

**GATEWAY
CREDIT UNION LIMITED**

**FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2023**

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

GATEWAY CREDIT UNION LIMITED

INFORMATION PAGE

YEAR ENDED 30 SEPTEMBER 2023

DIRECTORS

B Phippen
P Phippen *Resigned Feb 2023*
D Williams
M Jones
R Senior
P Jenkins
A Blackmore
S Brooks
S Burch *Appointed May 2023*

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 2023

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GATEWAY CREDIT UNION LIMITED

DIRECTORS' REPORT YEAR ENDED 30 SEPTEMBER 2023

The board of directors presents its report together with the financial statements for the year ended 30 September 2023.

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 (2022 - 0.25%). This proposal will be put to the members of the credit union at the Annual General Meeting.

AUDITORS

The board of directors propose for seek tenders for the 2024 audit. A resolution to appoint, based on tenders received, 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 2023**

Opinion

We have audited the financial statements of Gateway Credit Union Limited for the year ended 30 September 2023 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 2023 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 2023**

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 2023**

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 2023

		2023	2022
	Note	£	£
Loan interest receivable and similar income	4	275,261	225,728
Interest payable	5	(7,994)	(10,679)
Net interest income		267,267	215,049
Fees and commissions receivable	6	10,858	9,695
Fees and commissions payable		-	
Net fees and commissions receivable		10,858	9,695
Grant income		37,101	93,448
Other income		3,050	171,136
Employment costs	7	(174,558)	(135,756)
Establishment costs	8	(8,693)	(7,414)
Administrative expenses	9	(98,242)	(122,700)
Regulatory costs	10	(14,095)	(14,534)
Depreciation and amortisation		(11,846)	(4,909)
Impairment losses on loans to members		(70,638)	(32,949)
(DEFICIT)/SURPLUS FOR THE YEAR BEFORE TAXATION		(59,796)	171,066
Taxation	13	(9,442)	(3,638)
(DEFICIT)/SURPLUS FOR THE YEAR		(69,238)	167,428
Loss on disposal of fixed asset		-	
TOTAL COMPREHENSIVE INCOME		(69,238)	167,428

STATEMENT OF CHANGES IN RETAINED EARNINGS

		2023	2022
		£	£
As at 1 October 2022		441,820	274,392
Total comprehensive income for the year		(69,238)	167,428
Dividends paid/movement		(3,674)	-
As at 30 September 2023	19	368,908	441,820

GATEWAY CREDIT UNION LIMITED

BALANCE SHEET 30 SEPTEMBER 2023

		2023	2022
	Note	£	£
ASSETS			
Loans and advances to banks		2,773,086	2,785,711
Cash in hand		1,077	1,071
		<u>2,774,163</u>	<u>2,786,782</u>
Loans and advances to members	15	925,224	1,048,821
Tangible fixed assets	14	151,996	152,047
Other receivables		7,368	7,091
Prepayments and accrued income		64,539	29,363
		<u>3,923,290</u>	<u>4,024,103</u>
LIABILITIES			
Subscribed capital - repayable on demand	16	2,921,905	2,968,860
Junior savers	17	365,854	398,404
Subordinated loan		150,000	150,000
Other payables	18	116,623	65,019
		<u>3,554,382</u>	<u>3,582,283</u>
Retained earnings	19	368,908	441,820
		<u>-</u>	<u>441,820</u>
		<u>3,923,290</u>	<u>4,024,103</u>

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 2023**

	2023	2022
	£	£
OPERATING ACTIVITIES		
(Deficit) / Surplus before taxation	(59,796)	171,066
Adjustments for non-cash items:		
Depreciation	11,846	4,909
Impairment losses	70,974	32,983
	<hr/>	<hr/>
	23,025	208,958
Movements in:		
Accrued interest	(35,176)	(3,362)
Other receivables	(277)	(14)
Other payables	51,604	21,683
	<hr/>	<hr/>
	16,151	18,308
CASH FLOWS FROM CHANGES IN OPERATING ASSETS AND LIABILITIES		
Cash inflow from subscribed capital	4,139,448	3,656,375
Cash outflow from repaid capital	(4,186,403)	(3,630,211)
Cash inflow from junior shares	69,375	20,740
Cash outflow from junior shares	(101,925)	(28,836)
Cash inflow from Sub-ordinated loan	-	
New loans to members	(1,190,633)	(1,020,392)
Repayment of loans by members	1,243,250	1,146,667
	<hr/>	<hr/>
	(26,888)	144,343
Dividend paid	(3,674)	-
Corporation Tax paid	(9,442)	(3,638)
	<hr/>	<hr/>
NET CASH FLOWS FROM OPERATING ACTIVITES	(40,003)	140,706
INVESTING ACTIVITIES		
Purchase of fixed assets	(11,793)	
	<hr/>	<hr/>
	(11,793)	-
Net decrease in cash and cash equivalents	(12,620)	367,973
Cash and cash equivalents at beginning of year	2,786,782	2,418,809
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,774,163	2,786,782
	<hr/> <hr/>	<hr/> <hr/>

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2023

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

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.

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 2023

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% straight line
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.

Subordinated loans

The company initially recognises subordinated liabilities when the company becomes a party to the contractual provisions of the instrument.

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 2023

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;
- 80% of outstanding liabilities on loans 9 to 12 months in arrears;
- 60% of outstanding liabilities on loans 6 to 9 months in arrears;
- 35% of outstanding liabilities on loans 3 to 6 months in arrears.
- 100% of renegotiated loans where repayment period is over 5 years

4 LOAN INTEREST RECEIVABLE AND SIMILAR INCOME

	2023	2022
	£	£
Loan interest receivable from members	231,341	207,042
Bank interest receivable on cash and liquid deposits	43,920	18,686
Total loan interest receivable and similar income	275,261	225,728

5 INTEREST EXPENSE

	2023	2022
	£	£
Junior and Child Trust Fund interest	7,994	10,679
Individual Savings Accounts interest	-	-
Interest paid during the year	7,994	10,679
Dividend rate on subscribed capital	0.25%	0.25%
Interest proposed, but not recognised	7,305	7,422

6 FEES AND COMMISSIONS RECEIVABLE

	2023	2022
	£	£
Entrance fees	-	-
Housing association fees	65	60
Members' administration fees	10,793	9,635
Total fees and commissions receivable	10,858	9,695

7 EXPENSES

		2023	2022
	Note	£	£
Employment costs	12	174,558	135,756
Establishment costs	8	8,693	7,414
Administrative expenses	9	98,242	122,700
Depreciation and amortisation		11,846	4,909
Regulatory costs	10	14,095	14,534
		307,434	285,313

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2023

8 ESTABLISHMENT COSTS		2023	2022
		£	£
Rent and rates		2,680	1,395
Heat and light		4,534	3,764
Property insurance and maintenance		1,479	2,255
		8,693	7,414

9 ADMINISTRATIVE COSTS		2023	2022
	Note	£	£
Advertising and publicity expenses		9,826	13,557
Accountancy and professional fees		4,716	8,039
Printing, stationery, postage and office consumables		6,651	5,499
Telephone		5,294	5,621
Repairs, renewals and computer maintenance		26,740	63,681
Auditors' remuneration	11	6,495	7,109
General expenses		7,461	5,656
Bank charges and interest		3,562	3,317
Training and conference costs		1,185	240
Travelling expenses		1,989	2,673
Legal and court costs		4,466	2,659
Credit agency fees		19,257	3,988
Honoraria		600	660
Sundry expense		-	-
		98,242	122,700

10 REGULATORY COSTS		2023	2022
		£	£
Loan protection / life savings insurance		5,734	5,361
Fidelity bond and general insurance		2,688	2,464
ABCUL dues		4,191	5,078
PRA fees		1,482	1,630
Data Protection Registry		-	-
		14,095	14,534

11 AUDITORS' REMUNERATION		2023	2022
		£	£
Fees payable for audit of accounts		6,049	6,663
Fees payable for other services:			
Preparation of Annual Return		330	330
Services relating to Taxation		116	116
		6,495	7,109

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2023

12 EMPLOYEES AND EMPLOYMENT COSTS

Employee information	2023	2022
	£	£
Wages and salaries	174,558	135,756
	<u>174,558</u>	<u>135,756</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:

	2023	2022
Management and administration	<u>10</u>	<u>8</u>

13 TAXATION

13a Recognised in the Revenue Account

	2023	2022
	£	£
Corporation Tax @ 19% (2022 - 19%) on bank deposit interest receivable	9,442	3,638
Underprovision in prior year	-	-
	<u>9,442</u>	<u>3,638</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:

	2023	2022
	£	£
Surplus before taxation	<u>(59,796)</u>	<u>171,066</u>
(Deficit)/Surplus before taxation multiplied by small profits rate of corporation tax in the UK of 19% (2022: 19%)	(11,361)	32,502
Non-taxable surplus on transactions with members	20,803	(28,864)
Corporation tax charge for the year	<u>9,442</u>	<u>3,638</u>

GATEWAY CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2023

14 FIXED ASSETS - TANGIBLE	Freehold Property	Furniture & fittings	Computer equipment	Total
Cost:	£	£	£	£
Opening balance	146,240	9,748	49,045	205,033
Additions	-	-	11,793	11,793
Disposals	-	-	-	-
Closing balance	<u>146,240</u>	<u>9,748</u>	<u>60,838</u>	<u>216,826</u>
Depreciation:				
Opening balance	4,327	8,853	39,806	52,986
Charge for year	1,462	367	10,015	11,844
On disposals	-	-	-	-
Closing balance	<u>5,789</u>	<u>9,220</u>	<u>49,821</u>	<u>64,830</u>
Net Book Value:				
30 September 2023	<u><u>140,451</u></u>	<u><u>528</u></u>	<u><u>11,017</u></u>	<u><u>151,996</u></u>
30 September 2022	<u><u>141,913</u></u>	<u><u>895</u></u>	<u><u>9,239</u></u>	<u><u>152,047</u></u>

15 LOANS AND ADVANCES TO MEMBERS

15a Loans and Advances to Members

	2023 £	2022 £
Opening loan balances	1,392,347	1,527,013
Loans advanced in year	<u>1,190,633</u>	<u>1,020,392</u>
	2,582,980	2,547,405
Loans repaid in year	(1,243,250)	(1,146,667)
Loans written off during the year (See Note 15c)	<u>(16,002)</u>	<u>(8,391)</u>
	<u><u>1,323,728</u></u>	<u><u>1,392,347</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 2023

15b Credit Risk Disclosures

	2023	2022
	£	£
Not impaired:		
Neither past due nor impaired	850,021	894,897
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	<u>850,021</u>	<u>894,897</u>
Individually impaired:		
Not yet past due, but impaired	-	-
Up to 3 months past due	81,155	157,831
Between 3 and 6 months past due	40,122	20,094
Between 6 months and 1 year past due	76,978	36,630
Over 1 year past due	<u>275,452</u>	<u>283,237</u>
Total loans	<u>1,323,728</u>	<u>1,392,689</u>
Impairment allowance	(398,504)	(343,868)
Total carrying value	<u><u>925,224</u></u>	<u><u>1,048,821</u></u>

15c Impairment losses

	2023	2022
	£	£
As at 1 October 2022	343,868	318,934
Allowance for losses made during the year	70,638	32,949
Allowances reversed during the year	-	-
Increase/(decrease) in allowances during the year	<u>70,638</u>	<u>32,949</u>
Loans written off during the year	<u>(16,002)</u>	<u>(8,015)</u>
As at 30 September 2023	<u><u>398,504</u></u>	<u><u>343,868</u></u>

16 SUBSCRIBED CAPITAL

	2023	2022
	£	£
Opening balance	2,968,860	2,942,696
Share monies received	4,135,774	3,656,375
Dividends added to members' accounts	<u>3,674</u>	<u>-</u>
	7,108,308	6,599,071
Less: Share monies repaid	<u>(4,186,403)</u>	<u>(3,630,211)</u>
Closing balance	<u><u>2,921,905</u></u>	<u><u>2,968,860</u></u>

Members' shares include 54 corporate members with balances totalling £149,193 (2022 - 56 totalling £131,396).

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17 JUNIOR SAVERS	2023	2022
	£	£
Opening balance	398,404	406,500
Share monies received	69,375	20,740
	<u>467,779</u>	<u>427,240</u>
Less: Share monies repaid	(101,925)	(28,836)
Closing balance	<u>365,854</u>	<u>398,404</u>

Junior Savers include Child Trust Fund accounts totalling £132,635 (2022: £132,635)

18 OTHER PAYABLES	2023	2022
	£	£
Trade creditors and accruals	24,228	18,732
Government grant & other grants	82,954	42,738
Taxes and Social Security	9,441	3,549
	<u>116,623</u>	<u>65,019</u>

19 RETAINED EARNINGS	2023				2022	
	Revenue Reserve	Business Loan Reserve	Benevolent fund	General Reserve	Total	Total
	£	£	£	£	£	£
Balance at 1 October 2022	290,875	12,645	3,592	134,708	441,820	274,392
(Deficit)/Surplus for the year after taxation	(69,238)	-	-	-	(69,238)	167,428
	<u>221,637</u>	<u>12,645</u>	<u>3,592</u>	<u>134,708</u>	<u>372,582</u>	<u>441,820</u>
Dividends paid during year	(3,674)	-	-	-	(3,674)	-
Transfers between reserves	-	-	-	-	-	-
Balance at 30 September 2023	<u>217,963</u>	<u>12,645</u>	<u>3,592</u>	<u>134,708</u>	<u>368,908</u>	<u>441,820</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.

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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.

	2023		2022	
	Amount	Average interest rate	Amount	Average interest rate
	£	%	£	%
Financial assets				
Loans to members	<u>1,323,728</u>	23.44	<u>1,392,347</u>	18.35
Financial liabilities				
Subscribed capital	<u>2,921,905</u>	0.25	<u>2,968,860</u>	0.25

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 2023

21 CASH AND CASH EQUIVALENTS

	2023	2022
	£	£
Loans and advances to banks	2,773,086	2,785,711
Cash in hand	1,077	1,071
Less: Amounts maturing after three months	<u>(1,650,074)</u>	<u>(1,063,650)</u>
	<u><u>1,124,089</u></u>	<u><u>1,723,132</u></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, no members of the Board had loans with Gateway Credit Union Limited. 2 members of staff withdrew loans during the year, 1 member of staff has an outstanding loan 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.