

SCOTWEST CREDIT UNION LIMITED

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2022

FIRM REFERENCE NUMBER: 213616

SCOTWEST CREDIT UNION LIMITED

CREDIT UNION INFORMATION

Directors

Mrs C Jamieson	Chair
Mr I Turner	Vice Chair
Mr A Ibe	Secretary
Mr J Begg	
Mr B Douglas	
Ms J King	
Mr P Leonard	
Ms S Watters	
Mr S Wood	

Chief Executive Officer

Frances McCann

Registered office

13 Elmbank Street
Glasgow
G2 4PB

Auditor

Johnston Carmichael LLP
7 – 11 Melville Street
Edinburgh
EH3 7PE

Solicitors

Law at Work
Kintyre House
205 West George Street
Glasgow
G2 2LW

Miller Samuel Hill Brown
RWF House
5 Renfield House
Glasgow
G2 5EZ

SCOTWEST CREDIT UNION LIMITED

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SCOTWEST CREDIT UNION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their annual report and financial statements for the year ended 30 September 2022.

Principal activity

The principal activity of the Credit Union continued to be that as defined in the Credit Unions Act 1979 with membership being open to anyone who lives or works in the West of Scotland (an area defined by the boundaries of the twelve unitary authorities: Argyll & Bute, East Ayrshire, East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire and West Dunbartonshire), the local authority areas of Dumfries & Galloway, Highlands, Perth & Kinross or Stirling.

Directors

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

Mrs C Jamieson (Chair)

Mr I Turner (Vice Chair)

Mr A Ibe (Secretary)

Mr J Begg

Mr B Douglas (resigned on 24 October 2022)

Ms J King

Mr P Leonard (appointed on 1 February 2022, resigned 24 October 2022)

Ms S Watters appointed on 1 February 2022)

Mr S Wood (co-opted on 21 March 2022)

Mr D McRiner (resigned on 31 January 2022)

Mrs C McMichael (resigned on 21 March 2022)

Mr P McGowan (resigned on 31 January 2022)

Review of business and future developments

Despite life returning to normal post pandemic, we have continued to see a great deal of economic uncertainty this year. Although this has inevitably had an impact on loans and savings, the Credit Union has seen a steady performance across the last 12 months, with ongoing growth in both these areas noted at year end.

Across all four quarters, we saw demand for loans return to normal. The level of deposits slowed, not unexpectedly, in the first half of the year, after the exponential growth experienced in the last two years. We also saw the savings book contract slightly from June to August, which, whilst not concerning for our financial position, does indicate that members may be utilising their savings to see them through the prevailing cost of living crisis.

The Board is committed to continuing to maintain a healthy financial balance between income and costs whilst meeting regulatory capital requirements and delivering on our purpose. Built on co-operative values, we will continue to work to broaden financial inclusion, promote our members' financial stability and strengthening our local communities.

Results and dividends

Savings have grown by £670k (0.75%) this year, the lowest levels we have experienced for over five years. Loans on the other hand have continued to grow steadily, with the loan book finishing at £51m, £2.4m (5%) ahead of last year. This has resulted in over £3.3m in income from members' loans which is an increase of 4% on last year. Operational expenditure is up £367k (12%), mostly attributable to bad debt costs and provisioning.

The above has resulted in a pre-dividend surplus of £389,375 (2021: £1,427,441) and a post dividend retained surplus of £300,748 (2021: £1,387,002). It is important to note that the variance in the surplus compared to last year, is largely due to the receipt of the Government grant funds of £800k early in 2021.

The Board has maintained a cautious approach to dividend during these uncertain times and having reviewed the end of year accounts has decided to disburse a further £56K to members by way of a bonus dividend this year.

SCOTWEST CREDIT UNION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial risk management objectives and policies

Our key financial risk remains our ability to lend members money at levels and rates which provide an appropriate dividend return and maintains appropriate capital reserves. Our objective is therefore to provide competitive loan products and to encourage any member who wishes to borrow to do so from the Credit Union rather than an alternative provider.

The Credit Union utilises financial instruments, comprising cash, bonds, loans and various other items such as receivables and payables that arise directly from its operations. The main risks arising from the Credit Union's financial instruments relate to credit risk, liquidity risk and market risk. The directors review and agree policies for managing each of these risks, which are described and evaluated in more detail in notes 19 to 22.

Cost of living crisis

Having emerged at the other side of the Covid-19 pandemic, the Credit Union now finds itself operating in the midst of a cost of living crisis. There are several factors putting pressure on the economy, including:

- The ongoing war in Ukraine
- Impacts of Brexit
- Post Covid debt
- UK Government fiscal policy
- Climate change global impacts on food production

Due to the combination of the factors above, the rate of inflation now sits over 10% and the UK is in the grip of a recession. In a bid to control inflation and reduce it to nearer their target of 2%, the Bank of England has increased the base interest rate to 3%, which follows a prolonged period of historical lows. Unfortunately, when the markets reacted negatively in September to the UK Governments 'mini-budget', many mortgage products were pulled from the market and homeowners, practically overnight, found themselves facing a huge increase in mortgage payments. With interest rates forecast to continue to rise and the spiralling cost of food and energy, there is a bleak outlook for many families in the coming months.

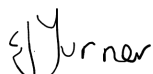
At Scotwest, we continue to strive to be there for our members during these difficult times, as we have done now for over 30 years. Owing to our favourable position of not being inextricably linked to the Bank of England base rate, the Credit Union is well placed to continue to support members through these difficult times; offering fair and competitively priced lending, including mortgages, whilst supporting members to build financial resilience through regular savings and financial education.

Auditor

A resolution to re-appoint Johnston Carmichael LLP as auditor will be put to the members at the forthcoming Annual General Meeting.

Statement of disclosure to auditor

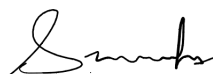
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Credit Union's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order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



.....
Mr I Turner

Director and Vice Chair


Date: 02 / 12 / 2022



.....
Mr A Ibe

Director and Secretary

Date: 02 / 12 / 2022



.....
Mr J Begg

Director

Date: 02 / 12 / 2022

SCOTWEST CREDIT UNION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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

Credit Union law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under Credit Union law the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Credit Union and of the surplus or deficit of the Credit Union for that period. In preparing these financial statements the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Credit Union's transactions and disclose with reasonable accuracy at any time the financial position of the Credit Union and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions 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.

SCOTWEST CREDIT UNION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SCOTWEST CREDIT UNION LIMITED

Opinion

We have audited the financial statements of Scotwest Credit Union Limited (the 'Credit Union') for the year ended 30 September 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in capital and reserves, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30 September 2022 and of its surplus 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.

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 12 months from when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

SCOTWEST CREDIT UNION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SCOTWEST CREDIT UNION LIMITED (CONTINUED)

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 Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit is considered capable of detecting irregularities, including fraud

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Credit Union, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- the Prudential Regulation Authority (PRA) Credit Union Rulebook;
- the Financial Conduct Authority (FCA) Credit Union Sourcebook;
- Co-operative and Community Benefit Societies Act 2014;
- Credit Unions Act 1979;
- The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2010;
- UK Generally Accepted Accounting Practice; and
- UK Corporation taxes legislation.

SCOTWEST CREDIT UNION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SCOTWEST CREDIT UNION LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)

We gained an understanding of how the Credit Union is complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of submitted returns, relevant correspondence with regulatory bodies, the Credit Union's breaches register and board meeting minutes.

We assessed the susceptibility of the Credit Union's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to breaches of laws and regulations or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias; and
- Reviewing latest available post year-end management accounts for any unexpected activity that may indicate management override in the Credit Union's financial statements.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. 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 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'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.

Johnston Carmichael LLP

Johnston Carmichael LLP, Statutory Auditor

02 / 12 / 2022

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**7-11 Melville Street
Edinburgh
EH3 7PE**

SCOTWEST CREDIT UNION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	2021 £
Income			
Loan interest receivable and similar income	3	3,665,132	3,521,969
Dividends	5	(88,627)	(40,439)
		<hr/>	<hr/>
Net interest income		3,576,505	3,481,530
Fees and commissions receivable	3	8,512	21,191
Fees and commission payable		(10,640)	(8,960)
		<hr/>	<hr/>
Net fees and commissions (payable)/receivable		(2,128)	12,231
Other income	3	109,689	906,706
Administrative expenses		(2,519,382)	(2,441,283)
Depreciation	12	(13,213)	(31,802)
Bad debts and provision movement		(784,768)	(476,659)
		<hr/>	<hr/>
Surplus before taxation	4	366,703	1,450,723
Taxation	7	(65,955)	(63,721)
		<hr/>	<hr/>
Total comprehensive income for the year		300,748	1,387,002
		<hr/>	<hr/>

Continued operations

The above results are derived from continuing operations. The notes on pages 11 to 23 form part of these financial statements.

SCOTWEST CREDIT UNION LIMITED

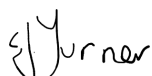
BALANCE SHEET

AS AT 30 SEPTEMBER 2022

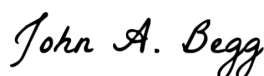
	Notes	2022 £	2021 £
ASSETS			
Cash, cash equivalents and liquid deposits			
Cash on hand	8	-	103
Cash in bank and liquid deposits	8	26,943,306	28,572,658
Investments in corporate bonds	9	23,971,539	23,481,971
		<u>50,914,845</u>	<u>52,054,732</u>
Loans to members	10	51,352,158	48,953,126
Bad debt reserve	11	(2,341,623)	(1,917,468)
Tangible fixed assets	12	391,875	405,088
Other debtors	13	187,728	78,913
		<u>100,504,983</u>	<u>99,574,391</u>
LIABILITIES			
Members shares	14	89,674,198	89,004,235
Juvenile deposits		54,257	59,202
Other payables	15	361,299	396,473
		<u>90,089,754</u>	<u>89,459,910</u>
RESERVES			
General reserves	16	10,004,229	9,844,481
Appropriation account		56,000	-
Non-distributable reserves	17	355,000	270,000
		<u>10,415,229</u>	<u>10,114,481</u>
Total liabilities and reserves		<u>100,504,983</u>	<u>99,574,391</u>

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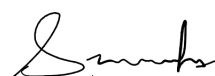
The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:



.....
Mr I Turner
Director and Vice Chair



.....
Mr J Begg
Director



.....
Mr A Ibe
Director and Secretary

The notes on pages 11 to 23 form part of these financial statements.

SCOTWEST CREDIT UNION LIMITED

STATEMENT OF CHANGES IN CAPITAL AND RESERVES

AS AT 30 SEPTEMBER 2022

	General Reserve	Appropriation account	Non-distributable reserve	Total
	£	£	£	£
At 1 October 2020	8,557,479	-	170,000	8,727,479
Surplus for the year	1,387,002	-	-	1,387,002
Transfer	(100,000)	-	100,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021	9,844,481	-	270,000	10,114,481
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 October 2021	9,844,481	-	270,000	10,114,481
Surplus for the year	300,748	-	-	300,748
Transfer	(141,000)	56,000	85,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2022	10,004,229	56,000	355,000	10,415,229
	<hr/>	<hr/>	<hr/>	<hr/>

The appropriation account above of £56,000 (2021: £nil) is to fund a further final dividend to members formally approved by the Board post year end in October 2022.

The notes on pages 11 to 23 form part of these financial statements.

SCOTWEST CREDIT UNION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Surplus for the year		300,748	1,387,002
Adjustments for:			
Depreciation	12	13,213	31,802
Taxation	7	65,955	63,721
Dividends payable	5	88,627	40,439
Interest receivable		(550,579)	(585,659)
Amortisation on bonds	9	203,445	250,387
Impairment on loans to members	10, 11	784,768	476,659
		<u>906,177</u>	<u>1,664,351</u>
Changes in operating assets and liabilities:			
Decrease/(increase) in debtors		11,463	(25,971)
(Decrease)/increase in creditors		(42,354)	34,339
New loans to members	10	(38,055,939)	(36,417,599)
Repayment of loans by members	10	35,296,294	30,880,570
Cash inflow from subscribed shares	14	53,136,404	45,517,197
Cash outflow from repayment of shares	14	(52,466,441)	(34,219,805)
Dividends paid		(88,627)	(40,439)
Corporation tax paid		(63,720)	(73,700)
		<u>(1,366,743)</u>	<u>7,318,943</u>
Net cash (outflow)/inflow from operating activities			
Cash flows from investing activities			
Purchase of investments in corporate bonds	9	(14,211,256)	(6,673,175)
Sale and maturity of investments in corporate bonds	9	13,733,487	8,497,947
Interest received		215,057	188,757
		<u>(262,712)</u>	<u>2,013,529</u>
Net cash (used in)/generated from investing activities			
Net (decrease)/increase in cash and cash equivalents		(1,629,455)	9,332,472
Cash and cash equivalents at beginning of year		<u>28,572,761</u>	<u>19,240,289</u>
Cash and cash equivalents at end of year		<u>26,943,306</u>	<u>28,572,761</u>

The notes on pages 11 to 23 form part of these financial statements.

SCOTWEST CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

General information

The Credit Union is incorporated in the UK and domiciled in Scotland. The address of its registered office is 13 Elmbank Street, Glasgow, G2 4PB. It is defined as a public benefit entity and thus complies with all disclosure requirements relating to public benefit entities.

The Credit Union's activity during the year continued to be that as defined in the Credit Unions Act 1979, with membership being open to anyone who lives or works in the West of Scotland (an area defined by the boundaries of the twelve unitary council authorities: Argyll & Bute, East Ayrshire, East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire and West Dunbartonshire).

The Credit Union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

1.1 Accounting convention

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

The financial statements are prepared in Sterling, which is the Credit Union's functional currency. Monetary amounts in the financial statements are rounded to the nearest £. The principal accounting policies are set out below.

1.2 Going concern

The directors prepare a business plan which sets out the Credit Union's strategic and prudential objectives and its forecasted key performance indicators. The plan takes account of the continued economic uncertainty as well as the challenging outlook for the cost of living and sets out in some detail short term tactical options as well as the longer term ongoing strategic development of the Credit Union. The main objective of the directors is for the Credit Union to maintain a healthy balance between savings and loans, whilst meeting its regulatory capital requirements and delivering the strategic objectives. The directors then develop a budget in support of the business plan and interrogate the assumptions made in the budget through stress testing on a worst-case basis scenario. The conclusion of the directors is that, even if the worst-case scenario assumed occurs in relation to the budget, the Credit Union will continue to generate a surplus and meet its capital requirements.

After making appropriate enquiries the directors of the Credit Union have reasonable expectation that the Credit Union will have adequate resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of these financial statements. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the Credit Union's financial statements.

In assessing the Credit Union's ability to continue as a going concern the directors have considered the impact of the cost of living crisis as described in the Directors' Report.

1.3 Income

Loan interest receivable and similar income: Interest on both loans to members and cash and cash equivalents held on deposit with banks and other financial institutions is recognised using the effective interest method and is calculated and accrued on a daily basis.

Fees and commissions receivable: Income represents interest and fees received on the products provided by the Credit Union. Interest and fees are recognised as they fall due.

1.4 Dividends

Dividends on members' shares are paid to members based on the actual deposits held with the Credit Union and are recognised in the financial statements when formally approved at board meetings of the Credit Union.

SCOTWEST CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (continued)

1.5 Bad and doubtful debts

Specific provisions are made for loans which are recognised to be bad or doubtful. Movements in bad debt provisions during the year are charged to the statement of comprehensive income.

Under FRS 102, the criteria for derecognising (writing-off) a loan is different from when the Credit Union would write off the loan for internal purposes. Under FRS 102, loans can be written off only when the Credit Union doesn't have the legal right to enforce payment. Loans written off by the Credit Union which do not meet the criteria for derecognition under FRS 102 remain part of the gross loans to members balance in these financial statements and are fully provided for in the bad debt provision.

1.6 Taxation

Current taxation is the expected tax payable for the year, using tax rates in force during the year. The Credit Union is not liable for corporation tax payable on its activities of making loans to members. 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.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

1.8 Investment in corporate bonds

The Credit Union maintains a portfolio of listed corporate bonds which are held to maturity and are therefore measured at amortised cost using the effective interest rate method, with maturities ranging from 0 – 60 months.

1.9 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on a straight-line basis as follows:

Freehold land and buildings	2.5% straight line
Fixtures and fittings	5% - 50% straight line
Computers	33.33% straight line
Motor vehicles	33.33% on cost less estimated residual value

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.11 Creditors

Short term creditors are measured at the transaction price.

1.12 Impairment of fixed assets

At each reporting date, the Credit Union reviews the carrying amounts of its non-financial 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).

SCOTWEST CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (continued)

1.12 Impairment of fixed assets (continued)

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 as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is decreased to the revised estimate of its recoverable amount, but only to the extent 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 as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.13 Loans to members

Loans to members are financial assets with fixed to determinable payments and are not quoted in active markets. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

1.14 Financial instruments

The Credit Union has entered into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Loans to members are a financial asset recognised when cash is advanced to members and measured at amortised cost using the effective interest rate. Loans to members are derecognised when all rights to receive cash flow have expired, usually on repayment of all outstanding balances. Loans are assessed each balance sheet date, for 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.

Shares are redeemable and therefore are classed as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently at amortised cost.

Other financial assets recognised when the Credit Union becomes entitled to funds from another party and are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest rate method. Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

Other financial liabilities are recognised when the Credit Union becomes liable for amounts due to another party and are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest rate method.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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 are derecognised when the contractual rights to the cash flows from the asset expire, or when the Credit Union has transferred substantially all the risks and rewards of ownership, usually on the repayment of outstanding balances.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

SCOTWEST CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (continued)

1.15 Pension scheme

Defined contribution scheme

The Credit Union operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Credit Union pays fixed contributions into a separate entity. Once the contributions have been paid the Credit Union has no further payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Credit Union in independently administered funds.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 Judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Credit Union's accounting policies.

The directors are satisfied that accounting policies are appropriate and applied consistently. The key source of accounting estimation is the bad debt provision on impairment of loans to members (see notes 10 and 11).

The Credit Union reviews its loans to members portfolio regularly to assess impairment. In determining whether an impairment loss should be recorded, the Credit Union is required to exercise a degree of judgement. Impairment provisions are calculated using arrears experience and applying specific percentages on the arrears amounts in accordance with the guidance issued by the PRA and FCA. The Credit Union further looks at credit risk characteristics and expected cashflows and if deemed reasonable will provide further impairment provisions.

SCOTWEST CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3 Income and other income

	2022	2021
	£	£
Income:		
Interest receivable on members loans	3,317,998	3,186,597
Bond income	199,788	260,296
Bank interest receivable	147,346	75,076
	<u>3,665,132</u>	<u>3,521,969</u>
Other income:		
Fees and commissions receivable	8,512	21,191
Government grant	-	800,000
Distribution from Lottery	94,669	86,447
Other income	15,020	20,259
	<u>118,201</u>	<u>927,897</u>
	<u>3,783,333</u>	<u>4,449,866</u>

The government grant in the prior year of £800,000 pertains to an amount received from Social Investment Scotland in relation to the Scottish Community Lenders Fund grant, provided to promote the availability of affordable credit and strengthen the balance sheet of affordable credit providers. During the year ended 30 September 2022 the Credit Union has utilised £100,215 (2021: £15,084) of the grant for specific projects to promote the availability of affordable credit.

4 Operating surplus

	2022	2021
	£	£
Operating surplus for the year is stated after charging:		
Depreciation	13,213	31,802
Auditor's remuneration		
- Audit of the financial statements	23,000	22,000
- Corporation tax compliance	2,250	2,000
	<u>25,263</u>	<u>55,802</u>

SCOTWEST CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

5 Dividends

	2022	2021
	£	£
Dividends paid on members' shares in the year	88,627	40,439

	2022	2021
	%	%
Average dividend rate		
Juvenile member dividend	0.10	0.05
Ordinary member dividend	0.10	0.05
Notice account dividend	0.10	0.05

6 Staff costs

	2022	2021
	£	£
Wages and salaries	1,061,275	999,046
Social security costs	100,402	89,485
Pension costs	62,097	56,723
	<u>1,223,774</u>	<u>1,145,254</u>

Average staff numbers during the year were 42 (2021: 40).

No remuneration was paid to any of the directors during the year (2021: £nil).

The key management personnel are the Chief Executive Officer, the Chief Operating Officer, the Finance Manager, the Communications and Brand Manager and the Compliance and Risk Manager. Remuneration for key management personnel was £297,138 (2021: £281,537).

At the year-end pension contributions outstanding were £nil (2021: £nil).

SCOTWEST CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

7 Taxation

	2022	2021
	£	£
Taxation charged through the statement of comprehensive income was as follows:		
UK corporation tax	<u>65,955</u>	<u>63,721</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021: same as) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below.

	2022	2021
	£	£
Surplus on ordinary activities before tax	<u>366,703</u>	<u>1,450,723</u>
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	69,674	275,637
Effects of:		
Net revenue exempt from taxation	<u>(3,719)</u>	<u>(211,916)</u>
	<u>65,955</u>	<u>63,721</u>

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020 and this change was substantively enacted on 17 March 2020. In the Spring Budget 2021, the government announced that from 1 April 2023 the corporation tax rate will increase to 25% and this change was substantively enacted on 24 May 2021.

8 Cash and cash equivalents

	2022	2021
	£	£
Cash in hand	-	103
Current accounts	8,257,068	8,980,005
Deposit accounts	<u>18,686,238</u>	<u>19,592,653</u>
	<u>26,943,306</u>	<u>28,572,761</u>

The Credit Union has calculated an amount of £355,000 (2021: £270,000) to cover the interest rate risk attached to the Credit Union's fixed interest mortgage portfolio as shown in note 17. The £355,000 (2021: £270,000) is included within the balance of cash at bank.

SCOTWEST CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

9 Investments in corporate bonds

	2022 £	2021 £
Balance forward	23,481,971	25,178,643
Additions	14,211,256	6,673,175
Disposals and maturities	(13,733,487)	(8,497,947)
Accrued interest	215,244	378,487
Amortisation	(203,445)	(250,387)
	<u>23,971,539</u>	<u>23,481,971</u>

Investment in corporate bonds have remaining maturities as follows:

Accrued interest	215,244	378,487
Within one year	12,727,119	13,380,607
In more than one year	11,029,176	9,722,877
	<u>23,971,539</u>	<u>23,481,971</u>

All of the above investments are in listed corporate bonds.

10 Loans to members

	2022 £	2021 £
Balance forward	48,953,126	43,578,830
Advanced in year	38,055,939	36,417,599
Repaid in year	(35,296,294)	(30,880,570)
Written off in year	(360,613)	(162,733)
	<u>51,352,158</u>	<u>48,953,126</u>
Loans due within one year	16,772,322	15,873,240
Loans due after more than one year	34,579,836	33,079,886
	<u>51,352,158</u>	<u>48,953,126</u>

SCOTWEST CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

11 Bad debt reserve

	2022 £	2021 £
Opening provision	1,917,468	1,603,542
Charge to statement of comprehensive income	424,155	313,926
	<u>2,341,623</u>	<u>1,917,468</u>

12 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost or deemed cost					
At 1 October 2021	475,000	257,042	139,113	35,218	906,373
Disposal	-	-	-	(35,218)	(35,218)
	<u>475,000</u>	<u>257,042</u>	<u>139,113</u>	<u>-</u>	<u>871,155</u>
Depreciation					
At 1 October 2021	71,250	256,612	139,113	34,310	501,285
Charge for the year	11,875	430	-	908	13,213
Disposal	-	-	-	(35,218)	(35,218)
	<u>83,125</u>	<u>257,042</u>	<u>139,113</u>	<u>-</u>	<u>479,280</u>
Carrying amount					
At 30 September 2021	<u>403,750</u>	<u>430</u>	<u>-</u>	<u>908</u>	<u>405,088</u>
At 30 September 2022	<u>391,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>391,875</u>

The freehold land and buildings are held at deemed cost, which is their valuation when the Credit Union transitioned to FRS102 in 2014.

13 Other debtors

	2022 £	2021 £
Prepayments and accrued income	<u>187,728</u>	<u>78,913</u>

SCOTWEST CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

14 Members shares

	2022 £	2021 £
Balance forward	89,004,235	77,706,843
Received in year	53,136,404	45,517,197
Withdrawn in year	(52,466,441)	(34,219,805)
	<u>89,674,198</u>	<u>89,004,235</u>

15 Other payables

	2022 £	2021 £
Trade creditors	60,230	68,635
Accruals	160,589	199,797
Other creditors	52,074	43,165
Other tax and social security	22,707	21,412
Corporation tax	65,699	63,464
	<u>361,299</u>	<u>396,473</u>

16 General reserve

The general reserve includes the current and prior year retained surpluses and deficits.

17 Non-distributable reserves

The Credit Union has a portfolio of fixed rate mortgage loans in respect of which there exists an interest rate risk in the event of an increase in base rate or other rises in the cost of funding, which cannot be matched by an equivalent rise in interest income from this portfolio.

The Credit Union carried out a stress test to gauge the impact of a rise in the cost of funding and used this calculation to establish a part of the general reserve which is treated as non-distributable, and which reflects the resources set aside to mitigate the interest rate risk in the mortgage loan book.

18 Commitments

The Credit Union's annual commitments for rental and non-cancellable IT costs commitment at 30 September 2022 were as set out below:

	2022 £	2021 £
Commitments which expire:		
Within one year	65,404	172,405
Between two and five years	8,417	193,295
	<u>73,821</u>	<u>365,700</u>

SCOTWEST CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

19 Financial risk management

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

The main financial risks arising from the Credit Union's activities are credit risk, liquidity risk and market risk. The directors review and agree 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 directors approve 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 repayment has changed. There is also the risk that the Credit Union's surplus cash held as deposits may be lost due to financial institution failure. The Credit Union mitigates this risk by holding deposits in a range of financial institutions and undertaking regular due diligence on the financial stability of these institutions. There is also the risk that the counterparties on the Credit Union's corporate bond investments will default on bond repayments. The Credit Union mitigates this risk by buying and holding corporate bond investments that are within a suitable risk profile monitored by the directors and carefully choosing counterparties making sure these are approved by the directors as acceptable counterparties.

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 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.

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 and the other price risk associated with the Credit Union's investments in corporate bonds is considered insignificant. 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 the Credit Union's operations. The Credit Union considers rates of interest receivable when deciding on the dividend rate payable on shares. The Credit Union does not use interest rate options to hedge its own positions. A ring-fenced amount is held in reserves to cover the interest rate risk attached to the Credit Union's fixed interest mortgage portfolio.

20 Credit risk disclosures

The Credit Union holds £26,943,306 (2021: £28,572,658) in bank account and deposits. In order to deal with the credit risk of banking institutions, the Credit Union spreads its bank accounts between a number of different UK financial institutions. At the year-end bank funds were held between 6 (2021: 6) different banks and building societies. The Credit Union believes the full amount is recoverable and no provision against the bank balance is required. The Credit Union holds £23,971,539 (2021: £23,481,971), which are listed corporate bonds with composite ratings ranging between AAA and A.

The Credit Union holds the following security against its loans to members:

	2022	2021
	£	£
Attached shares	1,480,497	1,480,497
Property (at time loan was issued)	17,854,969	17,854,969
	<u>19,335,466</u>	<u>19,335,466</u>

SCOTWEST CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

20 Credit risk disclosures (continued)

The total amount of loans represents the Credit Union's maximum exposure to credit risk from lending to members. The following table provides information on the credit quality of loan repayments. The status 'past due' includes any loan where payments are in arrears. The amount included is the entire loan amount and not just the overdue amount. The amounts relating to individually impaired and written off for internal purposes are loans which the directors have written off but which under FRS 102 can only be provided for and are not derecognised.

	2022	2021
	£	£
Loans not impaired		
Not past due	44,078,882	42,843,537
Up to 3 months past due	4,798,207	4,176,538
	<u>48,877,089</u>	<u>47,020,075</u>
Loans which are impaired		
Between 3 months and 6 months due	377,678	205,376
Between 6 months and 1 year past due	99,804	83,338
Over 1 year past due	3,881	21,378
Individually provided and written off for internal purposes	1,993,706	1,622,959
	<u>2,475,069</u>	<u>1,933,051</u>
	<u>51,352,158</u>	<u>48,953,126</u>

21 Liquidity risk disclosures

Excluding short-term other payables, as noted in the balance sheet, the Credit Union's financial liabilities and the members shares, are repayable on demand.

22 Interest rate risk disclosures

The following table shows the interest received during the year divided by the closing loan balance and the dividend paid during the year divided by the closing share balance.

	2022	2022	2021	2021
	Amount	Average	Amount	Average
	£	interest	£	interest
		rate		rate
		%		%
Financial assets				
Loans to members	51,352,158	6.81%	48,953,126	6.96%
Financial liabilities				
Members shares (including juvenile deposits)	89,728,455	0.10%	89,063,437	0.05%

SCOTWEST CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

23 Related parties

All of the directors are members of the Credit Union and four directors (2021: two) and one member of key management personnel (2021: one) have taken out a loan on normal business terms. During the year no close family members of directors took out loans on normal business terms with the Credit Union (2021: none). The directors cannot use their positions to their advantage.

The Scotwest Lottery is a related party of the Credit Union as the Credit Union is the ultimate beneficiary. During the year the Credit Union received £94,669 (2021: £86,447) from The Scotwest Lottery. At the year-end £nil was outstanding (2021: £nil).

Cussco Limited is a related party of the Credit Union as the CEO and two directors of the Credit Union are directors of this company. Cussco Limited provides IT services and total charges to the Credit Union for the year were £200,433 (2021: £238,972). No balances exist at the year-end (2021: £nil)

The remuneration of key management personnel is disclosed in note 6.

24 Contingent liabilities

Following the outcome of the Judicial review into FSA Policy Statement PS10/12: “the assessment and redress of Payment protection Insurance complaints”, the Credit Union undertook a review of its processes for dealing with PPI. No significant issues were raised in this review and the Credit Union continues to review complaints in the normal way.

No provision has therefore been made in these accounts in respect of claims to any previous sales of PPI.

25 Analysis of net debt

	1 October 2021	Cashflows	30 September 2022
	£	£	£
Cash in hand	103	(103)	-
Current accounts	8,980,005	(722,937)	8,257,068
Deposit accounts	19,592,653	(906,415)	18,686,238
	<hr/>	<hr/>	<hr/>
	28,572,761	(1,629,455)	26,943,306
Members' shares (including juvenile deposits)	(89,063,437)	(665,018)	(89,728,455)
	<hr/>	<hr/>	<hr/>
	(60,490,676)	(2,294,473)	(62,785,149)

SCOTWEST CREDIT UNION

DETAILED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022		2021	
	£	£	£	£
Income				
Interest received				
- members loans		3,317,998		3,186,597
- bond income		199,788		260,296
- bank interest received		147,346		75,075
Fee income		8,283		21,191
Insurance commission		229		-
Other income		109,689		906,706
		<hr/>		<hr/>
Total Income		3,783,333		4,449,865
Expenditure				
Governance costs	74,812		49,470	
Staff wages and salaries	1,223,774		1,145,254	
Other staff costs	23,620		26,975	
Property costs	71,132		67,955	
Insurance	283,136		318,177	
Information technology	382,188		378,893	
Communications	69,253		58,798	
Marketing	102,607		116,758	
Finance costs	119,012		72,759	
Regulation	(371)		(592)	
Depreciation	13,213		31,802	
Professional fees	31,047		23,463	
Audit fee	29,100		30,120	
Management fees	94,582		96,432	
Bad debts and provision movement	784,768		476,659	
Sundry expenses	15,490		56,820	
		<hr/>		<hr/>
Total expenditure		(3,317,363)		(2,949,743)
Operating profit		465,970		1,500,122
Interest payable and similar expenses				
Dividend		(88,627)		(40,439)
Fees & commissions payable		(10,640)		(8,960)
		<hr/>		<hr/>
Surplus before taxation		366,703		1,450,723
Taxation		(65,955)		(63,721)
		<hr/>		<hr/>
Surplus after taxation		300,748		1,387,002
		<hr/> <hr/>		<hr/> <hr/>

This page does not form part of the financial statements.
