

***DERRY CREDIT UNION
LIMITED***

**Annual Report and Financial
Statements**

For the year ended 30th September 2025

MOORE (N.I.) LLP

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS



Contents

Page

Statement of Directors' Responsibilities.....	1
Independent Auditors' Report to the Members of Derry Credit Union Limited.....	2
Income and Expenditure Account	6
Balance Sheet	7
Statement of Changes in Reserves.....	8
Cash Flow Statement	9
Notes to the Financial Statements	10
Minors Revenue Account	29

DERRY CREDIT UNION LIMITED

Statement of Directors' Responsibilities

For the year ended 30th September 2025

Statement of Directors' Responsibilities

The Credit Unions (Northern Ireland) Order 1985 and amendments thereto require the directors to prepare financial statements for each financial year which give a true and fair view of the State of Affairs of the Credit Union and the Income and Expenditure Account of the Credit Union for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and to enable them to ensure that the financial statements are prepared in accordance with applicable law in Northern Ireland and UK Generally Accepted Accounting Practice, including the standards issued by the Financial Reporting Council, and in particular FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". They are 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 company'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 make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board of Directors

Delma Boggs
President

Date: 23/10/2025

DERRY CREDIT UNION LIMITED

Independent Auditors' Report to the Members of Derry Credit Union Limited

Opinion

We have audited the financial statements of Derry Credit Union Limited (the 'Credit Union') for the year ended 30th September 2025 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 30th September 2025 and of its income/(expenditure) for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Credit Unions (Northern Ireland) Order 1985.

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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other

DERRY CREDIT UNION LIMITED

information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Credit Union and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Credit Unions (Northern Ireland) Order 1985 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;
- a satisfactory system of control over transactions has not been maintained by the Credit Union in accordance with the requirements of the legislation;
- the income and expenditure account to which our report relates, and the balance sheet are not in agreement with the books of account of the Credit Union;
- we have not obtained all the information and explanations which we considered were necessary for the purposes of 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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Credit Union.

DERRY CREDIT UNION LIMITED

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the Credit Union and considered that the most significant are the Credit Unions (Northern Ireland) Order 1985, UK financial reporting standards as issued by the Financial Reporting Council and UK taxation legislation.
- We obtained an understanding of how the Credit Union complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DERRY CREDIT UNION LIMITED

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 Article 47 of the Credit Unions (Northern Ireland) Order 1985. 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.

**MOORE (N.I.) LLP
CHARTERED ACCOUNTANTS
STATUTORY AUDITORS
21-23 CLARENDON STREET
DERRY**

Date: 24/10/2025

DERRY CREDIT UNION LIMITED

Income and Expenditure Account

for the year ended 30th September 2025

	Note	2025 £	2024 £
Interest on members' loans	4	3,345,851	3,421,330
Other interest income and similar income	5	3,293,542	2,818,463
Net interest income		6,639,393	6,239,793
Other income	7	151,448	180,570
Employment costs	9b	(1,344,212)	(1,212,665)
Depreciation	12	(129,324)	(142,021)
Other management expenses (Schedule 1)		(1,862,338)	(1,763,099)
Net recoveries or losses on loans to members	13d	67,753	(7,823)
Surplus for the financial year before taxation		3,522,720	3,294,755
Taxation	10	(823,034)	(705,931)
Surplus for the financial year after taxation		2,699,686	2,588,824
Other comprehensive income		-	-
Total comprehensive income		2,699,686	2,588,824

The financial statements were approved, and authorised for issue, by the Board on 23rd October 2025 and signed on its behalf by:

Delma Boggs
President

Sean Hegarty
Treasurer

Patricia Doherty
Secretary

DERRY CREDIT UNION LIMITED

Balance Sheet

as at 30th September 2025

	Note	2025 £	2024 £
ASSETS			
Cash and cash equivalents	11	11,744,145	11,745,438
Tangible fixed assets	12	1,667,525	1,629,209
Loans to members – Gross	13a	33,744,528	33,683,812
Provisions against loans to members	13c	(1,500,000)	(1,500,000)
Prepayments and accrued income	14	3,791,310	3,205,981
Investments	15	65,340,173	63,590,542
Minors deposit investments		4,885,228	4,769,379
Total assets		119,672,909	117,124,361
Members' shares	16	(92,966,284)	(90,710,557)
Minors' deposits		(4,806,332)	(4,702,346)
Interest to minors		(78,895)	(67,033)
Easy Share accounts	16	(2,448,810)	(2,498,268)
Other payables	17	(1,767,012)	(2,186,581)
Total liabilities		(102,067,333)	(100,164,785)
ASSETS LESS LIABILITIES		17,605,576	16,959,576
RESERVES			
General Reserve		13,829,192	13,547,510
Operational Risk reserve		1,400,000	1,300,000
Corporate sponsorship		32,500	45,000
Donations & Sponsorship general		30,000	-
2020 reserve		9,906	13,380
Unappropriated surplus		2,303,978	2,053,686
Total reserves		17,605,576	16,959,576

The financial statements were approved, and authorised for issue, by the Board on 23rd October 2025.

Delma Boggs
President

Sean Hegarty
Treasurer

Patricia Doherty
Secretary

DERRY CREDIT UNION LIMITED

Statement of Changes in Reserves

for the year ended 30th September 2025

	General reserve £	Operational Risk Reserve £	Corporate Sponsorship £	Donations & Sponsorship general	2020 Reserve £	Unappropriated surplus £	Total reserves £
Opening balance at 1st October 2023	13,335,594	1,000,000	25,334		27,900	1,597,952	15,986,780
Total comprehensive income for the year	211,916	300,000	23,223			2,053,686	2,588,825
Dividends paid during the year (Note 6)					(930,182)		(930,182)
Interest rebate paid during the year (note 6)					(667,770)		(667,770)
Released from reserves			(3,557)		(14,520)		(18,077)
Closing balance at 30th September 2024	13,547,510	1,300,000	45,000	-	13,380	2,053,686	16,959,576
Opening balance at 1st October 2024	13,547,510	1,300,000	45,000	-	13,380	2,053,686	16,959,576
Total comprehensive income for the year	281,682	100,000	(12,500)	30,000	(3,474)	2,303,978	2,699,686
Dividends paid during the year (Note 6)						(1,396,134)	(1,396,134)
Interest rebate paid during the year (note 6)						(657,552)	(657,552)
Closing balance at 30th September 2025	13,829,192	1,400,000	32,500	30,000	9,906	2,303,978	17,605,576

DERRY CREDIT UNION LIMITED

Cash Flow Statement

for the year ended 30th September 2025

	Note	2025 £	2024 £
Cash flows from operating			
Cash (absorbed by)/generated from operations	18	(318,053)	120,949
Loans repaid by members	13a	19,606,658	18,966,584
Loans granted to members	13a	(19,819,020)	(18,998,910)
Bad debts written off	13a	151,646	196,838
Corporation tax paid		(1,151,378)	(453,389)
Investment income received	5	3,293,542	2,818,463
Dividends paid	6a	(1,396,134)	(930,182)
Loan interest rebate paid	6a	(657,552)	(667,770)
Net cash flows from operating activities		(290,291)	1,052,583
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(167,640)	(45,375)
Disposal of property, plant and equipment	12	-	36,780
Movement in investments –proceeds and purchases	15	(1,749,631)	(7,062,518)
Net cash flows from investing activities		(1,917,271)	(7,071,113)
Net movement in members shares	16	2,206,269	1,193,289
Net cash flows from financing activities		2,206,269	1,193,289
Net increase / (decrease) in cash and cash equivalents		(1,293)	(4,825,241)
Cash and cash equivalents at beginning of year		11,745,438	16,570,679
Cash and cash equivalents at end of year	11	11,744,145	11,745,438

DERRY CREDIT UNION LIMITED

Notes to the Financial Statements

for the year ended 30th September 2025

1. Legal and regulatory framework

Derry Credit Union Limited is established under the Credit Unions (Northern Ireland) Order 1985. The Credit Union is registered with the Department for the Economy and is regulated by the Financial Conduct Authority ("FCA") and Prudential Regulation Authority ("PRA"). The principal place of business is 7 Abbey Street, Derry.

2. Accounting policies

2.1. Statement of compliance and 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" ("FRS 102").

The financial statements have been prepared on the historical cost basis.

2.2. Currency

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 (£).

2.3. Going concern

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

- is generating annual surpluses;
- maintains an appropriate level of liquidity; and
- has reserves that are currently above the minimum requirements of the PRA.

2.4. Income

Interest on members' loans

Interest on loans to members is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Investment income

The Credit Union currently only has investments that are valued at amortised cost, and use the effective interest method to recognise investment income.

Other income

Other income such as commissions receivable on foreign exchange services arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

2.5. Interest on minors' deposits

Interest on minors' deposits is recognised using the effective interest method.

DERRY CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2025

2.6. Dividends on shares and loan interest rebates

Dividends are made from current year's surplus or the unappropriated surpluses set aside for that purpose. The Board's proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union.

The rate of dividend and loan interest rebate recommended by the Board will reflect:

- the risk profile of the Credit Union, particularly in its loan and investment portfolios;
- the Board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend and loan interest rebate expectations.

These are all dominated by prudence and the need to sustain the long-term welfare of the Credit Union.

For this reason the Board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements.

The Credit Union accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting.

2.7. Taxation

Corporation tax is provided for on taxable interest from investments and non-mutual income. All other income of the Credit Union is exempt from Corporation tax.

2.8. Cash and cash equivalents

Cash and cash equivalents comprise operating cash on hand and cash deposited with banks with original maturity of less than or equal to three months.

2.9. 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 when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

2.10. Basic financial assets

Basic financial assets are initially measured at the transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method. Basic financial instruments include the following:

Loans to members

Loans to members are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Investments held at amortised cost

Investments comprise cash deposits which are initially measured at the amount deposited and are subsequently measured at amortised cost using the effective interest method.

DERRY CREDIT UNION LIMITED
Notes to the financial statements
for the year ended 30th September 2025

2.11. Other receivables

Other receivables such as prepayments are initially measured at transaction price including transaction costs and are subsequently measured at amortised cost using the effective interest method.

2.12. Impairment of financial assets

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the expected cash flows discounted at the asset's original effective interest rate.

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans which are assessed on a loan by loan basis for impairment.

Any impairment losses are recognised in the Income and Expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Income and Expenditure account.

2.13. De-recognition 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 to another party substantially all of the risks and rewards of ownership of the financial asset, 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.

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. Derry Credit Union Limited does not transfer loans to third parties.

2.14. Basic financial liabilities

Basic financial liabilities are initially recognised at the transaction price, including transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial liabilities members' shares and deposits

Members' shares, Easy Share Accounts and Deposits are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently minors' deposits are measured at amortised cost.

Other payables

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

DERRY CREDIT UNION LIMITED
Notes to the financial statements
for the year ended 30th September 2025

2.15. De-recognition of financial liabilities

Financial liabilities are derecognised when the obligations of the Credit Union specified in the contract are discharged, cancelled or expire.

2.16. 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 over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Freehold land and buildings	50 years straight line
Computers	5 years straight line
Fixtures and fittings	5 years straight line
Motor vehicles	5 years straight line

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 recognised in the Income and Expenditure account.

2.17. Impairment of tangible fixed assets

At each reporting end date, the Credit Union reviews the carrying value 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.

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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income and Expenditure account.

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 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 in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure account.

Notes to the financial statements

for the year ended 30th September 2025

2.18. Employee benefits

Pension Scheme

Derry Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Northern Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the scheme's trustees.

The scheme is a multi-employer scheme and due to the nature of the scheme, it is not possible for the Credit Union to separately identify its share of the scheme's underlying assets and liabilities. Consequently, the Credit Union accounts for the scheme as a defined contribution plan.

However, there is an agreed funding plan in respect of the pension scheme in place based on a recovery plan dated 28 February 2023. Consequently, Derry Credit Union Limited recognises a liability at each Balance Sheet date for its outstanding contributions payable under the agreed funding plan to the extent that they relate to committed funding in respect of the deficit to which the funding plan relates.

Other Employee Benefits

The costs of short-term employee benefits, including holiday pay, are recognised as a liability and as an expense (unless those costs are required to be recognised as part of the cost of fixed assets) over the period they are earned.

Notes to the financial statements

for the year ended 30th September 2025

2.19. Reserves

General reserve

PRA Requirements

In accordance with the PRA Rulebook: Non-CRR Firms: A credit union that has total assets of more than £10 million must have capital requirement blended rate as follows:

- (1) capital of at least 5% of total assets up to and including £10 million; and
- (2) capital of at least 8% of total assets above £10 million up to and including £50 million; and
- (3) capital of at least 10% of total assets above £50 million.

Operational Risk reserve

An occupational risk reserve was established in the year ended 30th September 2015. The Credit Union is required under the Credit Unions (Northern Ireland) Order 1985 to distribute 90% of its surplus after providing for all statutory reserves. The Board of Directors have set out a distribution strategy in its three year business plan, dividends and interest rebate are distributed in accordance with the strategy. This reserve has been established to support the strategy. During the year, £100,000 was allocated to this reserve (2024: £300,000).

Corporate Sponsorship reserve

The Corporate Sponsorship reserve is money set aside for contributions to charities and Corporate events. During the year ended 30th September 2025 nothing was credited to this reserve (2024: £23,223), and £12,500 was released (2024: £3,557).

Donations & sponsorship general

The donations & sponsorship general reserve is the allocated budget for the Donation & Sponsorship Committee for 2026, which was set up to support local causes and individuals who make a difference with their charitable work and community initiatives. During the year ended 30th September 2025 £30,000 was allocated to this reserve (2024: £nil).

2020 Reserve

A 2020 reserve was established in the year ended 30th September 2020 to cover expected costs in 2020 relating to computer software upgrades and 60th Anniversary celebrations. £3,474 has been released from this reserve in the year ended 30th September 2025 (2024: £14,520).

Unappropriated surplus

The Unappropriated surplus is the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the General reserve.

DERRY CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2025

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

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 2.12. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. At all times the Credit Union ensures that its provisions meet the minimum requirements contained within the PRA Credit Union Rule book. Over and above the regulatory requirements, the Credit Union reviews the loan book for evidence of impairment. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on months in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics are based on the historical experiences of the Credit Union's allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of 12 months, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

4. Interest on members' loans

	2025 £	2024 £
Closing accrued loan interest receivable	112,744	146,083
Loan interest received in year	3,379,190	3,402,951
Opening accrued loan interest receivable	(146,083)	(127,704)
Total interest on members' loans	3,345,851	3,421,330

DERRY CREDIT UNION LIMITED
Notes to the financial statements
for the year ended 30th September 2025

5. Other interest income and similar income

	2025 £	2024 £
Investment income and gains received by the Balance Sheet date	543,078	847,229
Receivable within 12 months of Balance Sheet date	2,750,464	1,971,234
Total investment income	3,293,542	2,818,463

6 Dividends and Loan Interest Rebate

The dividend and any loan interest rebate are formally proposed by the directors after the year end and are confirmed at an AGM of the members. As a result the proposed dividend for the current year does not represent a liability at the Balance Sheet date and the dividend included in the Statement of Reserves in the current year relates to dividends paid to members for the prior year.

The dividends and loan interest rebate for the current and prior year periods were as follows:

	2025 £	2024 £
Dividend paid during the year	1,396,134	930,182
Interest rebate paid during the year	657,552	667,770
Dividend rate:		
Members' & easy shares	1.50%	1.00%
Loan interest rebate paid for the current and prior year.	25.00%	25.00%
Dividend proposed, but not recognised	1,661,855	1,396,134
Loan interest proposed, but not recognised	642,123	657,552
Dividend rate:		
Members' & easy shares	1.75%	1.50%
Loan interest rate	25.00%	25.00%

DERRY CREDIT UNION LIMITED
Notes to the financial statements
for the year ended 30th September 2025

7. Other income

	2025 £	2024 £
Unclaimed dividend	-	5,817
Foreign exchange income	6,694	4,779
Overprovision re dividend	328	-
Other income	144,426	169,974
Total other income	151,448	180,570

8. Expenses

	Note	2025 £	2024 £
Employment costs	9b	1,344,212	1,212,665
Depreciation	12	129,324	142,021
Other management expenses (Schedule 1)		1,862,338	1,763,099
		3,335,874	3,117,785

9. Employees and employment costs

9a. Number of employees

The average monthly number of employees during the year was:

	2025 Number	2024 Number
Management team	10	10
Other staff	29	27
Total	39	37

DERRY CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2025

9b. Employment costs

	2025 £	2024 £
Wages and salaries	1,123,024	1,037,290
Pension costs	140,210	158,829
Payments to defined contribution pension schemes	80,978	16,546
Total employment costs	1,344,212	1,212,665

9c. Key management personnel

The remuneration of key management personnel was as follows:

	2025 £	2024 £
Short term employee benefits	297,536	288,507
Pension costs	42,169	48,905
Total key management personnel compensation	339,705	337,412

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

10. Taxation

	2025 £	2024 £
Corporation tax charge in respect of current year	823,034	705,931
Reconciliation of tax charge to taxable income		
Investment income and non-mutual income	3,293,542	2,818,463
Corporation Tax at 25%	823,385	704,616
Adjustment	(351)	1,315
Corporation tax charge	823,034	705,931

As disclosed in the accounting policy for taxation in note 2.7 all income other than income from investments is exempt from Corporation Tax.

DERRY CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2025

11. Cash and cash equivalents

	2025 £	2024 £
Cash balances	11,744,145	11,745,438
Total cash and cash equivalents	11,744,145	11,745,438

Short term deposits with banks are deposits with original maturity of less than or equal to three months. All other deposits with banks are included under Investments in the Balance Sheet and disclosed in Note 15.

12. Tangible fixed assets

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

	Freehold land and buildings £	Computers £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
At 1 st October 2024	3,045,719	695,425	910,836	-	4,651,980
Additions	38,532	14,807	84,982	29,319	167,640
Disposals	-	-	-	-	-
At 30th September 2025	3,084,251	710,232	995,818	29,319	4,819,620
Depreciation					
At 1 st October 2024	1,532,738	623,436	866,597	-	3,022,771
Charge for the year	59,137	32,386	31,937	5,864	129,324
At 30th September 2025	1,591,875	655,822	898,534	5,864	3,152,095
Net book value					
At 30th September 2025	1,492,376	54,410	97,284	23,455	1,667,525
At 30 th September 2024	1,512,981	71,989	44,239	-	1,629,209

DERRY CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2025

13. Loans to members – financial assets

13a. Loans to members

	Note	2025 £	2024 £
As at 1 st October		33,683,812	33,848,324
Advanced during the year		19,819,020	18,998,910
Repaid during the year		(19,606,658)	(18,966,584)
Loans written off		(151,646)	(196,838)
Gross loans to members	13b	33,744,528	33,683,812
Impairment allowances			
Individual loans		(806,703)	(772,302)
Groups of loans		(693,297)	(727,698)
Loan provision	13c	(1,500,000)	(1,500,000)
As at 30th September	13b	32,244,528	32,183,812

DERRY CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2025

13b. Credit risk disclosures

Derry Credit Union Limited is approved to offer mortgages since June 2025. As at year- end no mortgages have been issued therefore 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. There are maximum amounts set down by the PRA in terms of what amount a member can borrow from the Credit Union.

The carrying amount of the loans to members represents 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.

	2025		2024	
	Amount £	Proportion %	Amount £	Proportion %
Not impaired:				
Neither past due nor impaired	31,543,188	93.48%	31,408,152	93.24%
More than 3 months past due	147,473	0.44%	190,442	0.57%
More than 6 months past due	92,077	0.27%	109,765	0.33%
More than 9 months past due	72,622	0.22%	62,314	0.18%
More than 12 months past due	215,801	0.64%	145,972	0.43%
Gross loans not impaired	32,071,161	95.05%	31,916,645	94.75%
Gross loans individually impaired	980,070	2.90%	1,039,469	3.09%
Gross loans collectively impaired	693,297	2.05%	727,698	2.16%
Total gross loans	33,744,528	100.00%	33,683,812	100.00%
Impairment allowance				
Individual loans	(806,703)		(772,302)	
Groups of loans	(693,297)		(727,698)	
Total carrying value	32,244,528		32,183,812	

Factors that are considered in determining whether loans are impaired are discussed in Note 3, dealing with estimates.

DERRY CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2025

13c. Loan provision account for impairment losses

	2025 £	2024 £
As at 1 st October 2024	1,500,000	1,500,000
Allowance for loan losses made during the year	-	-
Allowances reversed during the year	-	-
Increase in loan provisions during the year	-	-
As at 30th September 2025	1,500,000	1,500,000

13d. Net recoveries or losses recognised for the year

	2025 £	2024 £
Bad debts recovered	219,398	189,015
Increase in loan provisions during the year	-	-
	219,398	189,015
Loans written off	(151,645)	(196,838)
Net recoveries / losses on loans to members recognised for the year	67,753	(7,823)

14. Prepayments and accrued income

	2025 £	2024 £
Prepayments & debtors	928,102	1,088,664
Accrued income investments	2,750,464	1,971,234
Accrued loan interest income	112,744	146,083
	3,791,310	3,205,981

15. Investments

Investments at the current and prior Balance Sheet date were all measured at amortised cost as appropriate and comprised of the following:

	2025 £	2024 £
Fixed term deposits with banks	65,340,173	63,590,542
Total investments at amortised cost	65,340,173	63,590,542

DERRY CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2025

The category of counterparties with whom the investments were held was as follows:

	2025 £	2024 £
A	25,713,362	31,954,173
A+	17,013,501	18,024,675
BBB	22,613,310	3,000,000
BBB+	-	10,611,694
Total investments	65,340,173	63,590,542

16. Members' Shares – financial liabilities

		2025 £	2024 £
As at 1 st October	Main accounts	90,710,557	89,449,282
	Easy shares	2,498,268	2,566,254
		93,208,825	92,015,536
Received during the year		21,105,816	19,847,706
Repaid during the year		(18,899,547)	(18,654,417)
As at 30th September		95,415,094	93,208,825
Split as follows:			
	Main accounts	92,966,284	90,710,557
	Easy shares	2,448,810	2,498,268
		95,415,094	93,208,825

Members' shares are repayable on demand except for shares attached to loans. The breakdown of the shares between attached and unattached is as follows:

	2025 £	2024 £
Unattached shares	77,322,063	75,255,906
Attached shares	18,093,031	17,952,919
Total members' shares	95,415,094	93,208,825

DERRY CREDIT UNION LIMITED
Notes to the financial statements
for the year ended 30th September 2025

17. Other payables

	2025 £	2024 £
Corporation tax	377,588	705,931
Creditors and other accruals	1,389,424	1,480,650
	1,767,012	2,186,581

18. Reconciliation of operating surplus to operating cash flow

	2025 £	2024 £
Surplus before taxation	3,522,720	3,294,755
Depreciation Charges	129,324	142,021
2020 reserve released	-	(14,520)
Donations & Sponsorship released	-	(3,557)
Deferred credit released	(6,586)	(6,586)
(Increase)/Decrease in debtors and prepayments	(585,329)	(934,057)
Increase/ (Decrease) in creditors	(84,640)	461,356
Investment Income	(3,293,542)	(2,818,463)
Net Cash inflow / (outflow) from operating activities	(318,053)	120,949

19. Additional financial instruments disclosures

19a. Financial risk management

Derry Credit Union Limited is a provider of personal and business loans and also provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

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

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Derry Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit policy, and all changes to it. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit risk on members' loans is disclosed in Note 13b.

DERRY CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2025

The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the PRA. The credit ratings of the financial institutions where investments are held are disclosed in Note 15.

Liquidity risk: The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio as set out in the PRA Rulebook.

Market risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. Derry Credit Union Limited 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 on investments and members' loans when deciding on the dividend rate payable on shares and on any loan interest rebate.

19b. Interest rate risk disclosures

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

	2025		2024	
	Amount £	Average interest rate	Amount £	Average interest rate
Financial assets				
Gross loans to members	33,744,528	9.95%	33,683,812	9.42%
Members' shares	95,415,094	1.75%	93,208,825	1.5%
Minors' deposits	4,806,332	1.75%	4,702,346	1.5%
	100,221,426		97,911,171	

The interest rates applicable to loans to members are fixed and range from 6% to 12.68%. The dividend on shares and interest on deposits 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 dividend on shares and interest payable on deposits. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

19c. Liquidity risk disclosures

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans.

19d. Fair value of financial instruments

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

DERRY CREDIT UNION LIMITED

Notes to the financial statements

for the year ended 30th September 2025

19e. Capital

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current General reserve is in excess of the minimum requirement set down by the PRA, and stands at 12% of the total assets of the Credit Union at the Balance Sheet date.

20. Post Balance Sheet events

There are no material events after the Balance Sheet date to disclose.

21. Contingent liabilities

Derry Credit Union Limited had no contingent liabilities at the current or prior Balance Sheet date.

22. Capital commitments

There were no capital commitments either contracted for or approved by the Board at the year end.

23. Insurance against fraud

The Credit Union has insurance against fraud in compliance with the PRA Rulebook.

24. Related party transactions

During the year loans were advanced to directors and the management team of the Credit Union (to include their family members or any business in which the directors or management team had a significant shareholding) in the amount of £73,962 (2024: £50,900). The loans outstanding from these parties at 30th September 2025 were £160,747 (2024: £152,424). These loans amounted to 0.5% of total gross loans due at 30th September 2025 (2024: 0.5%)

There were no provisions against the loans due from the directors and the management team at the current or prior Balance Sheet date.

The directors and management team share balances stood at £216,317 at 30th September 2025 (2024: £282,884).

25. Approval of Financial Statements

The financial statements were approved, and authorised for issue, by the Board on 23rd October 2025.

26. Auditors Ethical Standards

In common with many businesses of our size and nature we use our auditors to assist with the compilation of the statutory financial statements and to prepare and submit returns to the tax authorities.

DERRY CREDIT UNION LIMITED

Schedule to the Financial Statements

for the year ended 30th September 2025

Schedule 1 – Other management expenses

	2025 £	2024 £
ECCU insurance	756,548	697,531
Death Benefit insurance	290,161	261,679
ILCU affiliation fees & SPS fund contribution	30,000	30,000
Rates	55,905	53,534
Development & training	22,411	41,960
Computer maintenance	174,572	165,932
Light & heat	34,550	31,739
Office cleaning	3,232	5,075
Repairs & maintenance	48,797	44,170
Printing & stationery	49,258	25,586
Postage & telephone	23,820	26,343
Savings protection scheme fund	10,815	14,224
ILCU projects	14,326	13,894
ILCU Development fund	17,500	17,500
AGM expenses	30,502	28,806
Travel & subsistence	7,455	7,772
Bank charges	64,773	96,848
Audit fees	28,800	28,800
General insurance	62,742	57,777
Legal fees	13,138	11,209
Professional fees	45,965	37,508
Internal audit	15,300	11,700
Miscellaneous	65,571	57,454
PRA/FCA	2,783	2,644
Deferred credit released	(6,586)	(6,586)
Total other management expenses	1,862,338	1,763,099

DERRY CREDIT UNION LIMITED
Minors Revenue Account
for the year ended 30th September 2025

	2025	2024
	£	£
Income		
Investment Income	221,229	234,195
Expenses		
Administration Charges	(142,334)	(167,162)
Retained unappropriated surplus for year	78,895	67,033
Retained unappropriated surplus brought forward	67,033	45,401
Appropriation		
Interest paid on deposits	(67,033)	(45,401)
Retained unappropriated surplus carried forward	78,895	67,033

MINORS BALANCE SHEET AS AT 30TH SEPTEMBER 2025

	2025	2024
	£	£
Assets		
Cash at bank and on deposit	5,055,896	5,338,551
Debtors	169,360	186,854
	5,225,256	5,525,405
Liabilities		
Creditors and accruals	321,812	737,999
Unclaimed interest on deposits	18,217	18,027
	340,029	756,026
Net Assets	4,885,227	4,769,379
Represented by:		
Minors savings	4,806,332	4,702,346
Retained unappropriated surplus for year	78,895	67,033
	4,885,227	4,769,379