

LONDON PLUS CREDIT UNION LTD

Firm Reference No 473340

Registered No IP00739C

**DIRECTORS REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

30 SEPTEMBER 2024

LONDON PLUS CREDIT UNION LTD

ADMINISTRATIVE INFORMATION

Directors	Vincent Thomas John Barry Jill Cook Anna Catt Jutta Byers David Pye Martin Richards Michael Biemann Gary Hockey Morley Thomas Gorman
Secretary	Jill Cook
Society Registration Number	IP00739C
Financial Conduct Authority Registration Number	473340
Registered Office	274 North End Road Fulham London SW6 1NJ
Auditors	Lindley Adams Limited Chartered Accountants and Statutory Auditors 28, Prescott Street Halifax, HX1 2LG
Bankers	The Co-operative Bank Plc PO Box 250 Skelmersdale WN8 6WT Cambridge & Counties Bank Limited Charnwood Court, New Walk Leicester LE1 6TE Nationwide Building Society Nationwide House Pipers Way Swindon SN38 1NW

LONDON PLUS CREDIT UNION LTD

ADMINISTRATIVE INFORMATION

Bankers (Continued)

Arbuthnot Latham
Arbuthnot House
7 Wilson Street
London
EC2M 2SN

Clydesdale Bank
30 St Vincent Place
Glasgow
G1 2HL

Santander UK Plc
2-3 Triton Square, Regent's Place
London
NW1 3AN

Hampshire Trust Bank
131 Finsbury Pavement
London
EC2 1NT

LONDON PLUS CREDIT UNION LTD

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LONDON PLUS CREDIT UNION LTD**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

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

Principal activity and Business Review

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

Results and Dividends

The surplus for the year, after taxation, amounted to £24,410 (2023 - £21,784). There were 6,005 (2023 - 5,718) adult members with 1,976 (2023 - 2,035) members holding loans with London Plus Credit Union (the "Credit Union").

The Directors recommend the payment of a 0.25% dividend for the year 2023/24. This will be voted upon at the Annual General Meeting in February 2025.

Directors

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

Vincent Thomas

John Barry

Alex Noonoo - resigned February 2024

Jill Cook

Anna Catt

Jutta Byers

David Pye

Martin Richards

Michael Biemann

Directors approved and appointed after the yearend:

Gary Hockey Morley

Thomas Gorman

Financial risk management objectives and policies

The main financial risks arising from the Credit Union's activities are credit risk, liquidity risk and interest-rate risk. Among other factors, the Credit Union considers interest rates when deciding on the dividend rates. The Board reviews and agrees policies for managing each of these risks and these are summarised below:

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

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

Statement of Directors' Responsibilities

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

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

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

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

In so far as the directors are aware:

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

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

Name of Director 1: _____

Signature _____

Name of Director 2: _____

Signature _____

LONDON PLUS CREDIT UNION LIMITED

Revenue Account for the year ended 30 September 2024

	Note	2024 £	2023 £
Loan Interest receivable and similar income	4	460,751	433,679
Interest payable	5	<u>(7,080)</u>	<u>(6,551)</u>
Net interest income		453,671	427,128
Fees and commissions receivable	6	21,991	30,368
Fees and commissions payable		<u>(9,890)</u>	<u>(9,871)</u>
Net fees and commissions receivable		12,101	20,497
Other income	7	47,654	22,084
Administrative expenses	8a	(385,439)	(341,357)
Depreciation and amortisation	11a, 11b	(1,444)	(7,146)
Other operating expenses	8b	(67,431)	(56,822)
Impairment losses on loans to members	12e	(19,542)	(33,972)
Surplus Before Taxation		39,570	30,412
Taxation	10b	(15,160)	(8,628)
Surplus for the Financial Year		24,410	21,784
Other comprehensive income		0	0
Total comprehensive income		24,410	21,784

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

LONDON PLUS CREDIT UNION LIMITED

Balance Sheet as at 30 September 2024

	Note	2024 £	2023 £
ASSETS			
Loans and advances to banks	16	<u>2,080,901</u>	<u>2,182,347</u>
Loans and advances to members	12	1,375,049	1,452,683
Intangible fixed assets	11b	6,000	0
Tangible fixed assets	11a	1,656	2,464
Prepayments and accrued income		36,033	33,650
Total assets		<u>3,499,639</u>	<u>3,671,144</u>
LIABILITIES			
Subscribed capital - repayable on demand	13	3,100,411	3,313,952
Other payables	14	<u>86,471</u>	<u>68,845</u>
		3,186,882	3,382,797
Retained earnings		312,757	288,347
Total liabilities		<u>3,499,639</u>	<u>3,671,144</u>

The financial statements were approved, and authorised for issue by the board on _____ and signed on its behalf by:

Director

Director

Secretary

LONDON PLUS CREDIT UNION LIMITED

Statement of Changes in Retained Earnings for the year ended 30 September 2024

	2024	2023
	£	£
As at 1 October 2023	288,347	266,563
Total comprehensive income for the year	<u>24,410</u>	<u>21,784</u>
As at 30 September 2024	<u>312,757</u>	<u>288,347</u>

Movement in reserves

	Retained earnings		Other capital reserves	Total
	General reserve	Other reserve	Lloyds Capital reserve	
As at 1 October 2023	103,558	147,289	37,500	288,347
Surplus for year	4,883	19,527	0	24,410
Other movements	0	0	0	0
As at 30 September 2024	<u>108,441</u>	<u>166,816</u>	<u>37,500</u>	<u>312,757</u>

LONDON PLUS CREDIT UNION LIMITED

Cash flow statement for the year ended 30 September 2024

	Note	2024	2023
		£	£
Cash Flows from operating activities			
Surplus Before Taxation		39,570	30,412
Adjustments for non-cash items			
Depreciation and amortisation	11a, 11b	1,444	7,146
Impairment losses	12e	20,750	35,072
		<u>22,194</u>	<u>42,218</u>
 Movements in:			
Prepayments and accrued income		(2,383)	(13,943)
Other payables		17,626	2,044
		<u>15,243</u>	<u>(11,899)</u>
 Cash flows from changes in operative assets and liabilities			
Cash inflow from subscribed capital	13	7,399,834	7,522,735
Cash outflow from repaid capital	13	(7,613,375)	(7,474,798)
New loans to members	12a	(1,768,158)	(1,946,695)
Repayment of loans by members	12a	1,825,042	1,771,862
		<u>(156,657)</u>	<u>(126,896)</u>
 Taxation paid		<u>(15,160)</u>	<u>(8,628)</u>
Net Cash flows from operating activities		(94,810)	(74,793)
 Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	11a, 11b	(6,636)	(3,696)
Net cash flow from managing liquid deposits	16	(526,679)	141,447
		<u>(533,315)</u>	<u>137,751</u>
 Net increase (decrease) in cash and cash equivalents		(628,125)	62,958
Cash and cash equivalents at beginning of year		1,765,881	1,702,923
 Cash and cash equivalents at end of year	16	<u><u>1,137,756</u></u>	<u><u>1,765,881</u></u>

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2024

1 Legal and regulatory framework

The Credit Union is a society established under the Co-operative and Community Benefit Societies Act 2014, whose principal activity is to operate as a Credit Union, within the meaning of the Credit Unions Act 1979. The Credit Union has registered with the Financial Conduct Authority and is regulated by the Prudential Regulation Authority under the provisions of the Financial Services and Markets Act 2000.

In accordance with the regulatory environment for credit unions, deposits from members can be made by subscription for redeemable shares, deferred shares and interest - bearing shares. At present the Credit Union has only issued redeemable shares.

2 Accounting policies**Basis of preparation**

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

The financial statements are prepared on the historical cost basis.

Going Concern

The directors of the Credit Union believe that it is appropriate to prepare the financial statements on the going concern basis. In accordance with PRA Rulebook Guidelines outlined in Section 8.5 (1), the Credit Union must maintain a minimum Capital-To-Total assets ratio of 3%.

	2024	2023
The relevant ratios are:-	8.94%	7.85%

Income

Loan interest receivable and similar income: Interest from both, loans to members and bank deposits (i.e. cash and cash equivalents held on deposit with other financial institutions) is recognised using the effective interest method, and is calculated and accrued on a daily basis. Exempt interest on members loans is not recognised.

Fees and commissions receivable: Fees and charges either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is completed.

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

Taxation

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

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

Operating lease commitments and dilapidation provision

Rentals paid under operating leases are charged to the Revenue Account on a straight line basis over the period of the lease. On vacating the property the Credit Union is required to perform dilapidation repairs and restore the property to agreed standards. The dilapidation provision included in Other Payables (Note 14) is based on estimates of repair and restoration costs at a future date. Therefore, uncertainty exists regarding both the timing and amount of the provision. The amount represents the best estimate of the directors.

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

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

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

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value, on a straight line basis over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Printers	4 years
Computers and equipment	3 years

Intangible fixed assets

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

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

Website	3 years
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Cash and cash equivalents

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

Deferred grants and funding / revenue contributions

Deferred grants in respect of capital expenditure are credited to the income and expenditure account over the estimated useful life of the relevant fixed assets. Deferred grants and funding in respect of revenue items are credited to the income and expenditure account over the period to which they relate or to match the relevant expenditure.

The grants / funding shown in the balance sheet represent the grants / funding receivable to date less the amount so far credited to the income and expenditure account.

Financial assets – loans and advances to members

Loans to members are financial assets with fixed or determinable payments. Loans are made to members for provident or productive purposes on such security (or without security) and terms as the rules of the Credit Union provide. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member.

Impairment of financial assets

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

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

Financial liabilities – subscribed capital

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

Employee benefits

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

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

Reserves

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

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

3 Use of estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the Credit Union's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Impairment losses on loans to members

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

4 Loan interest receivable and similar income

	2024	2023
	£	£
Loan interest receivable from members	389,392	388,470
Bank interest receivable from cash and liquid deposits	71,359	45,209
Total loan interest receivable and similar income	<u>460,751</u>	<u>433,679</u>

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
	£	£
Dividend paid during the year	<u>7,080</u>	<u>6,551</u>
Dividend rate	0.25%	0.25%
Dividend proposed, but not recognised	<u>8,018</u>	<u>8,225</u>
Dividend rate	0.25%	0.25%

6 Fees and commissions receivable

	2024	2023
	£	£
Membership fees	2,886	2,335
Service charge	6,067	11,360
Other fees and commission	13,038	16,673
Total fees and commissions receivable	<u>21,991</u>	<u>30,368</u>

7 Other Income

	2024	2023
	£	£
Grants and deferred income	37,925	2,625
Sundry income	19	39
Service contracts	9,710	19,420
	<u>47,654</u>	<u>22,084</u>

8 Expenses

	Note	2024	2023
		£	£
Administrative expenses	8a	385,439	341,357
Depreciation and amortisation	11a, 11b	1,444	7,146
Other operating expenses	8b	67,431	56,822
		<u>454,314</u>	<u>405,325</u>

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

8a Administrative Expenses	Note	2024	2023
		£	£
Employment costs	9b	294,719	251,863
Training and Conference		2,504	2,272
Advertising and other costs		8,647	14,162
Other staff expenses		1,126	1,467
Auditors remuneration	8c	4,620	4,200
Telephone		3,481	3,059
Computer maintenance		25,278	18,533
Legal and Professional		2,590	3,800
General expenses		4,452	2,941
Printing, Postage and Stationery		3,422	5,192
Other insurances		1,398	1,809
Credit check fees		9,607	10,899
Loan system fees		15,853	12,838
Online banking fees		7,742	8,322
Total Administrative Expenses		385,439	341,357
8b Other Operating Expenses		2024	2023
Cost of occupying offices (excluding depreciation)		£	£
Rent, Rates and Room Hire		44,854	38,500
Dilapidation provision		2,921	0
Waste		742	597
Repairs and Maintenance		4,173	3,178
Heating and Lighting		5,403	5,530
Other occupancy costs		2,433	2,106
		60,526	49,911
Regulatory and financial management costs			
Financial Conduct Authority, Prudential Regulation Authority Fees and FSCS Levy		779	1,103
National Body Dues		3,438	3,120
Fidelity Insurance		2,688	2,688
		6,905	6,911
Total Other operating Expenses		67,431	56,822
8c Auditors remuneration			
The Credit Union voluntarily presents an analysis of its auditors' remuneration in accordance with Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.			
		2024	2023
		£	£
Fees payable for the audit of the Credit Union's annual accounts		4,530	4,110
Fees payable to the Credit Union's Auditor for other services:			
Services relating to taxation		90	90
Total Auditors remuneration		4,620	4,200

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

9 Employees and employment costs

9a Number of employees	2024	2023
The average monthly number of employees during the year were:	Number	Number
Office staff	<u>13</u>	<u>9</u>
9b Employment costs	2024	2023
	£	£
Wages and salaries	267,803	228,637
Social security costs	16,999	14,373
Payments to defined contribution pension schemes	<u>9,917</u>	<u>8,853</u>
Total employment costs	<u>294,719</u>	<u>251,863</u>

9c Key Management and Directors remuneration

The Directors of the Credit Union are all unpaid volunteers. The key management team for the Credit Union includes the chief executive officer and two senior staff.

	2024	2023
	£	£
Wages, salaries and social security costs	115,892	129,594
Payments to defined contribution pension schemes	<u>4,411</u>	<u>5,321</u>
Total key management personnel compensation	<u>120,303</u>	<u>134,915</u>

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

The taxation charge for the year, based on the main rate of Corporation Tax of 25% and reduced by marginal relief (2023: 19% small profits rate) comprised:

	Note	2024	2023
		£	£
Current tax		£	£
UK Corporation tax	10b	15,160	8,628
Total current tax and total taxation expense recognised in the Revenue Account		<u>15,160</u>	<u>8,628</u>

10b Reconciliation of taxation expense

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

	2024	2023
	£	£
Surplus Before Taxation	<u>39,570</u>	<u>30,412</u>
Surplus before taxation multiplied by main rate of corporation tax in the UK of 25% and reduced by marginal relief (2023: 19%)	27,358	5,778
Effects of:		
Non-taxable (surplus)/deficit on transactions with members	<u>(12,198)</u>	<u>8,628</u>
Total tax charge for the year	<u>15,160</u>	<u>8,628</u>

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

11a Tangible Fixed Assets

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

	Computers and equipment	Printers	Total
Cost	£	£	
As at 1 October 2023	46,401	9,988	56,389
Additions	636	0	636
Disposals	0	0	0
As at 30 September 2024	47,037	9,988	57,025
Depreciation			
As at 1 October 2023	43,937	9,988	53,925
Charge for the year	1,444	0	1,444
Charge on disposal	0	0	0
As at 30 September 2024	45,381	9,988	55,369
Net Book Value			
As at 30 September 2024	1,656	0	1,656
As at 30 September 2023	2,464	0	2,464

11b Intangible Fixed Assets

Intangible Fixed Assets comprise the following:

	Website	Total
Cost	£	
As at 1 October 2023	0	0
Additions	6,000	6,000
Disposals	0	0
As at 30 September 2024	6,000	6,000
Amortisation		
As at 1 October 2023	0	0
Charge for the year	0	0
Charge on disposal	0	0
As at 30 September 2024	0	0
Net Book Value		
As at 30 September 2024	6,000	6,000
As at 30 September 2023	0	0

12 Loans and advances to members

12a Loans and advances to members	Note	2024	2023
		£	£
As at 1 October 2023		1,723,722	1,578,476
Advanced during the year		1,768,158	1,946,695
Interest receivable		389,392	388,470
Repaid during the year		(2,214,434)	(2,160,332)
Gross loans and advances to members	12b	1,666,838	1,753,309
Impairment losses:			
Individual financial assets	12b, 12e	(16,209)	(29,587)
Groups of financial assets	12d	(275,580)	(271,039)
	12c	(291,789)	(300,626)
As at 30 September 2024		1,375,049	1,452,683
12b Memorandum - Total loan assets regulatory purposes	Note	2024	2023
		£	£
Gross loans and advances to members		1,666,838	1,753,309
Impairment of individual financial assets		(16,209)	(29,587)
Total loan assets for regulatory purposes	15b	1,650,629	1,723,722

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

12c Credit risk disclosures

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

The carrying amount of the loans to members represents the Credit Union's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2024		2023	
	Amount	Proportion	Amount	Proportion
Not impaired:				
Neither past due nor impaired	631,839	37.90%	558,333	31.84%
Up to 3 months past due	709,161	42.55%	869,081	49.57%
Between 3 and 6 months past due	0	0.00%	0	0.00%
Between 6 and 9 months past due	0	0.00%	0	0.00%
Between 9 months and 1 year past due	0	0.00%	0	0.00%
Over 1 year past due	0	0.00%	0	0.00%
Sub-total: loans not impaired	1,341,000	80.45%	1,427,414	81.41%
Individually impaired:				
Not yet past due, but impaired	0	0.00%	0	0.00%
Up to 3 months past due	16,713	1.00%	19,413	1.11%
Between 3 and 6 months past due	31,879	1.91%	31,296	1.78%
Between 6 and 9 months past due	18,765	1.13%	21,378	1.22%
Between 9 months and 1 year past due	20,310	1.22%	18,243	1.04%
Over 1 year past due	238,171	14.29%	235,565	13.44%
Total loans	1,666,838	19.55%	1,753,309	18.59%
Impairment allowance	(291,789)		(300,626)	
Total carrying value	1,375,049		1,452,683	

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

12d Allowance account for impairment losses	Note	2024	2023
		£	£
As at 1 October 2023		271,039	265,554
Allowance for losses made during the year		4,541	5,485
Increase in allowance during the year	12e	4,541	5,485
As at 30 September 2024		275,580	271,039
12e Impairment losses recognised for the year		2024	2023
		£	£
Impairment of individual financial assets		16,209	29,587
Increase in impairment allowances during the year		4,541	5,485
		20,750	35,072
Reversal of impairment where debts recovered		(1,208)	(1,100)
Total impairment losses recognised for the year		19,542	33,972

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

13 Subscribed capital - financial liabilities	2024	2023
	£	£
As at 1 October 2023	3,313,952	3,266,015
Received during the year	7,392,754	7,516,184
Dividends paid during the year	7,080	6,551
Repaid during the year	<u>(7,613,375)</u>	<u>(7,474,798)</u>
As at 30 September 2024	<u>3,100,411</u>	<u>3,313,952</u>

Deposits from members are made by way of subscription for shares. The balance includes deposits made by juvenile members - £18,303 (2023 £19,864).

14 Other payables	2024	2023
	£	£
UK Corporation tax	15,160	8,590
Accruals and deferred income	37,605	32,415
Dilapidation provision	17,291	15,000
Capital Grant	6,000	0
Loan Guarantee Fund	<u>10,415</u>	<u>12,840</u>
	<u>86,471</u>	<u>68,845</u>

15 Additional financial instruments disclosures

15a Financial risk management

The Credit Union manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable.

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

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the Credit Union, resulting in financial loss to the Credit Union. In order to manage the risk the Board approves the Credit Union's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of payment has changed. The Credit Union also monitors its banking arrangements closely in light of the current banking situation.

Liquidity risk: The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it meets its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Note 2 provides further details about the impact of the maturity mismatch on the going concern status of the Credit Union.

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

Interest rate risk: The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a credit union's operations. The Credit Union considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. The Credit Union does not use interest rate options to hedge its own positions.

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

15b Interest rate risk disclosures

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	1,650,629	23.08%	1,723,722	23.98%

The interest rates applicable to loans to members are fixed and range from 4.79% to 36% per annum.

15c Liquidity risk disclosures

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

15d Fair value of financial instruments

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

16 Cash and cash equivalents

	2024	2023
	£	£
Loans and advances to banks	2,080,901	2,182,347
Less: amounts maturing after three months	(943,145)	(416,466)
Total cash and cash equivalents	1,137,756	1,765,881

17 Post balance sheet events

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

18 Contingent liabilities

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

19 Related Party Transactions

During the year, 1 member of the board, staff or volunteers and none of their close family members, had or were issued with loans with the Credit Union (2023 - 1 member). These loans were approved on the same basis as loans to other members of the Credit Union. None of the directors, staff, volunteers and close family members have preferential terms on loans.

20 Non-audit services

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

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2024 (continued)

21 Leasing Agreements

	2024	2023
Minimum lease payments under non-cancellable operating leases fall due as follows:	£	£
Within one year	18,000	18,000
Between one and five years	0	18,000
	<u>18,000</u>	<u>36,000</u>

22 Financial Commitments

	2024	2023
	£	£
Contracted but not provided for in the financial statements	<u>18,000</u>	<u>36,000</u>