



**Alexander Sloan**

Accountants and Business Advisers

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**COMMSAVE CREDIT UNION LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2024**

Registration No. 213407

# COMMSAVE CREDIT UNION LIMITED

## CREDIT UNION INFORMATION

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**FCA number** 213407

**Registered Society number** IP00264C

**Directors**

Mr S Ayiehfor

Mr M Braimah

Mr S Jacob

Mr K Kafamba

Mr D Keith

Mr H Mansuri

Mr R Munro

Miss E Oluyitan

(Elected 21 January 2024)

Mrs R Owusu

Mr A Woods

(Co-opted 17 August 2024)

**Secretary**

Mrs R Owusu

**Registered office**

2 Summerhouse Road

Moulton Park

Northampton

NN3 6BJ

**Auditor**

Alexander Sloan LLP

180 St Vincent Street

Glasgow

G2 5SG

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# COMMSAVE CREDIT UNION LIMITED

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# COMMSAVE CREDIT UNION LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2024

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

#### Principal activity

The principal activity of the credit union continued to be that defined in the Credit Union Act 1979.

The credit union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

#### Results and dividends

The results for the year are set out on page 8.

#### Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S Ayiefor

Mr M Braimah

Mr S Jacob

Mr K Kafamba

Mr D Keith

Mr H Mansuri

Mr R Munro

Miss E Oluyitan

(Elected 21 January 2024)

Mrs R Owusu

Mr A Woods

(Co-opted 17 August 2024)

#### Compliance statement

Under the Prudential Regulation Authority rulebook the Board of Directors must report to the members at the Annual General Meeting on certain areas of compliance within the credit union. The credit union is therefore pleased to report that during the year the credit union has been in compliance with:

- Depositor Protection Rules 11, 12, 14 and the requirements of rule 15 that relate to rule 11; and
- PRA Credit Union Rule 2.10 (fidelity bond insurance requirements); and
- The requirements of compliance under the PRA "additional activities" and the requirements for Credit Unions within the PRA Credit Union Rulebook for credit unions over 15,000 members.

#### Principal risks and uncertainties

The main financial risks of the credit union are set out in the notes to the financial statements.

# COMMSAVE CREDIT UNION LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2024**

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### Statement of Directors responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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 (United Kingdom Accounting Standards and applicable law). Under the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014 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 period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014. Directors 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.

### Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the credit union's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the credit union's auditor is aware of that information.

### Auditor

A resolution for the re-appointment of Alexander Sloan as auditors of the credit union is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

*Dean Gary Keith*

.....  
Mr D Keith

**Acting Chair**

Date: .....<sup>3/12/2024</sup>

# COMMSAVE CREDIT UNION LIMITED

## TREASURER'S REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2024

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I am delighted to present this report on behalf of your board of directors. My report covers our financial year 1<sup>st</sup> October 2023 to 30<sup>th</sup> September 2024.

During the year it was clear many members continued to feel the impact of cost-of-living increases. Helping members save regularly and build financial resilience is what we do as a credit union, and having even a small pot of savings to call on when finances are stretched really does help. We are also here to give members access to affordable and responsible credit when needed.

Against this background, Commsave has been resilient and continued to serve members and plan for the future.

Your board is proposing a dividend on savings of 4% and a loan interest rebate of 4% to members who have made their loan repayments in line with their agreement. We believe this is a competitive return of savings for similar products available to members. We have achieved this without having to increase our loan interest rates.

During the year our membership grew from 35,217 to 36,390 (3.3%). This level of growth fell behind where we planned to be and we have some new member recruitment activities planned including advertising on buses, local radio and new social media channels. We are also re-launching our Workplace Reps scheme as Workplace Ambassadors. Please think about joining and supporting our recruitment drive.

We know the most effective way of recruiting new members is by word of mouth and our new 321 campaign is designed to reward current and new members – please help us grow Commsave and bring our benefits to family, friends and workmates.

Members' savings held steady during the year reducing by 0.8% from £89.6m to £88.9m.

Our loan book grew from £69.7m to £72.8m (4.4%). The interest earned on loans enables us to pay our bills, build our reserves/capital, and pay a dividend/interest on savings and loan interest rebate.

Your board takes a prudent approach to capital (reserves) and at the end of the year our capital to assets ratio was 15.04%, which is significantly above the minimum level required by our regulator of 8.83%. Reserves provide us with a buffer against unforeseen events in the future.

Members may recall at our last AGM we voted to change external auditors to Alexander Sloan. and our new auditor has recommended we change some of our reporting. The way in which we account for our dividend/loan interest rebate and the provisioning of some loans are presented differently in this year's accounts. To enable us to make comparisons, last year's Revenue Account and Balance Sheet have been restated.

Our accounts have been audited by Alexander Sloan of Glasgow and the board has received their unqualified report, and your board is recommending we re-appoint them to audit our accounts for 2024/25.

On behalf of the board



.....  
Mr S Ayiefor

**Treasurer**  
Date: 2/12/2024

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# COMMSAVE CREDIT UNION LIMITED

## CHAIRMAN'S STATEMENT

**FOR THE YEAR ENDED 30 SEPTEMBER 2024**

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Dear Member Owner,

The year under review has seen some challenges and significant achievements.

Kundai Kafamba, our Chairman, has taken sabbatical leave from the board while undergoing medical treatment. We all wish him well and a speedy recovery.

Security of members' data is a top priority, and we were delighted to be reaccredited in ISO27001 – Information Security by the British Standards Institute. These standards are updated as new threats emerge and we have achieved these higher standards.

During this year we welcomed some new Payroll Partners, which has enabled us to support more people with safe savings, affordable credit, and financial education. Check out our website for details of all our partners.

We achieved a significant milestone in lending £1m to our members in the fishing sector. This has enabled members to improve the safety of their vessels and purchase vital equipment.

Investment to improve member service has continued, with the average time to answer our telephone being 18 seconds. We introduced a direct debit service to give members more payment options and we continue to support members in financial difficulty by funding independent advice workers through Citizens Advice.

In January, we launch some exciting new member recruitment initiatives, including advertising on buses, radio and social media sites. Our 321 campaign is open to all members and we hope you will support this recruitment drive. In a recent member survey, 98% of members said they would recommend Commsave to family, friends or workmates – this is your opportunity to do so!

During the year we revamped our Workplace Reps arrangements, including rebranding them as Ambassadors. If you would like to become an Ambassador and support your Credit Union by promoting Commsave in your workplace or community please get in touch.

I want to thank our staff, volunteer directors, independent members of our Audit & Risk sub-committee, and our growing band of Workplace / Community Ambassadors.

Finally, I want to thank you as a member of Commsave – living our values of 'People Helping People'.

We hope you will be able to join us at our Annual General Meeting on 19th January.

Kind Regards,

*Dean Gary Keith*

Dean Keith

**Acting Chair**

Date: .....<sup>3/12/2024</sup>.....

# COMMSAVE CREDIT UNION LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF COMMSAVE CREDIT UNION LIMITED

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#### Opinion

We have audited the financial statements of Commsave Credit Union Limited (the 'credit union') for the year ended 30 September 2024 which comprise the revenue account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2024 and of its surplus or deficit 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 Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the credit union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

# COMMSAVE CREDIT UNION LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF COMMSAVE CREDIT UNION LIMITED

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#### **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:

- proper books of account have not been kept by the credit union in accordance with the requirements of the legislation; or
- a satisfactory system of control over transactions has not been kept by the credit union in accordance with the requirements of the legislation; or
- the Revenue Account and Balance Sheet are not in agreement with the books of account of the credit union; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the credit union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the credit union or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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 that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the credit union through discussions with directors and other management, and from our wider knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the credit union, including Corporate and Community Benefit Society legislation and taxation legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the credit union's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

# COMMSAVE CREDIT UNION LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF COMMSAVE CREDIT UNION LIMITED

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#### ***Extent to which the audit was considered capable of detecting irregularities, including fraud***

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with PRA, FCA and HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

#### **Use of our report**

This report is made solely to the credit union's members, as a body, in accordance with 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.

*Alexander Sloan LLP*

**Alexander Sloan LLP**

3/12/2024

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**Accountants & Business Advisers  
Statutory Auditor**

180 St Vincent Street  
Glasgow  
G2 5SG

# COMMSAVE CREDIT UNION LIMITED

## REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

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		2024	2023
	Notes	£	as restated £
Loan interest receivable and similar income	3	11,280,602	10,548,832
Interest payable and similar charges	4	(3,862,115)	(1,970,012)
Net interest receivable		<u>7,418,487</u>	<u>8,578,820</u>
Fees and commissions receivable	5	13,195	10,256
Fees and commissions payable	6	(228,733)	(232,254)
Net fees and commissions		<u>(215,538)</u>	<u>(221,998)</u>
Other operating income	7	41,426	42,124
Administrative expenses	8	(4,039,327)	(3,447,608)
Depreciation and amortisation		(102,235)	(51,064)
Impairment on loans for bad and doubtful debts	15	(3,249,186)	(4,236,940)
<b>(Deficit) before taxation</b>		<u>(146,373)</u>	<u>663,334</u>
Corporation tax	11	(200,744)	(163,024)
<b>(Deficit)/surplus for the year</b>		<u><u>(347,117)</u></u>	<u><u>500,310</u></u>

The Revenue Account has been prepared on the basis that all operations are continuing operations.  
The notes on pages 13 to 30 form an integral part of these financial statements.

# COMMSAVE CREDIT UNION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2024

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	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>as restated</b>
<b>Notes</b>	<b>£</b>	<b>£</b>
<b>(Deficit)/surplus for the year</b>	(347,117)	500,310
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive (loss)/income for the year</b>	<u>(347,117)</u>	<u>500,310</u>

The notes on pages 13 to 30 form an integral part of these financial statements.

# COMMSAVE CREDIT UNION LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2024

		2024	2023
	Notes	£	as restated £
<b>Assets</b>			
Cash at bank	13	28,771,899	32,969,920
Loans to members	14	72,823,170	69,706,204
Investments- Public Sector Fund	16	5,225,833	5,000,000
Tangible assets	17	3,534,047	3,853,122
Prepayments		289,364	138,217
<b>Total assets</b>		<b>110,644,313</b>	<b>111,667,463</b>
<b>Liabilities and reserves</b>			
Member and Juvenile savings	18	88,865,834	89,630,546
Other liabilities	19	889,220	921,769
Bereavement Fund Provision	20	789,988	668,760
		90,545,042	91,221,075
General reserve	26	16,635,830	16,662,696
Reserve for proposed dividend	26	3,463,441	3,783,692
Total reserves		20,099,271	20,446,388
<b>Total liabilities and reserves</b>		<b>110,644,313</b>	<b>111,667,463</b>

The financial statements were approved by the Board of Directors and authorised for issue on 3/12/2024 and are signed on its behalf by:



.....  
Mr S Ayiefor  
Director



.....  
Mr D Keith  
Director



.....  
Mrs R Owusu  
Secretary

The notes on pages 13 to 30 form an integral part of these financial statements.

# COMMSAVE CREDIT UNION LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2024

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	Appropriation Reserve £	General Reserve £	Total £
<b>As restated for the period ended 30 September 2023:</b>			
<b>Balance at 1 October 2022 as originally stated</b>	-	18,384,006	18,384,006
Prior year adjustment	1,785,523	(223,451)	1,562,072
	<hr/>	<hr/>	<hr/>
<b>Balance at 1 October 2022 as restated</b>	1,785,523	18,160,555	19,946,078
Year ended 30 September 2023:			
Surplus and total comprehensive income for the year	-	500,310	500,310
Other movements	1,998,169	(1,998,169)	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 September 2023</b>	<b>3,783,692</b>	<b>16,662,696</b>	<b>20,446,388</b>
Year ended 30 September 2024:			
Deficit and total comprehensive income for the year	-	(347,117)	(347,117)
Other movements	(320,251)	320,251	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 September 2024</b>	<b>3,463,441</b>	<b>16,635,830</b>	<b>20,099,271</b>

The notes on pages 13 to 30 form an integral part of these financial statements.

# COMMSAVE CREDIT UNION LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	£	2024 £	2023 as restated £
<b>Cash flows from operating activities</b>				
Deficit for the period			(347,117)	500,310
Depreciation and amortisation	12	102,235		51,064
Surplus/(deficit) on disposal of fixed assets		(139,311)		-
Corporation tax expenses	11	200,744		163,024
Provision movement	15	5,044,116		5,257,301
Interest income on loans	3	(10,804,875)		(9,917,503)
Distribution on members shares	4	4,178,831		2,071,032
			(1,418,260)	(2,375,082)
<b>Working capital adjustments</b>				
Change in other receivables and prepayments		(151,147)		356,845
Change in other liabilities		(69,466)		248,778
Change in provisions		121,228		107,311
			(99,385)	712,934
<b>Cash flows from changes in operating assets and liabilities</b>				
Loan repayments less loans advanced	14	2,643,793		(6,308,393)
Customer balance cash movement		(4,943,543)		(22,242,038)
Movement on funds in investments	13	(225,833)		(5,000,000)
Movement on funds on deposit	13	2,025,835		29,801,751
			(499,748)	(3,748,680)
Corporation tax paid			(163,827)	(87,256)
<b>Net cash flow from operating activities</b>			(2,528,337)	(4,997,774)
<b>Investing activities</b>				
Purchase of tangible fixed assets	17	(95,338)		(3,401,404)
Proceeds on disposal of tangible fixed assets		451,489		-
<b>Net cash generated from/(used in) investing activities</b>			356,151	(3,401,404)
<b>Net cash used in financing activities</b>			-	-
<b>Net decrease in cash and cash equivalents</b>			(2,172,186)	(8,399,178)
Cash and cash equivalents at beginning of year			17,878,562	26,277,740
<b>Cash and cash equivalents at end of year</b>	28		<b>15,706,376</b>	<b>17,878,562</b>

The notes on pages 13 to 30 form an integral part of these financial statements.

# COMMSAVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

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### 1 Accounting policies

#### Background information

Commsave Credit Union Limited is registered in the UK as a society 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 Union Act 1979. The credit union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Co-operative and Community Benefit Societies Act 2014.

The financial statements are prepared in sterling, which is the functional currency of the credit union. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the credit union has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Income

Fees and charges receivable 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 complete.

Interest receivable on loans to members and bank interest are recognised using the effective interest rate basis and are calculated and accrued on a daily basis.

#### 1.4 Tangible fixed assets

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

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

Freehold property	2% straight line
Fixtures, fittings & equipment	25% reducing balance

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

#### 1.5 Impairment of fixed assets

At each reporting period end date, the credit union reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the credit union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# COMMSAVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2024

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#### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the revenue account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the revenue account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of less than 8 days.

#### 1.7 Financial instruments

The credit union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the credit union's balance sheet when the credit union becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include loans to members and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the revenue account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **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 expected cash flows.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the credit union transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# COMMSAVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2024

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#### 1 Accounting policies

(Continued)

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

##### **Basic financial liabilities**

Basic financial liabilities, including members deposits are classified as debt and are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Other financial liabilities**

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through the revenue account. Debt instruments may be designated as being measured at fair value through the revenue account to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the credit union's contractual obligations expire or are discharged or cancelled.

#### 1.8 Taxation

The tax expense for the period comprises current tax. Tax is recognised in the revenue account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

##### **Current tax**

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from the surplus as reported in the revenue account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The credit union's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### 1.9 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the credit union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# COMMSAVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2024

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#### 1 Accounting policies

(Continued)

##### 1.11 Retirement benefits

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

##### 1.12 Bereavement fund

The credit union has set up a scheme which provides bereavement benefits on the death of its members. Currently the credit union provides 20p per £1,000 of total loans and total savings on the last day of each month. This is based on actuarial advice. The Credit Union subsequently assesses the fund balance periodically to ensure that it is not under or over provided after taking external actuarial advice.

#### 2 Judgements and key sources of estimation uncertainty

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

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

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### ***Loan Impairment***

The credit union assesses, at each reporting date, if there is objective evidence that any of its loans to customers are impaired. The loans are assessed collectively in groups that share similar credit-risk characteristics. 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. Further details regarding the level of loan book and credit risk are detailed within the notes to the Financial Statements.

##### ***Bereavement fund***

As set out in the notes to the financial statements, the credit union has made provision for its Bereavement Fund. The level of provision required is subjective and depends on a number of factors including individual's balances and the age of death. At 30 September balances of approximately £120.4m are covered by the fund,

The Credit Union considers the level of provision on a regular basis. To ensure that the level of provision is reasonable, the credit union takes periodic external actuarial advice. Based on the reviews the Credit Union provided 20p per £1,000 of total loans and savings on the last day of each month into the fund during the current year. Another review was obtained on October 2024. Based on this review the fund has adequate capital but the level of funding is to be kept under review. The main limitation of the actuarial review is the unpredictable nature of how the savings balance will change over time. Due to the nature of the fund it is not possible to accurately estimate when the amounts in the provision will become due.

The actuarial advice is based on a number of assumptions including:

- CMI S3PXA Mortality Tables (2014-2018) have been used
- Loans are repaid linearly over 4 years.
- Savings will be withdrawn linearly over 10 years
- Lapse rate of 6.4%
- Discount rate of 0%.

# COMMSAVE CREDIT UNION LIMITED

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

### 3 Interest receivable and similar income

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Interest income on loans	10,804,875	9,917,503
Interest rebate to members	(316,716)	(113,440)
	<hr/>	<hr/>
Interest income on bank deposits	10,488,159	9,804,063
	792,443	744,769
	<hr/>	<hr/>
	<u>11,280,602</u>	<u>10,548,832</u>

### 4 Interest payable and similar charges

As shares are classed as a liability the dividend on these shares is classed as interest for accounting purposes under FRS 102:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Interest and similar charges paid during the period</b>		
Dividend on dividend bearing shares	3,432,345	1,655,150
Interest on ISAs	429,770	302,442
	<hr/>	<hr/>
Interest on borrowing	3,862,115	1,957,592
	-	12,420
	<hr/>	<hr/>
	<u>3,862,115</u>	<u>1,970,012</u>

The distributions on members' shares represents distributions paid in the year which were approved at the last Annual General Meeting. The dividend rates approved at the previous AGM were:

	<b>2024</b>	<b>2023</b>
	<b>%</b>	<b>%</b>
<b>Distribution rates paid during year</b>		
Dividend bearing shares	4.00	1.75
Loan interest rebate	4.00	1.75
ISA interest rate	4.25	1.75
	<hr/>	<hr/>

At the forthcoming Annual General Meeting, the Directors will propose the following dividends based on the results for the current year. If approved, these dividends will be included as a cost in next year's financial statements once they have been paid.

	<b>2024</b>	<b>2023</b>
	<b>%</b>	<b>%</b>
<b>Distribution rates to be proposed at the Annual General Meeting</b>		
Dividend bearing shares	4.00	4.00
Loan interest rebate	4.00	4.00
ISA interest rate	4.00	4.00
	<hr/>	<hr/>

# COMMSAVE CREDIT UNION LIMITED

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

5	Fees and commissions receivable		2024 £	2023 £
	Dormant account charges		12,991	10,010
	Engage card commission		204	246
			<u>13,195</u>	<u>10,256</u>
6	Fees and commissions payable		2024 £	2023 £
	Bank charges		<u>228,733</u>	<u>232,254</u>
7	Other operating income		2024 £	2023 £
	Funding from FOCCU		<u>41,426</u>	<u>42,124</u>
8	Administrative expenses		2024 £	2023 £
		Notes		
	Staff costs	10	1,492,337	1,180,316
	Directors' remuneration	9	36,685	80,153
	Disposal of assets		(139,311)	-
	Bereavement fund		385,998	390,254
	External auditor's remuneration		11,328	13,500
	Member communication and advertising		755,920	699,229
	Legal, professional and credit control costs		561,481	475,014
	Computer and software expenses		362,687	269,957
	Donations		25,000	25,000
	Debt advice		30,042	-
	General administration costs		196,243	185,815
	Fidelity bond insurance		30,263	37,701
	Costs of occupying offices		290,654	90,669
			<u>4,039,327</u>	<u>3,447,608</u>

# COMMSAVE CREDIT UNION LIMITED

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

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### 9 Directors' remuneration

The average monthly number of Directors at the Credit Union during the year was:

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
Directors	10	8

Remuneration paid to Directors consists of:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Remuneration paid to directors	31,982	69,395
Social security costs	3,158	8,341
Directors pension contributions	1,545	2,417
	<u>36,685</u>	<u>80,153</u>

### 10 Staff costs

The average monthly number of persons (excluding Directors) employed by the credit union during the year was:

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
Employees	47	41

Their aggregate remuneration comprised:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,299,420	1,035,184
Social security costs	112,731	83,347
Pension costs	53,803	42,442
Benefits and welfare	26,383	19,343
	<u>1,492,337</u>	<u>1,180,316</u>

# COMMSAVE CREDIT UNION LIMITED

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

### 11 Corporation tax

	2024 £	2023 £
<b>Current tax</b>		
UK corporation tax on taxable surplus for the current period	200,827	163,024
Adjustments in respect of prior periods	(83)	-
	<u>200,744</u>	<u>163,024</u>
Total current tax	<u>200,744</u>	<u>163,024</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the surplus or deficit and the standard rate of tax as follows:

	2024 £	2023 £
Deficit before taxation	(146,373)	663,334
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 25.00% (2023: 22.00%)	(36,593)	145,933
Tax effect of income/expenditure not taxable in determining taxable surplus	237,337	17,091
Taxation charge for the year	<u>200,744</u>	<u>163,024</u>

### 12 Operating (deficit)/surplus

	2024 £	2023 £
Operating (deficit)/surplus for the year is stated after charging/(crediting):		
Fees payable to the credit union's external auditor for the audit of the financial statements	11,328	13,500
Depreciation of owned tangible fixed assets	102,235	51,064
Profit on disposal of tangible fixed assets	(139,311)	-
	<u>11,328</u>	<u>13,500</u>

# COMMSAVE CREDIT UNION LIMITED

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

### 13 Cash at bank

	2024 £	2023 £
Cash held at banks	15,706,376	17,878,562
Bank deposits	13,065,523	15,091,358
	<u>28,771,899</u>	<u>32,969,920</u>
Loans and advances to banks	28,771,899	32,969,920
	<u>28,771,899</u>	<u>32,969,920</u>
Total cash and bank balances	<u><u>28,771,899</u></u>	<u><u>32,969,920</u></u>
 <b>Loans split by repayment period</b>		
Cash and cash equivalents	15,706,376	17,878,562
Amounts maturing in over 8 days	13,065,523	15,091,358
	<u>28,771,899</u>	<u>32,969,920</u>
	<u><u>28,771,899</u></u>	<u><u>32,969,920</u></u>

### 14 Loans to members

	Notes	2024 £	2023 as restated £
<b>Loan movement</b>			
Opening balances		82,732,861	68,258,325
Interest on loans		10,804,875	9,917,503
Loan cash movement during the period		(2,643,793)	6,308,393
Loans derecognised		(3,114,320)	(1,751,360)
		<u>87,779,623</u>	<u>82,732,861</u>
Loan impairment provisions	15	(14,956,453)	(13,026,657)
		<u>72,823,170</u>	<u>69,706,204</u>
		<u><u>72,823,170</u></u>	<u><u>69,706,204</u></u>
 <b>Loans split by repayment period</b>			
Capital repayments due within 1 year		27,191,427	31,503,417
Capital repayments due after 1 year		60,588,196	51,229,444
Loan impairment provisions	15	(14,956,453)	(13,026,657)
		<u>72,823,170</u>	<u>69,706,204</u>
		<u><u>72,823,170</u></u>	<u><u>69,706,204</u></u>
 <b>Loans split by type</b>			
Loans to individual members		87,703,278	81,757,861
Loans to other credit unions		76,345	975,000
Loan impairment provisions	15	(14,956,453)	(13,026,657)
		<u>72,823,170</u>	<u>69,706,204</u>
		<u><u>72,823,170</u></u>	<u><u>69,706,204</u></u>

# COMMSAVE CREDIT UNION LIMITED

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

### 14 Loans to members (Continued)

### 15 Loan impairment

	Write off Provision £	Arrears Provision £	Total Provisions £
<b>Loan impairment provision</b>			
Opening balances- as restated	9,500,393	3,526,264	13,026,657
Provision movement	2,138,506	(208,710)	1,929,796
Closing balances	<u>11,638,899</u>	<u>3,317,554</u>	<u>14,956,453</u>

Under Financial Reporting Standard 102 (FRS 102), the criteria for derecognising (writing off a loan) is different from when the credit union would write off the loan for internal purposes. Loans written off by the Board that do not meet the criteria in FRS 102 for being derecognised are not written off in these financial statements. The loans the credit union feel should be written off but which do not meet the criteria in FRS 102 for being derecognised are fully provided in the write off provision which is shown above. As a result there is no net effect on the surplus or net assets of the credit union from this requirement of FRS 102.

	Notes	2024 £	2023 as restated £
<b>Impairment revenue account charge</b>			
Impairment provision movement		1,929,796	3,505,941
Bad debts derecognised	14	3,114,320	1,751,360
Bad debts recovered		(1,794,930)	(1,020,361)
		<u>3,249,186</u>	<u>4,236,940</u>

### 16 Investments

	2024 £	2023 £
Public Sector Deposit Fund (Collective Investment Scheme)	<u>5,225,833</u>	<u>5,000,000</u>

# COMMSAVE CREDIT UNION LIMITED

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

### 17 Tangible fixed assets

	Freehold property	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 October 2023	3,824,730	235,430	4,060,160
Additions	58,336	37,002	95,338
Disposals	(355,122)	-	(355,122)
At 30 September 2024	3,527,944	272,432	3,800,376
<b>Depreciation and impairment</b>			
At 1 October 2023	81,348	125,690	207,038
Depreciation charged in the year	70,339	31,896	102,235
Eliminated in respect of disposals	(42,944)	-	(42,944)
At 30 September 2024	108,743	157,586	266,329
<b>Carrying amount</b>			
At 30 September 2024	3,419,201	114,846	3,534,047
At 30 September 2023	3,743,382	109,740	3,853,122

### 18 Member and Juvenile Savings

	2024 £	2023 £
<b>Deposit movement</b>		
Opening balances	89,630,546	109,801,552
Share movement	(764,712)	(20,171,006)
	88,865,834	89,630,546
<b>Deposits split by type</b>		
Standard dividend bearing member shares	78,014,786	78,281,101
Standard interest bearing member shares	9,923,577	10,515,808
Juvenile member deposits	927,471	833,637
	88,865,834	89,630,546

# COMMSAVE CREDIT UNION LIMITED

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

### 19 Other liabilities

	2024	2023 as restated
	£	£
Corporation tax	200,827	163,910
Other creditors	430,093	361,524
Accruals	258,300	396,335
	<u>889,220</u>	<u>921,769</u>

### 20 Bereavement Fund Provision

	2024	2023
	£	£
Bereavement fund	<u>789,988</u>	<u>668,760</u>

Movements on provisions:

	Bereavement fund £
At 1 October 2023	668,760
Additional provisions in the year	385,998
Utilisation of provision	(264,770)
At 30 September 2024	<u>789,988</u>

The credit union has a provision for the estimated cost of the Bereavement Fund. The Bereavement Fund, subject to terms and conditions, will in the event of a member's death cover the cost of the member's outstanding loan and pay between £500-£5,000 into the member's shares to help their nominated beneficiary. Note 2 of the Financials Statements covers Judgement and Key Sources of Estimation Uncertainty and explains how the level of the provision is estimated.

### 21 Retirement benefit schemes

	2024	2023
	£	£
<b>Defined contribution schemes</b>		
Charge to revenue account in respect of defined contribution schemes	<u>55,348</u>	<u>44,859</u>

The credit union operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the credit union in an independently administered fund.

# COMMSAVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2024

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#### 22 Financial risk management

The credit union manages its shares and loans so that it earns income from the margin between interest receivable and interest payable (including dividends paid).

The main financial risks arising from the activities of the credit union are credit risk, liquidity risk, market risk and bereavement fund 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 repayment to the credit union, resulting in financial loss to the credit union. In order to manage this risk, the Board approves the 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 the likelihood of repayment has changed. The credit union also monitors its banking arrangements for credit risk.

##### ***Liquidity risk***

The policy of the credit union is to maintain sufficient funds in liquid form at any time to ensure that it can meet its liabilities as they fall due and meet the liquidity ratios set by the regulators. The objective of the policy is to provide a degree of protection against any unexpected developments that may arise.

##### ***Market risk***

Market risk generally comprises of interest rate risk, foreign currency risk and other price risk. The main risks impacting the credit union are set out below:

Interest rate risk: The main interest rate risk for the credit union arises between the interest rate exposure on loans, bank deposits and shares that form an integral part of a credit union's operations. The credit union considers rates of interest receivable when deciding on proposed dividend rates. Dividend rates are based on the historical results of the credit union and the credit union's strategic plans. The credit union does not use interest rate options to hedge its own positions.

Foreign Currency Risk: All transactions are carried out in sterling and therefore the credit union is not exposed to any form of foreign currency risk.

##### ***Bereavement Fund Risk***

The Credit Union provides its members with protection under its bereavement fund. In the event of the member's death, the fund covers the member's outstanding loan and provides their beneficiary with a payment depending on the level of shares. The Credit Union therefore has a liability in the event of a member's death. The Credit Union takes professional advice, at least every 4 years, to ensure that is providing sufficient funds for this potential liability.

# COMMSAVE CREDIT UNION LIMITED

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

### 23 Credit risk on lending

The credit union holds the following security against its loans to members:

	2024	2023
	£	£
<b>Security for loans</b>		
Attached shares	9,334,419	8,178,791

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. The status 'past due' includes any loan where payments are in arrears. The amount included is the entire loan amount and not just the overdue amount.

	2024	2023
	£	£
<b>Loans not individually impaired</b>		
Not past due	66,204,465	62,416,087
Up to 3 months past due	5,664,860	5,741,597
	<u>71,869,325</u>	<u>68,157,684</u>
<b>Loans individually impaired</b>		
Between 3 and 6 months past due	1,928,848	2,220,690
Between 6 months and 1 year past due	2,342,551	2,854,094
Individually impaired and written off for internal purposes	11,638,899	9,500,393
	<u>15,910,298</u>	<u>14,575,177</u>
Total loans	87,779,623	82,732,861
Impairment allowance	(14,956,453)	(13,026,657)
	<u>72,823,170</u>	<u>69,706,204</u>

### 24 Credit risk on bank and investments

The credit union invests funds not yet actively deployed in the following investments:

	2024	2023
	£	£
Bank accounts	15,706,376	17,878,562
Bank term deposits	13,065,523	15,091,358
Investments	5,225,833	5,000,000
	<u>33,997,732</u>	<u>37,969,920</u>

The credit union believes the full amount of these investments is recoverable.

# COMMSAVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

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### 25 Interest rates on financial instruments

The following table shows the interest earned during the year divided by the average loan balance and the dividend/interest paid during the year divided by the average share balance. The average balance is taken as the average of the opening and closing balances.

	2024		2023 as restated	
	Amount £	Interest rates in year %	Amount £	Interest rates in year %
<b>Financial assets</b>				
Loans to members	87,703,278	12.71%	81,757,861	13.21%
Loans to other credit unions	76,345	6.82%	975,000	2.16%
Investments	5,225,833	-	5,000,000	-
Loans and advances to banks	28,771,899	2.57%	32,969,920	1.43%
	<u>121,777,355</u>		<u>120,702,781</u>	
<b>Financial liabilities</b>				
Juvenile deposits	(927,471)	-	(833,637)	-
Dividend bearing shares	(78,014,786)	4.61%	(78,281,101)	2.08%
Interest bearing shares	(9,923,577)	-	(10,515,808)	-
	<u>(88,865,834)</u>		<u>(89,630,546)</u>	

### 26 Reserves

#### General Reserve

The general reserve represents the base capital of the credit union and is the retained surpluses and deficits which have not been allocated to another specific reserve.

#### Appropriation reserve

The appropriation reserve represents funds allocated by the Board for the future payment of dividends. As the dividends are not a commitment at the year end date they are not included within creditors.

# COMMSAVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2024

#### 27 Capital

The credit union classes all of its reserves as capital. The credit union manages its reserves through its financial and budgeting policies and procedures. The Prudential Regulation Authority sets out requirements for regulatory capital that the credit union must maintain. The credit union's compliance with the requirements at the year end is set out below:

	2024	As restated 2023
	%	%
Actual regulatory capital ratio	15.04	14.92
<b>Regulatory requirement</b>		
Regulatory minimum capital ratio requirement	8.83	8.84

#### 28 Analysis of changes in net funds

	1 October 2023	Cash flows	30 September 2024
	£	£	£
Cash and cash equivalents	17,878,562	(2,172,186)	15,706,376
Bank deposits maturing in over 8 days	15,091,358	(2,025,835)	13,065,523
	32,969,920	(4,198,021)	28,771,899

#### 29 Financial commitments, guarantees and contingent liabilities

##### Contingent Liabilities

The credit union participates in the Financial Services Compensation Scheme (FSCS) which provides protection for its members up to the level of protection offered by the FSCS. As a result of the credit union's participation it has a contingent liability, which cannot be quantified, in respect of future contributions to the FSCS, as required by the Financial Services and Markets Act 2000.

#### 30 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024	2023
	£	£
Within one year	64,253	64,253
Between two and five years	103,757	168,010
Total lessee operating lease commitment	168,010	232,263

# COMMSAVE CREDIT UNION LIMITED

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

### 31 Related party transactions

The credit union classes the Directors and the Chief Executive Officer as key management.

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2024	2023
	£	£
Wages and salaries	129,095	133,256
Pension expense	4,186	4,399
	<u>133,281</u>	<u>137,655</u>

#### Transactions with key management

All shares are held by members of the Credit Union. There is no controlling shareholder. Some of the directors of the Credit Union and their related parties hold shares and loans in accordance with provisions that apply to other members.

Balances held by members of key management and their close family members in the credit union are set out below. Loans to key management and their close family members are on standard terms and conditions.

	2024	2023
	£	£
Loans to key management and their close family	80,539	91,942
Shares held by key management and their close family	272,488	314,209
	<u>272,488</u>	<u>314,209</u>

#### Other related party transactions

Donations of £3,000 (2023: £3,000) for the Derek Jackson Scholarships were paid to the Credit Union Foundation. One of the Credit Union's directors held a voluntary director position with the Foundation until March 2024.

Fees of £9,564 (2023: £4,649) were paid to Redhouse Road Management Company where one of the Credit Union's Directors is a voluntary Director.

Subscriptions & training fees of £39,360 (2023: £39,071), were paid to the trade body, the Association of British Credit Unions Limited (ABCUL). One of the Credit Union's directors held a voluntary director position with ABCUL until March 2024.

The Credit Union received £41,426 (2023: £42,124) from Friends of Commsave Credit Union Lottery. At the year end the Credit Union owed Friends of Commsave Credit Union £20,151 (2023; £14,763).

### 32 Events after the reporting date

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

# COMMSAVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2024

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#### 33 Prior period adjustment

There has been three prior year adjustments made to the financial statements.

1. Financial Reporting Standard 102 (FRS 102) requires dividends and interest rebates to be recognised in the year approved by the membership as opposed to the year to which they relate. In order to comply with the standard the financial statements have been restated on this basis. The amount of proposed dividends and interest rebate that has been removed from creditors has been included in a separate reserve for proposed dividends. This has resulted in the surplus last year increasing by £3,749,061 and net assets by the same amount. The following note shows the impact on the surplus if the dividend and interest rebate were shown on the previous basis.

2. In addition, as part of the review of financial statements an investment totaling £5million has been reclassified as an investment rather than as part of Loans and Advances to Banks. This adjustment does not impact Net Assets or the Surplus.

3. FRS 102 requires that loans where the expected cash flows have reduced to be impaired in accordance with the amortised cost using the effective interest rate model. In order to comply with the standard the financial statements have been restated to increase the previous year provision by £451,629 and the 2022 provision by £223,451. This has led to a reduction of the previous year surplus by £228,178 and £451,629 of the previous year net assets.

#### 34 Surplus for the year

The revenue account follows the format as required under FRS 102. The surplus for the year is after the deduction of the dividend agreed at the previous AGM which was based on last year's financial results. The surplus for the credit union before dividend and interest rebates is shown below:

	Notes	2024 £	2023 £
(Deficit)/Surplus for the financial year		(347,117)	500,310
Dividends paid in year as agreed at previous AGM	4	3,432,345	1,655,150
Interest rebate paid in year as agreed at previous year AGM	3	316,716	113,440
Surplus before dividends		<u>3,401,944</u>	<u>2,268,900</u>
Less Proposed Dividends		(3,132,377)	(3,427,693)
Less Proposed interest rebate		(331,064)	(321,098)
		<u>(61,497)</u>	<u>(1,479,891)</u>