

**GATEWAY
CREDIT UNION LIMITED**

**FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2021**

BEVAN BUCKLAND LLP
CHARTERED ACCOUNTANTS
GROUND FLOOR CARDIGAN HOUSE
CASTLE COURT
SWANSEA ENTERPRISE PARK
SWANSEA
SA7 9LZ

GATEWAY CREDIT UNION LIMITED

INFORMATION PAGE

YEAR ENDED 30 SEPTEMBER 2021

DIRECTORS

B Phippen

P Phippen

D Williams

M Jones

P Thornton

R Senior

P Jenkins

I Foster

Resigned 16/09/2021

A Blackmore

FCA REGISTERED NUMBER

214010

COMPANY REGISTRATION NO

484C

REGISTERED OFFICE

21 Commercial Street

Pontypool

NP4 6JQ

AUDITORS

Bevan Buckland LLP

Chartered Accountants

And Statutory Auditors

Ground Floor Cardigan House

Castle Court

Swansea Enterprise Park

Swansea

SA7 9LA

BANKERS

The Cooperative Bank

Lloyds

Unity Trust

GATEWAY CREDIT UNION LIMITED
INDEX TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2021

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GATEWAY CREDIT UNION LIMITED

**DIRECTORS' REPORT
YEAR ENDED 30 SEPTEMBER 2021**

The board of directors presents its report together with the financial statements for the year ended 30 September 2021.

The Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979 require the directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the credit union and of its income and expenditure 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 estimates that are reasonable and prudent;
- ♦ state whether applicable 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 to operate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the credit union and to enable them to ensure that the financial statements comply with the requirements of 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.

DISCLOSURE TO AUDITORS

The Board confirms that all necessary steps have been taken to make themselves aware of matters which would be relevant for audit purposes and have communicated such matters to the auditors. They also confirm that, so far as they are aware, at the date of approval of the financial statements there are no matters relevant to the audit of the financial statements which have not been disclosed to the auditors.

RESULTS AND DIVIDEND

The results for the year are set out in the Revenue Account on page 5.

The directors consider that these results are satisfactory in the current economic climate and hope to see improvements and continued growth in membership in the coming twelve months.

The board of directors propose the payment of a dividend of 0% for the year (2020 - 0%). This proposal will be put to the members of the credit union at the Annual General Meeting.

AUDITORS

Bevan Buckland LLP have indicated their willingness to accept re-appointment for a further term. A resolution to re-appoint them is to be proposed at the Annual General Meeting.

.....
Secretary - David Williams

.....
Date

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GATEWAY CREDIT UNION LIMITED
YEAR ENDED 30 SEPTEMBER 2021**

Opinion

We have audited the financial statements of Gateway Credit Union Limited for the year ended 30 September 2021 which comprise the Revenue Account, Statement of Changes in Retained Earnings, Balance Sheet, the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, including the directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

Matters on which we are Required to Report by Exception

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GATEWAY CREDIT UNION LIMITED
YEAR ENDED 30 SEPTEMBER 2021**

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of financial statements which 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.

Our 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.

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

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

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Enquiring of management, including obtaining and reviewing supporting documentation, concerning the Credit Union's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances on non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Obtaining an understanding of the legal and regulatory frameworks that the Credit Union operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Credit Union. The key laws and regulations we considered in this context included the Co-Operative and Community Benefit Societies Act, the Credit Unions Act and relevant tax legislation.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GATEWAY CREDIT UNION LIMITED
YEAR ENDED 30 SEPTEMBER 2021**

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the operational rationale of any significant transactions that are unusual or outside the normal course of operations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Use of our report

This report is made solely to the credit union's directors, as a body, in accordance with Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the directors 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's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Bevan Buckland LLP
Chartered Accountants
Statutory Auditors

Date:

Ground Floor Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

GATEWAY CREDIT UNION LIMITED

REVENUE ACCOUNT YEAR ENDED 30 SEPTEMBER 2021

		2021	2020
	Note	£	£
Loan interest receivable and similar income	4	187,244	209,110
Interest payable	5	(8,625)	(12,720)
Net interest income		178,619	196,390
Fees and commissions receivable	6	9,207	10,760
Fees and commissions payable		(10)	-
Net fees and commissions receivable		9,198	10,760
Grant income		140,212	130,197
Other income		11,003	11,731
Employment costs	7	(132,991)	(131,545)
Establishment costs	8	(7,003)	(7,801)
Administrative expenses	9	(75,023)	(51,608)
Regulatory costs	10	(13,293)	(14,474)
Depreciation and amortisation		(5,450)	(2,879)
Impairment losses on loans to members		(40,542)	(116,917)
(DEFICIT)/SURPLUS FOR THE YEAR BEFORE TAXATION		64,730	23,854
Taxation	13	(1,602)	(1,899)
(DEFICIT)/SURPLUS FOR THE YEAR		63,128	21,955
Loss on disposal of fixed asset		(356)	-
TOTAL COMPREHENSIVE INCOME		62,772	21,955

STATEMENT OF CHANGES IN RETAINED EARNINGS

		2021	2020
		£	£
As at 1 October 2020		211,620	189,664
Total comprehensive income for the year		62,772	21,956
Dividends paid		-	-
As at 30 September 2021	19	274,392	211,620

GATEWAY CREDIT UNION LIMITED

BALANCE SHEET 30 SEPTEMBER 2021

		2021	2020
	Note	£	£
ASSETS			
Loans and advances to banks		2,417,738	2,221,036
Cash in hand		1,072	1,094
		<u>2,418,809</u>	<u>2,222,130</u>
Loans and advances to members	15	1,208,079	1,333,751
Tangible fixed assets	14	156,957	145,873
Other receivables		7,077	5,116
Prepayments and accrued income		26,001	31,429
		<u>3,816,924</u>	<u>3,738,299</u>
TOTAL ASSETS			
LIABILITIES			
Subscribed capital - repayable on demand	16	2,942,696	3,027,657
Junior savers	17	406,500	410,812
Sub-ordinated loan		150,000	50,000
Other payables	18	43,336	38,208
		<u>3,542,532</u>	<u>3,526,677</u>
Retained earnings	19	274,392	211,620
		<u>3,816,924</u>	<u>3,738,297</u>
TOTAL LIABILITIES			

Approved by the board of directors on

and signed on their behalf by:

Chair - Brian Pippen

Secretary - David Williams

GATEWAY CREDIT UNION LIMITED

CASH FLOW STATEMENT YEAR ENDED 30 SEPTEMBER 2021

	2021 £	2020 £
OPERATING ACTIVITIES		
(Deficit) / Surplus before taxation	64,730	23,855
Adjustments for non-cash items:		
Depreciation	5,450	2,879
Impairment losses	40,542	116,917
	<u>110,722</u>	<u>143,650</u>
Movements in:		
Accrued interest	5,426	(10,606)
Other receivables	(1,961)	4,434
Other payables	5,128	20,800
	<u>8,592</u>	<u>14,629</u>
CASH FLOWS FROM CHANGES IN OPERATING ASSETS AND LIABILITIES		
Cash inflow from subscribed capital	3,004,562	3,073,589
Cash outflow from repaid capital	(3,089,523)	(2,697,357)
Cash inflow from junior shares	57,548	60,719
Cash outflow from junior shares	(61,860)	(31,564)
Cash inflow from Sub-ordinated loan	100,000	-
New loans to members	(953,017)	(856,346)
Repayment of loans by members	1,038,147	1,097,643
	<u>95,857</u>	<u>646,684</u>
Dividend paid	-	-
Corporation Tax paid	(1,602)	(1,899)
	<u>94,255</u>	<u>644,785</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES		
INVESTING ACTIVITIES		
Purchase of fixed assets	(16,890)	-
	<u>(16,890)</u>	<u>-</u>
Net decrease in cash and cash equivalents	196,680	803,065
Cash and cash equivalents at beginning of year	2,222,130	1,419,065
	<u>2,418,809</u>	<u>2,222,130</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2021

1 LEGAL AND REGULATORY FRAMEWORK

Gateway Credit Union Limited 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. Gateway Credit Union Limited has registered with the Financial Conduct Authority and is regulated by the Prudential Regulation Authority under the provisions of the Financial Services and Markets Act 2000.

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

2 ACCOUNTING POLICIES

Basis of Preparation

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

The financial statements are prepared on the historical cost basis.

Going Concern

The financial statements are prepared on the going concern basis. The directors believe this is appropriate because there is adequate reserves and working capital to support the operations of the credit union.

Income

Loan interest receivable and similar income:

Interest on both loans to members and loans to banks (ie. Cash and cash equivalents held on deposit with other financial institutions) is recognised using the effective interest rate method, and is calculated and accrued on a daily basis.

Fees and commissions receivable:

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

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

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2021

Tangible Fixed Assets

Fixed assets are shown at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation has been charged on this valuation to write off the value of each asset over its estimated useful life. The following depreciation rates are used:

Freehold property	~ 1% straight line
Computer equipment	~ 25% reducing balance
Furniture and fittings	~ 20% straight line

Cash and Cash Equivalents

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

Loans and Advances to Members

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

Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member. The credit union does not transfer loans to third parties.

Subscribed Capital

Members' shareholdings 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 for the relevant accounting period.

Other employee benefits:

Other 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. The balances of the distributable and non-distributable reserves are detailed in note 19 to the financial statements.

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2021

3 USE OF ESTIMATES AND JUDGEMENTS

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

Impairment losses on loans to members:

The following bad debt provisions were made on loans to members:

- 100% of outstanding net liabilities on loans over 12 months in arrears or where recovery is considered unfeasible;
- 60% of outstanding liabilities on loans 9 to 12 months in arrears;
- 40% of outstanding liabilities on loans 6 to 9 months in arrears;
- 20% of outstanding liabilities on loans 3 to 6 months in arrears.
- 100% of renegotiated loans where repayment period is over 5 years
- 20% of renegotiated loans and loans under recovery action where interest is at 0% where loans are being repaid or less than 3 months in arrears.

4 LOAN INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£	£
Loan interest receivable from members	178,345	199,118
Bank interest receivable on cash and liquid deposits	8,900	9,992
Total loan interest receivable and similar income	187,244	209,110

5 INTEREST EXPENSE

	2021	2020
	£	£
Junior and Child Trust Fund interest	6,284	7,374
Individual Savings Accounts interest	2,341	5,346
Interest paid during the year	8,625	12,720
Dividend rate on subscribed capital	0.00%	0.00%
Interest proposed, but not recognised	-	-

6 FEES AND COMMISSIONS RECEIVABLE

	2021	2020
	£	£
Entrance fees	-	3,246
Housing association fees	95	130
Members' administration fees	9,112	7,384
Total fees and commissions receivable	9,207	10,760

7 EXPENSES

		2021	2020
	Note	£	£
Employment costs	12	132,991	131,545
Establishment costs	8	7,003	7,801
Administrative expenses	9	75,023	51,608
Depreciation and amortisation		5,450	2,879
Regulatory costs	10	13,293	14,474
		233,759	208,307

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2021

8 ESTABLISHMENT COSTS	2021	2020
	£	£
Rent and rates	1,080	4,117
Heat and light	2,144	2,029
Property insurance and maintenance	3,779	1,655
	<u>7,003</u>	<u>7,801</u>

9 ADMINISTRATIVE COSTS	2021	2020
Note	£	£
Advertising and publicity expenses	16,119	8,516
Accountancy and professional fees	3,364	2,932
Printing, stationery, postage and office consumables	5,727	5,779
Telephone	4,991	3,233
Repairs, renewals and computer maintenance	20,396	5,514
Auditors' remuneration	5,172	5,838
General expenses	5,434	2,968
Bank charges and interest	3,714	3,939
Training and conference costs	230	480
Travelling expenses	913	2,781
Legal and court costs	552	(2,056)
Credit agency fees	7,751	6,657
Honoraria	660	720
Sundry expense	-	4,310
	<u>75,023</u>	<u>51,608</u>

10 REGULATORY COSTS	2021	2020
	£	£
Loan protection / life savings insurance	4,579	9,329
Fidelity bond and general insurance	3,734	1,310
ABCUL dues	3,868	3,527
PRA fees	1,076	274
Data Protection Registry	35	35
	<u>13,293</u>	<u>14,474</u>

11 AUDITORS' REMUNERATION	2021	2020
	£	£
Fees payable for audit of accounts	4,764	5,442
Fees payable for other services:		
Preparation of Annual Return	300	294
Services relating to Taxation	108	102
	<u>5,172</u>	<u>5,838</u>

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2021

12 EMPLOYEES AND EMPLOYMENT COSTS

Employee information	2021	2020
	£	£
Wages and salaries	121,339	118,423
Social security costs	3,309	4,487
Payments to defined contribution pension schemes	8,343	8,635
	<u>132,991</u>	<u>131,545</u>

The directors are not remunerated and no employee received emoluments in excess of £60,000.

The average monthly number of persons, employed by the credit union during the year was:

	2021	2020
Management and administration	<u>8</u>	<u>9</u>

13 TAXATION

13a Recognised in the Revenue Account

	2021	2020
	£	£
Corporation Tax @ 19% (2020 - 19%) on bank deposit interest receivable	1,602	1,899
Underprovision in prior year	-	-
	<u>1,602</u>	<u>1,899</u>

13b Reconciliation of Taxation Expense

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

	2021	2020
	£	£
Surplus before taxation	<u>64,730</u>	<u>23,854</u>
(Deficit)/Surplus before taxation multiplied by small profits rate of corporation tax in the UK of 19% (2020: 19%)	12,299	4,532
Non-taxable surplus on transactions with members	<u>(10,697)</u>	<u>(2,633)</u>
Corporation tax charge for the year	<u>1,602</u>	<u>1,899</u>

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2021

14 FIXED ASSETS - TANGIBLE	Freehold Property	Furniture & fittings	Computer equipment	Total
Cost:	£	£	£	£
Opening balance	143,085	8,782	38,147	190,014
Additions	3,156	966	12,768	16,890
Disposals	-	-	(1,870)	(1,870)
Closing balance	<u>146,241</u>	<u>9,748</u>	<u>49,045</u>	<u>205,034</u>
Depreciation:				
Opening balance	1,431	8,260	34,450	44,141
Charge for year	1,433	226	3,791	5,450
On disposals	-	-	(1,514)	(1,514)
Closing balance	<u>2,864</u>	<u>8,486</u>	<u>36,727</u>	<u>48,077</u>
Net Book Value:				
30 September 2021	<u><u>143,377</u></u>	<u><u>1,262</u></u>	<u><u>12,318</u></u>	<u><u>156,957</u></u>
30 September 2020	<u><u>141,654</u></u>	<u><u>522</u></u>	<u><u>3,697</u></u>	<u><u>145,873</u></u>

15 LOANS AND ADVANCES TO MEMBERS

15a Loans and Advances to Members

	2021 £	2020 £
Opening loan balances	1,620,660	1,886,566
Loans advanced in year	<u>953,017</u>	<u>856,346</u>
	2,573,677	2,742,912
Loans repaid in year	(1,038,147)	(1,097,643)
Loans written off during the year (See Note 15c)	<u>(8,517)</u>	<u>(24,609)</u>
	<u><u>1,527,013</u></u>	<u><u>1,620,660</u></u>

15b Credit Risk Disclosures

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

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.

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2021

15b Credit Risk Disclosures

	2021	2020
	£	£
Not impaired:		
Neither past due nor impaired	1,206,452	1,210,270
Up to 3 months past due	-	-
Between 3 and 6 months past due	-	-
Between 6 months and 1 year past due	-	-
Over 1 year past due	-	-
Loans not impaired	1,206,452	1,210,270
Individually impaired:		
Not yet past due, but impaired	-	-
Up to 3 months past due	225,998	118,317
Between 3 and 6 months past due	7,653	32,368
Between 6 months and 1 year past due	46,984	71,455
Over 1 year past due	39,925	188,251
Total loans	1,527,013	1,620,661
Impairment allowance	(318,934)	(286,909)
Total carrying value	1,208,079	1,333,752

15c Impairment losses

	2021	2020
	£	£
As at 1 October 2020	286,909	194,601
Allowance for losses made during the year	40,542	116,917
Allowances reversed during the year	-	-
Increase/(decrease) in allowances during the year	40,542	116,917
Loans written off during the year	(8,517)	(24,609)
As at 30 September 2021	318,934	286,909

16 SUBSCRIBED CAPITAL

	2021	2020
	£	£
Opening balance	3,027,657	2,651,425
Share monies received	3,004,562	3,073,589
Dividends added to members' accounts	-	-
	6,032,219	5,725,014
Less: Share monies repaid	(3,089,523)	(2,697,357)
Closing balance	2,942,696	3,027,657

Members' shares include 48 corporate members with balances totalling £125,375 (2020 - 45 totalling £125,106).

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2021

17 JUNIOR SAVERS	2021	2020
	£	£
Opening balance	410,812	381,657
Share monies received	57,548	60,719
	<u>468,360</u>	<u>442,376</u>
Less: Share monies repaid	(61,860)	(31,564)
Closing balance	<u>406,500</u>	<u>410,812</u>

Junior Savers include Child Trust Fund accounts totalling £138,049 (2020: £248,716)

18 OTHER PAYABLES	2021	2020
	£	£
Trade creditors and accruals	22,527	14,104
Government grant & other grants	19,207	22,206
Taxes and Social Security	1,602	1,898
	<u>43,336</u>	<u>38,208</u>

19 RETAINED EARNINGS	2021				2020	
	Revenue Reserve	Business Loan Reserve	Benevolent fund	General Reserve	Total	Total
	£	£	£	£	£	£
Balance at 1 October 2020	112,933	12,645	3,325	82,717	211,620	189,664
(Deficit)/Surplus for the year after taxation	67,123	-	(4,351)	-	62,772	21,956
	<u>180,056</u>	<u>12,645</u>	<u>(1,026)</u>	<u>82,717</u>	<u>274,392</u>	<u>211,620</u>
Dividends paid during year	-	-	-	-	-	-
Transfers between reserves	(13,425)	-	7,000	13,425	7,000	-
Balance at 30 September 2021	<u>166,632</u>	<u>12,645</u>	<u>5,974</u>	<u>96,142</u>	<u>281,392</u>	<u>211,620</u>

The Revenue Reserve, Project Reserves and Benevolent fund are distributable. The General Reserve is not distributable.

20 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

20a Financial Risk Management

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

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

Credit risk:

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss to Gateway Credit Union Limited. In order to manage this risk, the Board approves 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.

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2021

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 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 or other price risk.

Interest rate risk:

The main interest rate risk for the credit union arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a credit union's operations. Gateway Credit Union Limited 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.

20b Interest Rate Risk Disclosures

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

	2021		2020	
	Amount	Average interest rate	Amount	Average interest rate
	£	%	£	%
Financial assets				
Loans to members	<u>1,527,013</u>	14.03	<u>1,620,660</u>	13.16
Financial liabilities				
Subscribed capital	<u>2,942,696</u>	0.00	<u>3,027,657</u>	0.00

The interest rates applicable on loans to members are fixed and range from 3.7% APR to 42.6% APR.

The interest payable on subscribed capital is determined on the basis of income less administrative expenses and a consistent margin is maintained between interest receivable and interest payable. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

20c Liquidity Risk Disclosures

Excluding short-term other payables, as noted in the Balance Sheet, the credit union's financial liabilities, the subscribed capital, are repayable on demand.

20d Fair Value of Financial Instruments

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

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2021

21 CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Loans and advances to banks	2,417,738	2,221,036
Cash in hand	1,072	1,094
Less: Amounts maturing after three months	<u>(809,804)</u>	<u>(556,751)</u>
	<u>1,609,006</u>	<u>1,665,379</u>

22 CONTINGENT LIABILITIES

Gateway Credit Union Limited participates in the Financial Services Compensation Scheme (FSCS) and therefore has a contingent liability which cannot be quantified, in respect of contributions to the FSCS, as required by the Financial Services and Markets Act 2000.

23 POST BALANCE SHEET EVENTS

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

24 RELATED PARTY TRANSACTIONS

During the year, 3 member of the Board and staff had loans with Gateway Credit Union Limited. These loans were approved on the same basis as loans to other members of the credit union. None of the directors, staff or their close family members, have any preferential terms on their loans.