

**Report of the Directors and
Financial Statements
for the year ended 31 December 2024
for
Darlington Credit Union Limited**

FCA registration number 283C

Darlington Credit Union Limited

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for the year ended 31 December 2024**

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Darlington Credit Union Limited

**Company Information
for the year ended 31 December 2024**

DIRECTORS:

S Chatterjee
P Cairney
B Dixon
K Johnston
P McWeeney
M Snedker (Chairman)

REGISTERED OFFICE:

41 Tubwell Row
Market Place
Darlington
County Durham
DL1 1PD

REGISTERED NUMBER:

IP00283C (England and Wales)

SENIOR STATUTORY AUDITOR:

Christopher Beaumont BA(Hons) BFP FCA DChA

AUDITORS:

Clive Owen LLP
Chartered Accountants & Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Darlington Credit Union Limited

Report of the Directors for the year ended 31 December 2024

The directors present their report with the financial statements of the company for the year ended 31 December 2024.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2024 to the date of this report.

Bill Dixon
Karen Johnston
Matthew Snedker
Paul McWeeney

Other changes in directors holding office are as follows:

Paul Cairney - Appointed May 2024
Sudipto Chatterjee - Appointed June 2024
Arthur McLaughlin - Resigned June 2024
Dawn Potter - Resigned May 2024
Alistair Russell - Resigned April 2024
Jason Woods - Resigned June 2024

PRINCIPAL ACTIVITY

The principal activity of the credit union is that of the provision of savings and lending facilities for the benefit of its members.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law 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 company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Darlington Credit Union Limited

**Report of the Directors
for the year ended 31 December 2024**

GOING CONCERN

The Directors assess on an annual basis whether it is appropriate to continue to adopt going concern when signing the accounts. This assessment is based on a view of the ability of the Credit Union to continue to trade financially for the next 12 months.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

This report has been prepared in accordance with the special provisions for small credit unions under the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

CONSUMER DUTY

We are always striving to improve our services and during 2023 we reviewed our communications and literature to ensure they are clear and easily understandable. This work continued during 2024, and other actions to improve our service remains under constant review as part of the Consumer Duty initiative, an industry wide programme to improve outcomes for financial services customers.

ON BEHALF OF THE BOARD:



M Snedker (Chairman)

Date: 07/04/2025

**Report of the Independent Auditors to the Members of
Darlington Credit Union Limited
for the year ended 31 December 2024**

Opinion

We have audited the financial statements of Darlington Credit Union Limited (the 'credit union') for the year ended 31 December 2024 which comprise the Revenue Account, Balance Sheet, Cashflow 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 the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 31 December 2024 and of its revenue 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 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 Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Report of the Independent Auditors to the Members of
Darlington Credit Union Limited
for the year ended 31 December 2024**

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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 company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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. Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We undertake the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the Company. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. We determined the most significant of these to be the FCA and Prudential Regulation Authority regulations.
- Enquiry of directors and management as to policies and procedures to ensure compliance and any known instances of non-compliance.
- Review of board minutes and correspondence with regulators.
- Enquiry of directors and management as to areas of the financial statements susceptible to fraud and how these risks are managed.
- Challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies.
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

**Report of the Independent Auditors to the Members of
Darlington Credit Union Limited
for the year ended 31 December 2024**

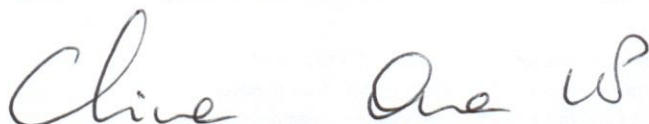
Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Report of the Auditors.

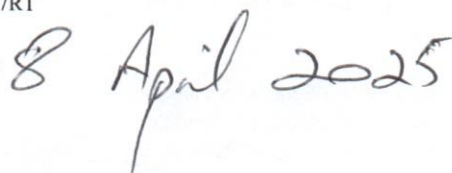
Use of our report

This report is made solely to the credit union, as a body, 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 Auditors 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 this report, or for the opinions we have formed.



Christopher Beaumont BA(Hons) BFP FCA DChA (Senior Statutory Auditor)
for and on behalf of Clive Owen LLP
Chartered Accountants & Statutory Auditors
140 Coniscliffe Road
DARLINGTON
County Durham
DL3 7RT

Date:



Darlington Credit Union Limited

**Revenue Account
for the year ended 31 December 2024**

		2024	2023
	Note	£	£
Loan interest receivable and similar income	4	426,920	440,693
Interest payable	5	<u>(56,930)</u>	<u>(3,133)</u>
Net interest income		369,990	437,560
 Fees and commissions receivable	 6	 5,238	 11,050
Fees and commissions payable		<u>-</u>	<u>-</u>
Net fees and commissions receivable		5,238	11,050
 Other income		 64,543	 45,000
Administrative expenses	7a	(311,899)	(251,245)
Depreciation and amortisation	10	(9,853)	(22,010)
Other operating expenses	7b	(31,447)	(28,709)
Impairment losses on loans to members	11e	<u>(37,737)</u>	<u>(84,228)</u>
 Profit before taxation		 48,835	 107,418
 Taxation	 9a	 <u>(22,871)</u>	 <u>(13,300)</u>
Profit for the financial year		25,964	94,118
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>25,964</u>	<u>94,118</u>

Darlington Credit Union Limited

Balance Sheet
for the year ended 31 December 2024

	Note	2024 £	2023 £
ASSETS			
Cash, cash equivalents and liquid deposits	15	2,170,148	2,280,076
Cash and balances with the Bank of England	15	-	-
Loans and advances to banks	15	-	-
		<u>2,170,148</u>	<u>2,280,076</u>
Loans and advances to members	11	1,971,144	1,944,368
Tangible fixed assets	10	220,100	226,101
Prepayments and accrued income		42,425	40,395
Total assets		<u><u>4,403,817</u></u>	<u><u>4,490,940</u></u>
LIABILITIES			
Subscribed capital – repayable on demand	12	3,797,710	3,949,681
Other payables	13	204,163	157,779
		<u>4,001,873</u>	<u>4,107,460</u>
Retained earnings		239,444	213,480
Subordinated loan		77,500	85,000
Deferred member shares		85,000	85,000
Total liabilities		<u><u>4,403,817</u></u>	<u><u>4,490,940</u></u>

The financial statements were approved, and authorised for issue, by the Board on 07/04/25
and signed on its behalf by:



M Snedker (Chairman)



P McWeeney (Vice Chair)



J Price (Chief Executive)

Darlington Credit Union Limited

**Statement of Changes in Retained Earnings
for the year ended 31 December 2024**

	Retained earnings £	Subordinated loan £	Deferred member shares £	Total £
Balance as at 1 January 2023	119,362	150,000	85,000	354,362
Total comprehensive income for the year	94,118	(65,000)	-	29,118
As at 31 December 2023	213,480	85,000	85,000	383,480
Total comprehensive income for the year	25,964	-	-	25,964
Repaid during the year	-	(7,500)	-	(7,500)
As at 31 December 2024	239,444	77,500	85,000	401,944

Darlington Credit Union Limited

**Cash Flow Statement
for the year ended 31 December 2024**

	Note	2024 £	2023 £
Cash flows from operating activities			
Profit before taxation		48,835	107,418
Adjustments for non-cash items:			
Depreciation	10	9,853	22,010
Interest expense		56,930	3,133
Bank interest received		(86,948)	(55,823)
Impairment recoveries/(losses)		(1,268)	9,544
		<u>27,402</u>	<u>86,282</u>
Movements in:			
Other receivables		(685)	3
Other payables		<u>37,947</u>	<u>77,387</u>
		37,262	77,390
Cash flows from changes in operating assets and liabilities			
Cash inflow from subscribed capital	12	10,494,647	10,117,220
Cash outflow from repaid capital	12	(10,703,548)	(10,446,785)
New loans to members	11a	(1,141,806)	(1,198,931)
Repayment of loans by members	11a	1,116,298	1,095,411
		<u>(234,409)</u>	<u>(433,085)</u>
Taxation paid		(14,434)	(3,884)
Net cash flows from operating activities		<u>(184,179)</u>	<u>(273,297)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(3,852)	(4,324)
Net cash flows from managing liquid deposits		277,340	525,682
Bank interest received		85,604	38,403
Net cash flows from investing activities		<u>359,092</u>	<u>559,761</u>
Cash flows from financing activities			
Subordinated loan repaid		(7,500)	(65,000)
Net cash flows from financing activities		<u>(7,500)</u>	<u>(65,000)</u>
Net Increase / (Decrease) in cash and cash equivalents		167,413	221,464
Cash and cash equivalents at beginning of year		1,421,472	1,200,008
Cash and cash equivalents at end of year	15	<u>1,588,885</u>	<u>1,421,472</u>

Darlington Credit Union Limited

**Notes to the Financial Statements
for the year ended 31 December 2024**

1. Legal and regulatory framework

Darlington Credit Union Limited is a society established under the Industrial and Provident Societies Act 1965, whose principal activity is to operate as a credit union, within the meaning of the Credit Unions Act 1979. Darlington Credit Union Limited 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 Darlington Credit Union Limited has only issued redeemable shares and deferred 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 Republic of Ireland*.

The financial statements are prepared on the historical cost basis.

There were no material departures from that standard.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

Going concern

The financial statements are prepared on the going concern basis. The directors of Darlington Credit Union Limited believe this is appropriate.

Darlington Credit Union Limited

**Notes to the Financial Statements - continued
for the year ended 31 December 2024**

2. Accounting policies (continued)

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.

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 is recognised when Darlington Credit Union Limited obtains the right to the income and is matched versus the relevant costs. Where there are funds which have been held for over 4 years and remain unclaimed through both deceased accounts and unallocated amounts where there is no evidence of the holder these are taken to income through the Income and Expenditure. Should these funds be claimed in the future they would be returned to the rightful beneficiary.

Grants

Revenue based grants are accounted for in the accounting period in which the related expenditure occurs. During the year we received £45,000 (2023: £45,000) from The National Lottery Community Fund.

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. Darlington Credit Union Limited 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 Darlington Credit Union Limited from which profits are chargeable to corporation tax, it is unlikely that deferred tax will arise.

Tangible fixed assets

Fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold property	-	25 years
Fixtures and fittings	-	5 years
Computer equipment	-	2 to 6 years
Core banking platform	-	7 years

Freehold property is deemed to have a residual value of £100,000.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and with various banks and loans and advances to banks (ie 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, and are not quoted in an active market. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member. In accordance with relevant regulations Darlington Credit Union Limited does not transfer loans to third parties.

Darlington Credit Union Limited

**Notes to the Financial Statements - continued
for the year ended 31 December 2024**

2. Accounting policies (continued)

Impairment of financial assets

Darlington Credit Union Limited 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 Darlington Credit Union Limited 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.

Deferred members' shareholdings in the Credit Union are only redeemable in the event of liquidation and therefore is classed as equity in accordance with Section 22 of FRS102.

Employee benefits

Darlington Credit Union Limited operates a defined contribution pension scheme. Contributions payable to the credit union's pension scheme are charged to the revenue account in the period to which they relate.

Reserves

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

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 Darlington Credit Union Limited'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:

Darlington Credit Union Limited

**Notes to the Financial Statements - continued
for the year ended 31 December 2024**

3. Impairment losses on loan to members

Impairment 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. Provisions are included based on the requirements set out by the Prudential Regulation Authority, however is reviewed by management monthly and adjustments made to provision where required.

4. Loan interest receivable and similar income

	2024	2023
	£	£
Loan interest receivable from members	339,973	370,710
Bank interest receivable on cash and liquid deposits	86,947	69,983
Total loan interest receivable and other income	426,920	440,693

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.

	2024	2023
	£	£
Interest paid during the year	56,930	3,133
Dividend rate:		
Share accounts	1.75%	0.1%
Interest proposed, but not recognised	-	-

6. Fees and commissions receivable

	2024	2023
	£	£
Fees received	5,238	11,050
Total fees and commissions receivable	5,238	11,050

Darlington Credit Union Limited

**Notes to the Financial Statements - continued
for the year ended 31 December 2024**

7. Expenses

		2024	2023
	Note	£	£
Administrative expenses	7a	311,899	251,245
Depreciation and amortisation	10	9,853	22,010
Other operating expenses	7b	31,447	28,709
		<u>353,199</u>	<u>301,964</u>

7a. Administrative expenses

		2024	2023
	Note	£	£
Employment costs	8b	194,686	150,461
Other staff expenses		5,038	3,749
Auditors' remuneration	7c	12,747	12,682
Telephone		295	333
Computer maintenance		54,247	45,238
Legal and professional		22,106	15,994
General expenses		11,678	11,305
Printing, postage and stationery		5,106	5,773
Other insurance		5,996	5,710
Total administrative expenses		<u>311,899</u>	<u>251,245</u>

7b. Other operating expenses

Other operating expenses comprise the costs of occupying offices and regulatory and financial management costs:

	2024	2023
	£	£
Cost of occupying offices (excluding depreciation)		
Cleaning	1,456	2,466
Repairs and maintenance	4,115	726
Heating and lighting	5,442	8,611
Rates	468	395
Security	5,779	3,244
	<u>17,260</u>	<u>15,442</u>
Regulatory and financial management costs		
Financial Conduct Authority fees	1,064	946
Association of British Credit Unions Limited dues	4,010	3,805
Automated Lending Decision software	9,113	8,516
	<u>14,187</u>	<u>13,267</u>
	<u>31,447</u>	<u>28,709</u>

Darlington Credit Union Limited

**Notes to the Financial Statements - continued
for the year ended 31 December 2024**

7c. Auditors remuneration

Darlington Credit Union Limited voluntarily presents an analysis of its auditors' remuneration in accordance with the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.

	2024	2023
	£	£
Fees payable for the audit of Darlington Credit Union Limited's annual accounts	11,058	11,190
Fees payable to Darlington Credit Union Limited's auditor for other services	1,689	1,492
	<u>12,747</u>	<u>12,682</u>

8. Employees and employment costs

8a. Number of employees

The average monthly number of employees during the year were:

	2024	2023
	Number	Number
Office staff	<u>9</u>	<u>8</u>

8b. Employment costs

	2024	2023
	£	£
Wages and salaries	172,902	136,543
Social security	13,159	9,703
Payments to defined benefit contribution schemes	8,625	4,215
	<u>194,686</u>	<u>150,461</u>

8c. Key management remuneration

	2024	2023
	£	£
Short term employee benefits	47,571	49,555
Payments to defined benefit contribution schemes	2,056	1,005
	<u>49,627</u>	<u>50,560</u>

Short-term employee benefits include wages, salaries, social security contributions and paid annual leave.

Darlington Credit Union Limited

**Notes to the Financial Statements - continued
for the year ended 31 December 2024**

9. Taxation

9a. Recognised in the Revenue Account

The taxation charge for the year, based on the rate of Corporation Tax of 25% (2023: 25%) comprised:

	Note	2024 £	2023 £
Current tax			
UK Corporation tax	9b	<u>22,871</u>	<u>13,300</u>
		<u>22,871</u>	<u>13,300</u>

9b. Reconciliation of tax expense

Darlington Credit Union Limited is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income. As a result, the tax charge for the year differs from the standard rate of corporation tax. The differences are explained below:

	2024 £	2023 £
Profit before taxation	<u>48,834</u>	<u>107,418</u>
Profit before taxation multiplied by rate of corporation tax in the UK of 25% (2023: 23%)	12,209	20,409
Effects of:		
Non-taxable profit/(loss) on transactions with members	9,528	(7,110)
Adjustment from previous periods	1,134	1
Total tax charge for the year	<u>22,871</u>	<u>13,300</u>

10. Tangible fixed assets

Tangible fixed assets comprise the following property, plant and equipment:

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2024	280,428	1,961	56,858	107,855	447,102
Additions	-	-	-	3,852	3,852
Disposals	-	-	-	-	-
At 31 December 2024	<u>280,428</u>	<u>1,961</u>	<u>56,858</u>	<u>111,707</u>	<u>450,954</u>
Depreciation					
At 1 January 2024	59,450	1,961	56,858	102,732	221,001
Charge for the year	7,211	-	-	2,642	9,853
Disposals	-	-	-	-	-
At 31 December 2024	<u>66,661</u>	<u>1,961</u>	<u>56,858</u>	<u>105,374</u>	<u>230,854</u>
Net book value					
At 31 December 2024	<u>213,767</u>	<u>-</u>	<u>-</u>	<u>6,333</u>	<u>220,100</u>
At 1 January 2023	220,978	-	-	5,123	226,101

Darlington Credit Union Limited

**Notes to the Financial Statements - continued
for the year ended 31 December 2024**

11. Loans and advances to members - financial assets

11a. Loans and advances to members

		2024	2023
	Note	£	£
As at 1 January		2,448,353	2,344,833
Advanced during the year		1,141,806	1,198,931
Interest receivable		339,973	370,710
Repaid during the year		<u>(1,456,271)</u>	<u>(1,466,121)</u>
Gross loans and advances to members	11b	2,473,861	2,448,353
Impairment losses		(496,610)	(500,881)
Balances written off		(6,107)	(3,104)
Individual financial assets	11b, 11d	-	-
Groups of financial assets	11c	<u>-</u>	<u>-</u>
		<u>(502,717)</u>	<u>(503,985)</u>
As at 31 December		<u>1,971,144</u>	<u>1,944,368</u>

11b. Memorandum - Total loan assets for regulatory purposes

		2024	2023
	Note	£	£
Gross loans and advances to members		2,467,754	2,445,249
Budget loans to members		-	-
Impairment of individual financial assets		<u>(496,610)</u>	<u>(500,881)</u>
Total loan assets for regulatory purposes	14b	<u>1,971,144</u>	<u>1,944,368</u>

Darlington Credit Union Limited

**Notes to the Financial Statements - continued
for the year ended 31 December 2024**

11c. Credit risk disclosure

Darlington Credit Union Limited does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. Members may borrow up to a maximum of £15,000 in total.

The carrying amount of the loans to members represents Darlington Credit Union Limited'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.

	2024		2023	
	Amount	Proportion	Amount	Proportion
	£	%	£	%
Not impaired:				
Neither past due nor impaired	1,609,030	65%	1,507,658	62%
Up to 3 months past due	298,103	12%	322,051	13%
Between 3 and 6 months past due	37,192	2%	49,575	2%
Between 6 months and 1 year past due	22,525	1%	36,198	1%
Over 1 year past due	4,294	0%	28,886	1%
Sub-total: loans not impaired	1,971,144	80%	1,944,368	80%
Individually impaired:				
Not yet past due, but impaired	-	0%	-	0%
Up to 3 months past due	-	0%	-	0%
Between 3 and 6 months past due	17,780	1%	21,654	1%
Between 6 months and 1 year past due	41,969	2%	68,109	3%
Over 1 year past due	436,861	18%	411,116	17%
Total loans	2,467,754	100%	2,445,247	100%
Impairment allowance	(496,610)		(500,881)	
Total carrying value	1,971,144		1,944,366	

11d. Allowance account for impairment losses

	Note	2024	2023
As at 1 January		500,881	494,446
Allowance for losses made during the year		(42,008)	(77,793)
Allowances reversed during the year		-	-
Increase in allowances during the year	11e	37,737	84,228
As at 31 December		496,610	500,881

11e. Impairment losses recognised for the year

	2024	2023
	£	£
Impairment of individual financial assets	-	-
Increase in impairment allowances during the year	46,142	94,172
	46,142	94,172
Reversal of impairment where debts recovered	(8,405)	(9,944)
Total impairment losses recognised for the year	37,737	84,228

Darlington Credit Union Limited

**Notes to the Financial Statements - continued
for the year ended 31 December 2024**

12. Subscribed capital - financial liabilities

		2024	2023
	Note	£	£
As at 1 January		3,949,681	4,276,113
Received during the year		10,494,647	10,117,220
Dividends paid		56,930	3,133
Repaid during the year		(10,703,548)	(10,446,785)
As at 31 December	14b	<u><u>3,797,710</u></u>	<u><u>3,949,681</u></u>

Deposits from members may only be made by way of subscription for shares.

Subscribed capital can be split as follow:

	2024	2023
	£	£
Non-deferred member shares	3,681,540	3,810,318
Junior member shares	116,170	139,363
	<u><u>3,797,710</u></u>	<u><u>3,949,681</u></u>

13. Other payables

	2024	2023
	£	£
UK Corporation Tax	21,737	13,300
Other creditors	169,131	132,159
Bridge to loan funds	-	-
Accruals and deferred income	13,295	12,320
	<u><u>204,163</u></u>	<u><u>157,779</u></u>

Darlington Credit Union Limited

**Notes to the Financial Statements - continued
for the year ended 31 December 2024**

14. Financial risk management

Darlington Credit Union Limited 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 Darlington Credit Union Limited'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 Darlington Credit Union Limited, resulting in financial loss to Darlington Credit Union Limited. In order to manage this risk the Board approves Darlington Credit Union Limited's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Liquidity risk: Darlington Credit Union Limited's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of Darlington Credit Union Limited'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 Darlington Credit Union Limited.

Market risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. Darlington Credit Union Limited conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore Darlington Credit Union Limited is not exposed to any form of currency risk or other price risk.

Interest rate risk: Darlington Credit Union Limited'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. Darlington Credit Union Limited considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. Darlington Credit Union Limited does not use interest rate options to hedge its own positions.

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**Notes to the Financial Statements - continued
for the year ended 31 December 2024**

14b. Interest rate risk disclosure

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

	2024		2023	
	Amount £	Average interest rate	Amount £	Average interest rate
Financial assets				
Loans to members	<u>1,971,144</u>	17.25%	<u>1,944,368</u>	19.07%
Financial liabilities				
Subscribed capital:				
Member share accounts	(3,797,710)	0.00%	(3,649,681)	0.00%
	<u>(3,797,710)</u>		<u>(3,649,681)</u>	

The interest rates applicable to loans to members are fixed and range from 15% to 36%. The interest payable on subscribed capital is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and interest payable. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

14c. Liquidity risk disclosure

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

14d. Fair value of financial instruments

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

15. Cash and cash equivalents

	2024	2023
	£	£
Cash, cash equivalents and liquid deposits	2,170,148	2,280,076
Cash and balances with the Bank of England	-	-
Loans and advances to banks	-	-
	<u>2,170,148</u>	<u>2,280,076</u>
Less: amounts maturing after three months	(581,264)	(858,604)
Total cash and cash equivalents	<u>1,588,884</u>	<u>1,421,472</u>

16. Post balance sheet events

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

17. Contingent liabilities

Darlington Credit Union Limited 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) had 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 Darlington Credit Union Limited will have to pay.

Darlington Credit Union Limited

**Notes to the Financial Statements - continued
for the year ended 31 December 2024**

18. Related party transactions

During the year, 3 members of the Board, staff and their close family members (2023: 3 members) had loans with Darlington Credit Union Limited. These loans were approved on the same basis as loan to other members of Darlington Credit Union Limited. None of the directors, staff or their close family members, have any preferential terms on their loans.