

KINGDOM CREDIT UNION LTD

Firm Reference No 231896

Registered No 158CUS

**DIRECTORS REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

30 SEPTEMBER 2025

KINGDOM CREDIT UNION LTD

ADMINISTRATIVE INFORMATION

Directors

Janice Gourlay
Pauline Marsland
Bryan Rees
William Evans
Thomas Adams
Robert Young

Secretary

Pauline Marsland

Society Registration Number

158CUS

**Financial Conduct Authority
Registration Number**

231896

Registered Office

Main Street
Methilhill
Leven
KY8 2DP

Auditors

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

Bankers

Bank of Scotland Plc
The Mound
Edinburgh
EH1 1YZ

KINGDOM CREDIT UNION LTD

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KINGDOM CREDIT UNION LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2025

The Directors present their report and the financial statements for the year ended 30 September 2025.

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 and after acquisitions amounted to £79,106 (2024 - £109,852). In addition, there were 5,800 (2024 – 5,519) adult members with 2,115 (2024 - 1,994) members holding loans with the Credit Union.

The directors are proposing a dividend of 2.5% for this financial year. This will be voted upon at the AGM.

Directors

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

Janice Gourlay
Pauline Marsland
Bryan Rees
Robert Young

Jim Young – Died November 2025
William Evans
Thomas Adams

Financial risk management objectives and policies

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

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

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

Statement of Directors' Responsibilities

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

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

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

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

In so far as the directors are aware:

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

This report was approved by the Board on 16/1/2026 and signed on its behalf by:

Name of Director 1:

TOM ADAMS

Signature

T Adams

Name of Director 2:

WILLIAM BENJAMIN EVANS

Signature

W B Evans

REPORT OF THE INDEPENDENT AUDITOR TO KINGDOM CREDIT UNION LTD

OPINION

We have audited the financial statements of Kingdom Credit Union Ltd (the 'credit union') for the year ended 30 September 2025 which comprise revenue account, balance sheet, statement of changes to retained earnings, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

BASIS FOR 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 the provisions available for small entities, in the circumstances as set out in note 22 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

EMPHASIS OF MATTER

We draw attention to note 14a to the financial statements which sets out the details of a grant carried forward of £12,013. Our opinion is not modified in respect of this matter

OTHER INFORMATION

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 directors' report.

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

- a satisfactory system of control over transactions has not been maintained;
- 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 THE BOARD

As explained more fully in the Statement of Directors' responsibilities set out on page 2, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

- High volumes of cash being handled and processed

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

USE OF OUR REPORT

This report is made solely to the credit union, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the credit union those matters we are required to state to it in a Report of the auditor's and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union, for our audit work, for this report, or for the opinions we have formed.



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

Date..... 16/5/2016

KINGDOM CREDIT UNION LTD

Revenue Account for the year ended 30 September 2025

	Note	2025 £	2024 £
Loan Interest receivable and similar income	4	544,218	531,457
Interest payable	5	(102,136)	(107,446)
Net interest income		442,082	424,011
Fees and commissions receivable	6	24,027	24,112
Fees and commissions payable		(8,078)	(8,907)
Net fees and commissions receivable		15,949	15,205
Other income	7	137,137	97,065
Administrative expenses	8a	(369,217)	(346,832)
Depreciation and amortisation	11	(5,792)	(3,755)
Other operating expenses	8b	(69,604)	(80,025)
Impairment gains (losses) on loans to members	12e	(22,463)	45,315
Surplus Before Taxation		128,092	150,984
Taxation		(39,840)	(41,132)
Surplus for the Financial Year		88,252	109,852
Loss on Acquisition	19	(9,146)	0
Total comprehensive income		79,106	109,852

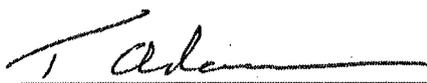
Note: There is no comprehensive income other than those included on the Revenue Account.

KINGDOM CREDIT UNION LTD

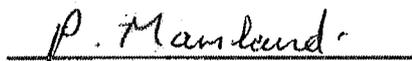
Balance Sheet as at 30 September 2025

	Note	2025 £	2024 £
ASSETS			
Loans and advances to banks	16	4,438,042	4,264,331
Loans and advances to members	12	1,703,182	1,474,101
Tangible fixed assets	11	41,885	40,370
Prepayments and accrued income		55,209	51,245
Total assets		6,238,318	5,830,047
LIABILITIES			
Subscribed capital - repayable on demand	13	4,912,863	4,515,096
Other payables	14	179,398	248,000
		5,092,261	4,763,096
Retained earnings		1,146,057	1,066,951
Total liabilities		6,238,318	5,830,047

The financial statements were approved, and authorised for issue by the board on 16/September/2025 and signed on its behalf by:


Director


Director


Secretary

KINGDOM CREDIT UNION LTD

Statement of Changes in Retained Earnings for the year ended 30 September 2025

	2025	2024
	£	£
As at 1 October 2024	1,066,951	957,099
Total comprehensive income for the year	79,106	109,852
As at 30 September 2025	<u>1,146,057</u>	<u>1,066,951</u>

Movement in reserves

	Retained earnings			Total
	General reserve	Revenue reserve	Death Benefit fund	
As at 1 October 2024	927,834	117,500	21,617	1,066,951
Surplus for year	79,106	0	0	79,106
Other movements	(6,792)	7,500	(708)	0
As at 30 September 2025	<u>1,000,148</u>	<u>125,000</u>	<u>20,909</u>	<u>1,146,057</u>

KINGDOM CREDIT UNION LTD

Cash flow statement for the year ended 30 September 2025

	Note	2025 £	2024 £
Cash Flows from operating activities			
Surplus Before Taxation		128,092	150,984
Adjustments for non-cash items			
Depreciation	11	5,792	3,755
Profit (Loss) on disposal of fixed assets	11	0	0
Impairment losses			
At the year end	12e	31,852	(24,531)
On acquisition	12d	16,406	0
		54,050	(20,776)
 Movements in:			
Prepayments and accrued income		(3,964)	(1,371)
Other payables		(68,602)	71,455
		(72,566)	70,084
 Cash flows from changes in operative assets and liabilities			
Cash inflow from subscribed capital	13	8,011,146	8,229,979
Cash outflow from repaid capital	13	(7,613,379)	(8,229,123)
New loans to members	12a	(2,184,207)	(2,037,506)
Repayment of loans by members	12a	1,906,868	1,914,311
		120,428	(122,339)
Taxation paid		(39,840)	(41,132)
Net Cash flows from operating activities		190,164	36,821
 Cash flows from investing activities			
Purchase of property, plant and equipment	11	(7,307)	(1,759)
Net cash flow from managing liquid deposits	16	0	250,000
		(16,453)	248,241
 Net increase in cash and cash equivalents		173,711	285,062
Cash and cash equivalents at beginning of year		2,514,331	2,229,269
 Cash and cash equivalents at end of year	16	2,688,042	2,514,331

KINGDOM CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2025

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 (2), on total assets of more than £5 million up to and including £10 million, the credit union must maintain a minimum Capital-To-Total assets ratio of 5%.

	2025	2024
The relevant ratios are:-	18.37%	18.30%

Income

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

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

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

Taxation

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

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

KINGDOM CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2025 (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:

Buildings	25 Years
Office Fixtures, Fittings & Improvements	5 Years
Software and Computers	3 years

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 loans are individually significant. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

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

Financial liabilities – subscribed capital

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

Employee benefits

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

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

Reserves

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

Operating lease commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

KINGDOM CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2025 (continued)

3 Use of estimates and judgements

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

Impairment losses on loans to members

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

4 Loan interest receivable and similar income	2025	2024
	£	£
Loan interest receivable from members	379,725	362,092
Bank interest receivable from cash and liquid deposits	164,493	169,365
Total loan interest receivable and similar income	<u>544,218</u>	<u>531,457</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.

		2025	2024
		£	£
Interest paid during the year		<u>102,136</u>	<u>107,446</u>
Dividend rate	Adult members	2.50%	2.50%
	Junior members	2.50%	2.50%
Interest proposed, but not recognised		<u>125,000</u>	<u>117,500</u>
Dividend rate	Adult members	2.50%	2.50%
	Junior members	2.50%	2.50%

6 Fees and commissions receivable		2025	2024
		£	£
Transactional charges		3	2
Annual membership fee		24,024	24,110
Total fees and commissions receivable		<u>24,027</u>	<u>24,112</u>

7 Other Income		2025	2024
	Note	£	£
Grants released	Social Investment Scotland	28,475	25,051
	Other Revenues	77,649	68,946
	Capital	3,540	2,098
Unclaimed deposits		23,696	0
Other income		3,777	970
		<u>137,137</u>	<u>97,065</u>

8 Expenses		2025	2024
	Note	£	£
Administrative expenses	8a	369,217	346,832
Depreciation and amortisation	11	5,792	3,755
Other operating expenses	8b	69,604	80,025
		<u>444,613</u>	<u>430,612</u>

KINGDOM CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2025 (continued)

8a Administrative Expenses	Note	2025	2024
		£	£
Employment costs	9b	283,735	281,622
HR services and cost of outsourcing payroll		3,460	3,520
Training, Conference and Advertising		19,367	18,967
Board governance and travelling expenses		2,690	3,208
Internal Audit		2,232	2,131
Auditors remuneration	8c	5,400	5,040
Telephone		1,500	1,657
Computer maintenance		42,914	22,807
Legal and Professional Fees		35	35
General expenses		990	652
Printing, Postage and Stationery		5,059	5,145
Other insurances		1,835	2,048
Total Administrative Expenses		<u>369,217</u>	<u>346,832</u>
8b Other Operating Expenses		2025	2024
Cost of occupying offices (excluding depreciation)		£	£
Rent, Rates and Service Charges		26,204	22,322
Cleaning and Sundries		2,294	2,464
Repairs and Maintenance		2,383	2,198
Heating and Lighting		10,641	8,199
		<u>41,522</u>	<u>35,183</u>
Regulatory and financial management costs			
Financial Conduct Authority, Prudential Regulation Authority Fees and FSCS Levies		789	261
National Body Dues		4,961	5,283
Fidelity Insurance		3,091	3,220
Death Benefit and Loan Protection Insurance		11,258	21,449
Bad debt recovery / Credit Checks		7,983	14,629
		<u>28,082</u>	<u>44,842</u>
Total Other operating Expenses		<u>69,604</u>	<u>80,025</u>
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.			
		2025	2024
		£	£
Fees payable for the audit of the Credit Union's annual accounts		5,310	4,950
Fees payable to the Credit Union's Auditor for other services:			
Services relating to taxation		90	90
Total Auditors remuneration		<u>5,400</u>	<u>5,040</u>
9 Employees and employment costs			
9a Number of employees		2025	2024
The average monthly number of employees during the year were:		Number	Number
Office staff		<u>9</u>	<u>9</u>
9b Employment costs		2025	2024
		£	£
Wages, salaries and social security costs		277,797	276,014
Payments to defined contribution pension schemes		5,938	5,608
Total employment costs		<u>283,735</u>	<u>281,622</u>

KINGDOM CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2025 (continued)

9c Key Management Salaries

The Directors of the Credit Union are all unpaid volunteers. The key management team for the Credit Union includes the Chief Executive Officer. The salaries paid to key management is summarised below:

	2025	2024
	£	£
Short term employee benefits	59,752	58,009
Payments to defined contribution pension schemes	0	0
Total key management personnel compensation	59,752	58,009

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

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 (2024 25% and reduced by marginal relief) comprised:

	Note	2025	2024
		£	£
Current tax			
UK Corporation tax	10b	39,840	41,132
Total current tax and total taxation expense recognised in the Revenue Account		39,840	41,132

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:

	2025	2024
	£	£
Surplus Before Taxation	128,092	150,984
Surplus before taxation multiplied by the main rate of corporation tax in the UK of 25% and reduced by marginal relief (2024 25% and reduced by marginal relief)	30,194	33,110
Effects of:		
Non-taxable deficit on transactions with members	9,646	8,022
Total tax charge for the year	39,840	41,132

11 Tangible Fixed Assets

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

	Land and Buildings	Office Fixtures, Fittings & Improvements	Software and Computers	Total
Cost	£	£	£	
As at 1 October 2024	65,940	63,229	46,676	175,845
Additions	0	2,983	4,324	7,307
Disposals	0	0	(2,160)	(2,160)
As at 30 September 2025	65,940	66,212	48,840	180,992
Depreciation				
As at 1 October 2024	28,694	60,844	45,937	135,475
Charge for the year	2,350	1,261	2,181	5,792
Charge on disposal	0	0	(2,160)	(2,160)
As at 30 September 2025	31,044	62,105	45,958	139,107
Net Book Value				
As at 30 September 2025	34,896	4,107	2,882	41,885
As at 30 September 2024	37,246	2,385	739	40,370

KINGDOM CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2025 (continued)

12 Loans and advances to members

12a Loans and advances to members	Note	2025	2024
		£	£
As at 1 October 2024		1,585,604	1,498,296
Loans on Acquisition	19	99,172	0
Advanced during the year		2,085,035	2,037,506
Interest receivable		379,725	362,092
Repaid during the year		<u>(2,286,593)</u>	<u>(2,276,403)</u>
Gross loans and advances to members	12b	1,862,943	1,621,491
Impairment losses:			
Individual financial assets	12b, 12e	(40,053)	(35,887)
Groups of financial assets	12d	<u>(119,708)</u>	<u>(111,503)</u>
	12c	<u>(159,761)</u>	<u>(147,390)</u>
As at 30 September 2025		<u>1,703,182</u>	<u>1,474,101</u>
12b Memorandum - Total loan assets regulatory purposes	Note	2025	2024
		£	£
Gross loans and advances to members		1,862,943	1,621,491
Impairment of individual financial assets		<u>(40,053)</u>	<u>(35,887)</u>
Total loan assets for regulatory purposes	15b	<u>1,822,890</u>	<u>1,585,604</u>

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.

	2025		2024	
	Amount	Proportion	Amount	Proportion
Not impaired:				
Neither past due nor impaired	1,614,469	86.65%	1,389,681	85.71%
Up to 3 months past due	64,399	3.46%	67,791	4.18%
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	<u>1,678,868</u>	<u>90.11%</u>	<u>1,457,472</u>	<u>89.89%</u>
Individually impaired:				
Not yet past due, but impaired	0	0.00%	0	0.00%
Up to 3 months past due	0	0.00%	0	0.00%
Between 3 and 6 months past due	18,213	0.98%	9,587	0.59%
Between 6 and 9 months past due	23,959	1.29%	14,179	0.87%
Between 9 months and 1 year past due	14,443	0.78%	4,631	0.29%
Over 1 year past due	127,460	6.84%	135,622	8.36%
Total loans	<u>1,862,943</u>	<u>9.89%</u>	<u>1,621,491</u>	<u>10.11%</u>
Impairment allowance	(159,761)		(147,390)	
Total carrying value	<u>1,703,182</u>		<u>1,474,101</u>	

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

KINGDOM CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2025 (continued)

12d Allowance account for impairment losses	Note	2025	2024
		£	£
As at 1 October 2024		111,503	171,921
Allowance on Acquisition	19	16,406	0
Allowances reversed during the year		<u>(8,201)</u>	<u>(60,418)</u>
Increase (decrease) in allowance during the year	12e	8,205	(60,418)
As at 30 September 2025		<u>119,708</u>	<u>111,503</u>
12e Impairment losses recognised for the year		2025	2024
		£	£
Impairment of individual financial assets		40,053	35,887
Decrease in impairment allowances during the year		<u>(8,201)</u>	<u>(60,418)</u>
		31,852	(24,531)
Reversal of impairment where debts recovered		<u>(9,389)</u>	<u>(20,784)</u>
Total impairment losses (gains) recognised for the year		<u>22,463</u>	<u>(45,315)</u>
13 Subscribed capital - financial liabilities	Note	2025	2024
		£	£
As at 1 October 2024		4,515,096	4,514,240
Received on acquisition	19	282,224	0
Received during the year		7,626,786	8,122,533
Dividends paid during the year		102,136	107,446
Repaid during the year		<u>(7,613,379)</u>	<u>(8,229,123)</u>
As at 30 September 2025		<u>4,912,863</u>	<u>4,515,096</u>

Deposits from members are made by way of subscription for shares. The balance includes deposits made by juvenile members - £314,174 (2024 - £310,267).

14 Other payables	Note	2025	2024
		£	£
UK Corporation tax		39,841	41,132
Accruals and deferred income		7,713	10,115
Grants Carried Forward:			
Social Investment Scotland	14a	12,013	39,705
Other Revenue		21,757	48,262
Capital		26,294	25,510
Membership funds and Local Council Subsidies		42,258	29,427
Dormant members		18,538	18,998
Unclaimed deposits		<u>10,984</u>	<u>34,851</u>
		<u>179,398</u>	<u>248,000</u>

14a Grants carried forward

During the 2021 year the credit union received **£230,000** from Social Investment Scotland's Credit Union Resilience fund. **£28,475** (2024 £25,051) has been included in income during the year. An additional **£1,468** was spent on software and computers during the year in accordance with the fixed asset policy.

A further **£2,251** in SIS funding was brought in from the acquisition of North East Fife Credit Union (see note 19). This was granted for the same purpose as the initial funding to the credit union.

The remaining balance of **£12,013** (2024 £39,705) is carried forward on the balance sheet to be included as income in future years.

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.

KINGDOM CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2025 (continued)

Financial risk management (continued)

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.

15b 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				
Loans to members	1,822,890	22.28%	1,585,604	23.48%

The interest rates applicable to loans to members are fixed and range from 4% to 42.6% 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

	2025	2024
	£	£
Loans and advances to banks	4,438,042	4,264,331
Less: amounts maturing after three months	(1,750,000)	(1,750,000)
Total cash and cash equivalents	2,688,042	2,514,331

17 Leasing Agreements

	2025	2024
	£	£
Minimum lease payments under non-cancellable operating leases fall due as follows:		
Within one year	8,179	7,101
Between one and five years	0	7,189
	8,179	14,290

KINGDOM CREDIT UNION LTD

Notes to the Financial Statements for the year ended 30 September 2025 (continued)

18 Financial Commitments	Note	2025	2024
		£	£
Contracted but not provided for in the financial statements	17	<u>8,179</u>	<u>14,290</u>

19 Merger with North East Fife Credit Union Ltd

On 30 May 2025 the Financial Conduct Authority approved the transfer of engagements with North East Fife Credit Union Ltd. After incorporating the assets and liabilities, this resulted in a loss on acquisition of **£9,146**, which is presented in Other Comprehensive income.

20 Post balance sheet events

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

21 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 levv that the Credit Union will have to pay.

22 Related Party Transactions

During the year, 10 members of the board, staff and close relatives had loans with the Credit Union (2024 - 6 members). In 2 cases (2024 - 2), separate staff rates of 4% per annum were granted in accordance with FCA CREDS section 7.2.7(1)(a). Subject to this none of the directors and staff have had any preferential terms on their loans.

23 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.