rate		0.00%	0.00%
	Interest proposed, but not recognised		0	0
	Dividend rate		0.00%	0.00%
6	Fees and commissions receivable		2023	2022
			£	£
	Entrance fees		655	735
	Total fees and commissions receivable		655	735
7	Other Income		2023	2022
			£	£
	Grants		34,500	0
	Other income		1,916	5,354
			36,416	5,354
8	Expenses	Note	2023	2022
			£	£
	Administrative expenses	8a	118,746	135,724
	Depreciation and amortisation	11a	5,335	5,788
	Other operating expenses	8b	14,445	25,853
			138,526	167,365

MONEY MATTERS CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

8a Administrative Expenses	Note	2023	2022
		£	£
Employment costs	9b	54,635	57,917
Training and Conference		0	2,344
Advertising		464	20,996
Other staff expenses		2,479	2,804
Auditors remuneration	8c	7,296	7,614
Telephone		0	59
Computer maintenance		12,131	19,121
Legal and Professional		474	320
Consultancy		0	7,299
Sub contractor costs		8,564	9,940
Account Differences		27,337	0
General expenses		4,889	5,066
Printing, Postage and Stationery		477	2,244
Total Administrative Expenses		118,746	135,724
8b Other Operating Expenses		2023	2022
Cost of occupying offices (excluding depreciation)		£	£
Rent, Rates and Room Hire		4,645	9,186
Regulatory and financial management costs			
Financial Conduct Authority, Prudential Regulation Authority Fees and FSCS fees		300	1,786
National Body Dues		3,223	4,128
Fidelity Insurance		0	2,169
Debt Collection fees		505	273
Loan protection, life savings and family insurance		5,772	8,311
		9,800	16,667
Total Other operating Expenses		14,445	25,853
8c Auditors remuneration			
The Credit Union voluntarily presents an analysis of its auditors' remuneration in accordance with Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.			
		2023	2022
		£	£
Fees payable for the audit of the Credit Union's annual accounts		6,738	5,550
Fees payable to the Credit Union's Auditor for other services:			
Consultancy work		468	1,974
Services relating to taxation		90	90
Total Auditors remuneration		7,296	7,614

MONEY MATTERS CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

9 Employees and employment costs

9a Number of employees	2023	2022
The average monthly number of employees during the year were:	Number	Number
Office staff	<u>3</u>	<u>3</u>
9b Employment costs	2023	2022
	£	£
Wages and salaries	53,335	56,449
Payments to defined contribution pension schemes	<u>1,300</u>	<u>1,468</u>
Total employment costs	<u>54,635</u>	<u>57,917</u>

The Directors of the Credit Union are all unpaid volunteers, there is no salaried key management (2022: none).

10 Taxation**10a Recognised in the Revenue Account**

The taxation charge for the year, based on the small profits rate of Corporation Tax of 19% (2022 - 19%) comprised:

	Note	2023	2022
Current tax		£	£
UK Corporation tax	10b	5,016	307
Total current tax and total taxation expense recognised in the Revenue Account		<u>5,016</u>	<u>307</u>

10b Reconciliation of taxation expense

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, tax charge for the year differs from the standard rate of corporation tax. The differences are explained below:

	2023	2022
Deficit Before Taxation	<u>£ (5,573)</u>	<u>£ (79,385)</u>
Deficit before taxation multiplied by small profits rate of corporation tax in the UK of 19% (2022 19%)	(1,059)	(15,083)
Effects of:		
Non-taxable deficit on transactions with members	<u>6,075</u>	<u>15,390</u>
Total tax charge for the year	<u>5,016</u>	<u>307</u>

MONEY MATTERS CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

11 Fixed Assets

11a Tangible Fixed Assets

Tangible Fixed Assets comprise the following property, plant and equipment:

	Office equipment	Computers and equipment	Total
Cost	£	£	
As at 1 October 2022	1,992	26,693	28,685
Additions	0	0	0
Disposals	0	0	0
As at 30 September 2023	1,992	26,693	28,685
Depreciation			
As at 1 October 2022	1,932	24,876	26,808
Charge for the year	20	1,555	1,575
Charge on disposal	0	0	0
As at 30 September 2023	1,952	26,431	28,383
Net Book Value			
As at 30 September 2023	40	262	302
As at 30 September 2022	60	1,817	1,877

11b Intangible Fixed Assets

Intangible Fixed Assets comprise the following:

	Website	Total
Cost	£	
As at 1 October 2022	18,000	18,000
Additions	800	800
Disposals	0	0
As at 30 September 2023	18,800	18,800
Amortisation		
As at 1 October 2022	10,800	10,800
Charge for the year	3,760	3,760
Charge on disposal	0	0
As at 30 September 2023	14,560	14,560
Net Book Value		
As at 30 September 2023	4,240	4,240
As at 30 September 2022	7,200	7,200

12 Loans and advances to members

12a Loans and advances to members

Note	2023	2022
	£	£
As at 1 October 2022	576,904	562,556
Advanced during the year	283,860	405,800
Interest receivable	70,809	109,950
Repaid during the year	(357,793)	(484,564)
Gross loans and advances to members	573,780	593,742
Impairment losses:		
Individual financial assets	(9,878)	(16,838)
Groups of financial assets	(151,276)	(154,631)
	(161,154)	(171,469)
As at 30 September 2023	412,626	422,273

12b Memorandum - Total loan assets regulatory purposes

Note	2023	2022
	£	£
Gross loans and advances to members	573,780	593,742
Impairment of individual financial assets	(9,878)	(16,838)
Total loan assets for regulatory purposes	563,902	576,904

MONEY MATTERS CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

12c Credit risk disclosures

The credit union does not offer mortgages and as a result all loans to members are unsecured, except where there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding.

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.

	2023		2022	
	Amount	Proportion	Amount	Proportion
Not impaired:				
Neither past due nor impaired	372,708	64.95%	370,238	62.35%
Up to 3 months past due	26,235	4.57%	43,921	7.40%
Between 3 and 6 months past due	0	0.00%	0	0.00%
Between 6 and 9 months past due	0	0.00%	0	0.00%
Between 9 months and 1 year past due	0	0.00%	0	0.00%
Over 1 year past due	0	0.00%	0	0.00%
Sub-total: loans not impaired	398,943	69.52%	414,159	69.75%
Individually impaired:				
Not yet past due, but impaired	0	0.00%	0	0.00%
Up to 3 months past due	0	0.00%	0	0.00%
Between 3 and 6 months past due	17,675	3.08%	9,166	1.54%
Between 6 and 9 months past due	567	0.10%	1,106	0.19%
Between 9 months and 1 year past due	3,937	0.69%	0	0.00%
Over 1 year past due	152,658	26.61%	169,311	28.52%
Total loans	573,780	30.48%	593,742	30.25%
Impairment allowance	(161,154)		(171,469)	
Total carrying value	412,626		422,273	

Factors that are considered in determining whether loans are impaired are discussed in note 3.

12d Allowance account for impairment losses	Note	2023	2022
		£	£
As at 1 October 2022		154,631	133,053
Allowance for losses made (reversed) during the year		(3,355)	21,578
Increase (decrease) in allowance during the year	12e	(3,355)	21,578
As at 30 September 2023		151,276	154,631
12e Impairment losses recognised for the year		2023	2022
		£	£
Impairment of individual financial assets		9,878	16,838
Increase (decrease) in impairment allowances during the year		(3,355)	21,578
		6,523	38,416
Reversal of impairment where debts recovered		(5,763)	(9,069)
Total impairment losses recognised for the year		760	29,347

MONEY MATTERS CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

13 Subscribed capital - financial liabilities	2023	2022
	£	£
As at 1 October 2022	2,168,798	2,322,563
Received during the year	1,319,041	1,435,482
Dividends paid during the year	0	0
Repaid during the year	(1,501,971)	(1,589,247)
As at 30 September 2023	<u>1,985,868</u>	<u>2,168,798</u>

Deposits from members are made by way of subscription for shares. The balance includes deposits made by juvenile members - £97,027 (2022 £87,435).

14 Other payables	2023	2022
	£	£
UK Corporation tax	5,016	307
Accruals and deferred income	15,619	20,717
	<u>20,635</u>	<u>21,024</u>

15 Additional financial instruments disclosures

15a 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.

The main financial risks arising from the Credit Union's activities are credit risk, liquidity 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 the 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 payment has changed. The Credit Union also monitors its banking arrangements closely in light of the current banking situation.

Liquidity risk: The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it meets 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. Note 2 provides further details about the impact of the maturity mismatch on the going concern status of the Credit Union.

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.

MONEY MATTERS CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

15b Interest rate risk disclosures

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

	2023		2022	
	Amount	Average Interest Rate	Amount	Average Interest Rate
Financial assets	£	%	£	%
Loans to members	563,902	12.41%	576,904	19.30%

The interest rates applicable to loans to members are fixed and range from 12% to 36% per annum.

15c Liquidity risk disclosures

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

15d Fair value of financial instruments

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

16 Cash and cash equivalents

	2023	2022
	£	£
Loans and advances to banks	1,586,745	1,748,143
Less: amounts maturing after three months	0	0
Total cash and cash equivalents	1,586,745	1,748,143

17 Post balance sheet events and Going concern

The credit union is proposing to merge with PlaneSaver Credit Union Ltd in 2025. This is subject to the approval from the regulators and members agreement at Special General Meetings.

There are material uncertainties related to events or conditions that may cast significant doubt upon the Credit Union's ability to continue as a going concern. There has been a material decline in income from member loan interest because of a fall in the loan book and continued deficits are the result. The capital to total assets ratio has reduced further this year to 0.37% (2022: 0.81%), the minimum regulatory requirement is 3%. The Board and Management are working towards a merger with PlaneSaver Credit Union Ltd. During the year (February 2023) the credit union signed a sponsorship agreement with Luton Rising (owned by Luton Council) for £30,000 for the development of new products offering access to affordable credit for Luton residents. The Board and Management expect this to lead to growth and an increase in income.

18 Contingent liabilities

The Credit Union participates in the Financial Services Compensation Scheme (FSCS) and therefore has a contingent liability, which cannot be quantified, in respect of contributions to the FSCS, as required by the Financial Services and Markets Act 2000. The Financial Conduct Authority (FCA) has provided details of how the calculation of next year's contribution towards the FSCS will be calculated and full provision has been included for this liability. However this is subject to future changes in interest rates and levels of deposits held by UK deposit takers. Therefore there is inherent uncertainty regarding the totality of the levy that the Credit Union will have to pay.

19 Related Party Transactions

During the year, two members of staff, the board, volunteers or their close family members, had or were issued with loans with the Credit Union (2022 - none).

The unsecured loans to a board member and staff member, were issued at a preferential rate of 8% per annum.

20 Non-audit services

In common with many other Credit Unions of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist us with the preparation of the financial statements.

MONEY MATTERS CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2023 (continued)

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In common with many other Credit Unions of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist us with the preparation of the financial statements.