



**Alexander Sloan**

Accountants and Business Advisers

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**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Registration No. 213810

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**CREDIT UNION INFORMATION**

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**FCA number** 213810

**Registered Society number** 730C

**Directors**

Adele Atkinson	
Michael Brown	
Patricia Butler	
Philip Fee	
Gordon Thomas	(Appointed 20 April 2020)
Leah Taylor	(Appointed 15 June 2020)
Malcolm Wright	(Appointed 1 October 2019)
Keith Hutchinson	(Appointed 1 October 2019)

**Secretary** Adele Atkinson

**Registered office** 38 Cornmarket  
Derby  
Derbyshire  
DE1 2DG

**Auditor** Alexander Sloan  
180 St Vincent Street  
Glasgow  
G2 5SG

# EREWASH CREDIT UNION LIMITED TRADING AS DERBYSHIRE COMMUNITY BANK CONTENTS

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	<b>Page</b>
Directors' report	1 - 2
Independent auditor's report	3 - 4
Revenue account	5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 27

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# **EREWASH CREDIT UNION LIMITED**

## **TRADING AS DERBYSHIRE COMMUNITY BANK**

### **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 30 SEPTEMBER 2020***

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The Directors present their annual report and financial statements for the year ended 30 September 2020.

#### **Principal activity**

The principal activity of the Credit Union continued to be that defined in the Credit Union Act 1979. The Credit Union's common bond covers anyone living or working in Derbyshire, or living with and being a relative of someone living or working in Derbyshire.

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

#### **Results and dividends**

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

#### **Directors**

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

Adele Atkinson	
Michael Brown	
Patricia Butler	
Bev Crighton	(Resigned 20 January 2020)
Philip Fee	
Jonathon Smale	(Resigned 16 October 2019)
Gordon Thomas	(Appointed 20 April 2020)
Leah Taylor	(Appointed 15 June 2020)
Malcolm Wright	(Appointed 1 October 2019)
Keith Hutchinson	(Appointed 1 October 2019)

#### **Compliance statement**

Under the Prudential Regulation Authority rulebook the Board of Directors must report to the members at the Annual General Meeting on certain areas of compliance within the Credit Union. The Credit Union is therefore pleased to report that during the year the Credit Union has been in compliance with:

Depositor Protection Rules 11, 12, 14 and the requirements of rule 15 that relate to rule 11;

PRA Credit Union Rule 2.10 (fidelity bond insurance requirements); and

The requirements of compliance under the PRA "additional activities".

#### **Principal risks and uncertainties**

The main financial risks of the Credit Union are set out in the notes to the financial statements.

**EREWASH CREDIT UNION LIMITED  
TRADING AS DERBYSHIRE COMMUNITY BANK  
DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**Statement of Directors responsibilities**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Legislation requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the credit union and of the surplus or deficit of the credit union for that 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 Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014. Directors 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.

**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.

**Auditor**

A resolution for the re-appointment of Alexander Sloan as auditors of the Credit Union is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

*Mick Brown*

.....

Michael Brown

**Director** 16/2/2021

Date: .....

# **EREWASH CREDIT UNION LIMITED**

## **TRADING AS DERBYSHIRE COMMUNITY BANK**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF EREWASH CREDIT UNION LIMITED**

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#### **Opinion**

We have audited the financial statements of Erewash Credit Union Limited (the 'Credit Union') for the year ended 30 September 2020 which comprise the revenue account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30 September 2020 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 Credit Union Act 1979 and 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**

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

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

**EREWASH CREDIT UNION LIMITED  
TRADING AS DERBYSHIRE COMMUNITY BANK  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF EREWASH CREDIT UNION LIMITED**

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**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 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the Credit Union in accordance with the requirements of the legislation; or
- a satisfactory system of control over transactions has not been kept by the Credit Union in accordance with the requirements of the legislation; or
- the Revenue Account and Balance Sheet are not in agreement with the books of account of the Credit Union; 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, 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.

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

This report is made solely to the Credit Union's members, as a body, in accordance with 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.

*Alexander Sloan*

**Alexander Sloan  
Accountants and Business Advisers  
Statutory Auditor**

16/2/2021

180 St Vincent Street  
Glasgow  
G2 5SG

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**REVENUE ACCOUNT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Notes	2020 £	2019 £
Loan interest receivable and similar income	3	400,863	352,397
Interest payable and similar charges	4	(9,040)	(4,632)
Net interest receivable		<u>391,823</u>	<u>347,765</u>
Fees and commissions receivable	5	1,698	1,613
Fees and commissions payable	6	(4,053)	(5,361)
Net fees and commissions		<u>(2,355)</u>	<u>(3,748)</u>
Other operating income	7	41,926	15,800
Administrative expenses	8	(207,038)	(185,911)
Depreciation and amortisation		(9,440)	(14,439)
Other operating expenses	9	(52,840)	(55,891)
Impairment on loans for bad and doubtful debts	15	(121,832)	(103,391)
Release of negative goodwill		29,873	-
<b>Surplus before taxation</b>		<u>70,117</u>	<u>185</u>
Corporation tax	12	(557)	(421)
<b>Surplus/(deficit) for the year</b>		<u><u>69,560</u></u>	<u><u>(236)</u></u>

The Revenue Account has been prepared on the basis that all operations are continuing operations.

The notes on pages 10 to 27 form an integral part of these financial statements.



**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Surplus/(deficit) for the year</b>	69,560	(236)
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>69,560</u>	<u>(236)</u>

The notes on pages 10 to 27 form an integral part of these financial statements.

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**BALANCE SHEET**

**AS AT 30 SEPTEMBER 2020**

	Notes	2020 £	2019 £
<b>Assets</b>			
Cash and balances at central banks	13	9,545	16,432
Loans and advances to banks	13	802,276	499,580
Loans and advances to customers	14	1,156,340	1,184,362
Intangible assets	16	(3,667)	-
Tangible assets	17	6,567	12,175
Other receivables	18	2,157	2,779
<b>Total assets</b>		<b>1,973,218</b>	<b>1,715,328</b>
<b>Liabilities and reserves</b>			
Customer accounts	19	1,624,251	1,431,820
Other liabilities	20	15,148	8,032
Accruals and deferred income	22	17,569	29,023
Provisions for liabilities	24	3,292	3,055
		1,660,260	1,471,930
General reserve		312,958	243,398
Total reserves		312,958	243,398
<b>Total liabilities and reserves</b>		<b>1,973,218</b>	<b>1,715,328</b>

16/2/2021

The financial statements were approved by the Board of Directors and authorised for issue on .....  
and are signed on its behalf by:

*Mick Brown*

.....

Michael Brown

**Director**

*Pat Butler*

.....

Patricia Butler

**Director**

*Adele Atkinson*

.....

Adele Atkinson

**Secretary**

The notes on pages 10 to 27 form an integral part of these financial statements.

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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	<b>General Reserve £</b>
<b>Balance at 1 October 2018</b>	243,634
Year ended 30 September 2019:	
Deficit and total comprehensive income for the year	(236)
Other movements	-
	<hr/>
<b>Balance at 30 September 2019</b>	<b>243,398</b>
Year ended 30 September 2020:	
Surplus and total comprehensive income for the year	69,560
	<hr/>
<b>Balance at 30 September 2020</b>	<b>312,958</b>
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The notes on pages 10 to 27 form an integral part of these financial statements.

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Notes	£	2020 £	£	2019 £
<b>Cash flows from operating activities</b>					
Surplus for the period			69,560		(236)
Depreciation and amortisation	10	9,440		14,439	
Corporation tax expenses	12	557		421	
Provision movement	15	133,933		103,391	
Interest income on loans	3	(399,280)		(348,833)	
Distribution on members shares	4	9,040		4,632	
			(246,310)		(225,950)
<b>Working capital adjustments</b>					
Change in other receivables and prepayments		3,454		(2,431)	
Change in other liabilities		7,550		(2,733)	
Change in provisions		237		1,055	
Change in deferred income		(11,454)		(15,419)	
			(213)		(19,528)
<b>Cash flows from changes in operating assets and liabilities</b>					
Loan repayments less loans advanced	14	293,369		180,505	
Customer balance cash movement		183,391		(245,303)	
			476,760		(64,798)
Corporation tax paid			(991)		-
<b>Net cash flow from operating activities</b>			298,806		(310,512)
<b>Investing activities</b>					
Purchase of business		206,658		-	
Purchase of intangible assets	16	33,540		-	
Purchase of tangible fixed assets	17	(3,831)		(2,418)	
<b>Net cash generated from/(used in) investing activities</b>			236,367		(2,418)
<b>Net increase/(decrease) in cash and cash equivalents</b>			535,173		(312,930)
Cash and cash equivalents at beginning of year			516,012		828,942
<b>Cash and cash equivalents at end of year</b>			<b>811,821</b>		<b>516,012</b>

The notes on pages 10 to 27 form an integral part of these financial statements.

# **EREWASH CREDIT UNION LIMITED**

## **TRADING AS DERBYSHIRE COMMUNITY BANK**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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#### **1 Accounting policies**

##### **Background information**

Erewash Credit Union Limited is registered in the UK as a society 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 Union Act 1979. 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 functional currency of the credit union. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### **1.2 Going concern**

The Credit Union has considered the potential impact Covid-19 may have on the Credit Union's financial reserves. While it is unknown how long the pandemic will last or the extent of the impact on the economy, at the time of approving the financial statements, the Directors have a reasonable expectation that the credit union has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **1.3 Income**

Fees and charges receivable 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 complete.

Interest receivable on loans to members and bank interest are recognised using the effective interest rate basis and are calculated and accrued on a daily basis.

##### **1.4 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of another credit union over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

##### **1.5 Tangible fixed assets**

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

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**1 Accounting policies**

**(Continued)**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Furniture	10 years straight line
Computer equipment	3 years straight line
Electronic and electrical equipment	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**1.6 Cash at bank and in hand**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of less than 8 days.

**1.7 Financial instruments**

The credit union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the credit union's balance sheet when the credit union becomes party to the contractual provisions of the instrument.

***Basic financial assets***

Basic financial assets, which include loans to members and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

***Impairment of financial assets***

The credit union assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the expected cash flows.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the credit union transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

***Classification of financial liabilities***

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

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**1 Accounting policies**

**(Continued)**

***Basic financial liabilities***

Basic financial liabilities, including members deposits are classified as debt and are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the credit union's contractual obligations expire or are discharged or cancelled.

**1.8 Taxation**

The tax expense for the period comprises current tax. Tax is recognised in the revenue account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

***Current tax***

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from the surplus as reported in the revenue account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The credit union's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**1.9 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

**1.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the credit union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

**1.12 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**1 Accounting policies** **(Continued)**

**1.13 Government grants**

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. Revenue grants are recognised as income over the periods when the related costs are incurred. Capital grants are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

**2 Judgements and key sources of estimation uncertainty**

In the application of the credit union's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

***Loan Impairment***

The credit union assesses, at each reporting date, if there is objective evidence that any of its loans to customers are impaired. The loans are assessed collectively in groups that share similar credit-risk characteristics. 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.

***LP/LS Insurance***

The Credit Union makes provision for future death benefit claims. The Credit Union has made an estimate of the provision. The actual amounts required to be paid will depend on the life of members and their balances with the Credit Union.

**3 Interest receivable and similar income**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest income on loans	399,280	348,833
Interest income on bank deposits	1,583	3,564
	400,863	352,397
	400,863	352,397



**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**4 Interest payable and similar charges**

As shares are classed as a liability the dividend on these shares is classed as interest for accounting purposes under FRS 102:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Interest and similar charges paid during the period</b>		
Dividend on dividend bearing shares	5,200	-
Interest paid on interest bearing shares	3,840	4,632
	<u>9,040</u>	<u>4,632</u>
	<u><u>9,040</u></u>	<u><u>4,632</u></u>

The distributions on member's shares represents distributions paid in the year which were approved at the last Annual General Meeting. The distribution rates approved at the previous AGM were:

	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
<b>Distribution rates paid during year</b>		
Ordinary member dividend	0.50	-
Juvenile shares dividend	0.75	1.00
Return on Child Trust Fund shares	2.00	2.00
Return on Junior ISA shares	2.00	2.00
	<u>2.00</u>	<u>2.00</u>
	<u><u>2.00</u></u>	<u><u>2.00</u></u>

At the forthcoming Annual General Meeting the Directors will propose the following dividends based on the results for the current year. If approved these dividends will be included as a cost in next year's financial statements once they have been paid.

	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
<b>Dividend rates to be proposed at the Annual General Meeting</b>		
Ordinary member dividend	-	0.50
Juvenile shares dividend	-	0.50
	<u>-</u>	<u>0.50</u>
	<u><u>-</u></u>	<u><u>0.50</u></u>

**5 Fees and commissions receivable**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Entrance fees	223	432
Service charges	1,475	1,181
	<u>1,698</u>	<u>1,613</u>
	<u><u>1,698</u></u>	<u><u>1,613</u></u>

**6 Fees and commissions payable**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank charges	4,053	5,361
	<u>4,053</u>	<u>5,361</u>
	<u><u>4,053</u></u>	<u><u>5,361</u></u>

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**7 Other operating income**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other income	528	220
Grant income	41,398	15,580
	<u>41,926</u>	<u>15,800</u>
	<u><u>41,926</u></u>	<u><u>15,800</u></u>

**8 Administrative expenses**

	<b>Notes</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
Staff costs	<b>11</b>	129,214	124,236
External auditor's remuneration		11,066	7,757
Member communication and advertising		12,861	13,235
Legal, professional and credit control costs		6,581	8,648
Computer and software expenses		26,167	23,592
Travel costs		3,837	-
General administration costs		17,312	8,443
		<u>207,038</u>	<u>185,911</u>
		<u><u>207,038</u></u>	<u><u>185,911</u></u>

**9 Other operating expenses**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Regulatory costs	3,740	7,003
Costs of occupying offices	49,100	48,888
	<u>52,840</u>	<u>55,891</u>
	<u><u>52,840</u></u>	<u><u>55,891</u></u>

**10 Operating surplus**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Operating surplus for the year is stated after charging:		
Fees payable to the credit union's external auditor for the audit of the financial statements	11,066	7,757
Depreciation of owned tangible fixed assets	9,440	14,439
Operating lease charges	32,000	31,833
	<u>52,506</u>	<u>53,929</u>
	<u><u>52,506</u></u>	<u><u>53,929</u></u>

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**11 Employees**

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

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Administration and support staff	7	7
	<u>7</u>	<u>7</u>

Their aggregate remuneration comprised:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	118,732	113,735
Social security costs	4,750	4,379
Pension costs	5,732	6,122
	<u>129,214</u>	<u>124,236</u>

**12 Corporation tax**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on taxable surplus for the current period	301	421
Adjustments in respect of prior periods	256	-
	<u>557</u>	<u>421</u>
Total current tax	<u>557</u>	<u>421</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the surplus or deficit and the standard rate of tax as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Surplus before taxation	70,117	185
	<u>70,117</u>	<u>185</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	13,322	35
Tax effect of income/expenditure not taxable in determining taxable surplus	(7,305)	386
Adjustments in respect of prior years	256	-
	<u>6,273</u>	<u>421</u>
Taxation charge for the year	<u>6,273</u>	<u>421</u>
Taxation charge in the financial statements	<u>557</u>	<u>421</u>

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**13 Loans and advances to banks**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash held at banks	802,276	499,580
Loans and advances to banks	802,276	499,580
Cash in hand	9,545	16,432
<b>Total cash and bank balances</b>	<b>811,821</b>	<b>516,012</b>
<b>Loans split by repayment period</b>		
Cash and cash equivalents	811,821	516,012
	811,821	516,012

**14 Loans and advances to customers**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Loan movement</b>		
Opening balances	1,633,338	1,485,566
Interest on loans	399,280	348,833
Loans advanced during the period	1,139,213	1,277,036
Loans repaid during the period	(1,432,582)	(1,457,541)
Loans derecognised	(22,227)	(20,556)
	1,717,022	1,633,338
Loan impairment provisions	(560,682)	(448,976)
	1,156,340	1,184,362
<b>Loans split by repayment period</b>		
Capital repayments due within 1 year	886,695	859,177
Capital repayments due after 1 year	830,327	774,161
Loan impairment provisions	(560,682)	(448,976)
	1,156,340	1,184,362
<b>Loans split by type</b>		
Loans to members	1,717,022	1,633,338
Loan impairment provisions	(560,682)	(448,976)
	1,156,340	1,184,362

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**15 Loan impairment**

	<b>Write off Provision £</b>	<b>Arrears Provision £</b>	<b>Total Provisions £</b>
<b>Loan impairment provision</b>			
Opening balances	335,034	113,942	448,976
Provision movement	81,855	29,851	111,706
	<u>          </u>	<u>          </u>	<u>          </u>
Closing balances	416,889	143,793	560,682
	<u>          </u>	<u>          </u>	<u>          </u>

Under Financial Reporting Standard 102 (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. Loans written off by the Board that do not meet the criteria in FRS 102 for being derecognised are not written off in these financial statements. The loans the credit union feel should be written off but which do not meet the criteria in FRS 102 for being derecognised are fully provided in the write off provision which is shown above. As a result there is no net effect on the surplus or net assets of the credit union from this requirement of FRS 102.

	<b>Notes</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Impairment revenue account charge</b>			
Impairment provision movement		111,706	82,835
Bad debts derecognised	<b>14</b>	10,126	20,556
		<u>          </u>	<u>          </u>
		121,832	103,391
		<u>          </u>	<u>          </u>

**16 Intangible fixed assets**

	<b>Negative goodwill £</b>
<b>Cost</b>	
At 1 October 2019	-
Additions - separately acquired	(33,540)
	<u>          </u>
At 30 September 2020	(33,540)
	<u>          </u>
<b>Amortisation and impairment</b>	
At 1 October 2019	-
Amortisation charged for the year	(29,873)
	<u>          </u>
At 30 September 2020	(29,873)
	<u>          </u>
<b>Carrying amount</b>	
At 30 September 2020	(3,667)
	<u>          </u>
At 30 September 2019	-
	<u>          </u>

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**17 Tangible fixed assets**

	Furniture, fittings and equipment £	Electronic and electrical equipment £	Total £
<b>Cost</b>			
At 1 October 2019	39,301	8,587	47,888
Additions	3,832	-	3,832
At 30 September 2020	<u>43,133</u>	<u>8,587</u>	<u>51,720</u>
<b>Depreciation and impairment</b>			
At 1 October 2019	31,133	4,580	35,713
Depreciation charged in the year	7,723	1,717	9,440
At 30 September 2020	<u>38,856</u>	<u>6,297</u>	<u>45,153</u>
<b>Carrying amount</b>			
At 30 September 2020	<u>4,277</u>	<u>2,290</u>	<u>6,567</u>
At 30 September 2019	<u>8,168</u>	<u>4,007</u>	<u>12,175</u>

**18 Other receivables**

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Other debtors	<u>2,157</u>	<u>2,779</u>

**19 Customer accounts**

	2020 £	2019 £
<b>Deposit movement</b>		
Opening balances	1,431,820	1,672,491
Deposited during the period	2,817,151	3,033,081
Withdrawn during the period	(2,624,720)	(3,273,752)
	<u>1,624,251</u>	<u>1,431,820</u>
<b>Deposits split by type</b>		
Standard dividend bearing member shares	1,071,638	838,870
Standard interest bearing member shares	372,303	426,327
Corporate dividend bearing shares	121,363	124,516
	<u>1,565,304</u>	<u>1,389,713</u>
Juvenile member deposits	58,947	42,107
	<u>1,624,251</u>	<u>1,431,820</u>

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**20 Other liabilities**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Corporation tax	301	735
Other creditors	6,904	-
Accruals and deferred income	7,943	7,297
	<u>15,148</u>	<u>8,032</u>

**21 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 (including dividends paid).

The main financial risks arising from the activities of the credit union are credit risk, liquidity risk and market 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 repayment to the credit union, resulting in financial loss to the credit union. In order to manage this risk the Board approves the 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 the likelihood of repayment has changed. The credit union also monitors its banking arrangements for credit risk.

***Liquidity risk***

The policy of the credit union is to maintain sufficient funds in liquid form at time to ensure that it can meet its liabilities as they fall due and meet the liquidity ratios set by the regulators. The objective of the policy is to provide a degree of protection against any unexpected developments that may arise

***Market risk***

Market risk generally comprises of interest rate risk, currency risk and other price risk. The main risks impacting the credit union are set out below:

**Interest rate risk:** The main interest rate risk for the credit union arises between the interest rate exposure on loans, bank deposits and shares that form an integral part of a credit union's operations. The credit union considers rates of interest receivable when deciding on proposed dividend rates. Dividend rates are based on the historical results of the credit union and the credit union's strategic plans. The credit union does not use interest rate options to hedge its own positions.

**Foreign Currency Risk:** All transactions are carried out in sterling and therefore the credit union is not exposed to any form of foreign currency risk.

**Other price risk:** The credit union only holds investments in government securities and those with credit institutions that meet the criteria of Chapter 6 of the PRA rulebook. The credit union monitors the investments throughout the year.

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**22 Deferred income**

	<b>2020</b>	<b>2019</b>
	£	£
Opening balance	29,023	44,442
Release in period	(11,454)	(15,419)
	<u>17,569</u>	<u>29,023</u>
Carried Forward	<u>17,569</u>	<u>29,023</u>

**23 Retirement benefit schemes**

	<b>2020</b>	<b>2019</b>
	£	£
<b>Defined contribution schemes</b>		
Charge to revenue account in respect of defined contribution schemes	5,732	6,122
	<u>5,732</u>	<u>6,122</u>

The credit union operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the credit union in an independently administered fund.

At the balance sheet date, pension contributions of £88 (2019: £88) were due to be paid by the credit union.

**24 Provisions for liabilities**

	<b>2020</b>	<b>2019</b>
	£	£
LP/LS Insurance Provision	3,292	3,055
	<u>3,292</u>	<u>3,055</u>

The Credit Union provides a level of death benefit protection for members. A provision is therefore made for the estimated cost based on the history of claims and claims known at the Balance Sheet date.

Movements on provisions:

	£
At 1 October 2019	3,055
Additional provisions in the year	237
	<u>3,292</u>
At 30 September 2020	<u>3,292</u>



**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**25 Credit risk on lending**

The credit union holds the following security against its loans to members:

	<b>2020</b>	<b>2019</b>
	£	£
<b>Security for loans</b>		
Attached shares	219,647	187,342
	<u>219,647</u>	<u>187,342</u>

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. 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.

	<b>2020</b>	<b>2019</b>
	£	£
<b>Loans not individually impaired</b>		
Not past due	1,110,988	1,123,649
	<u>1,110,988</u>	<u>1,123,649</u>
<b>Loans individually impaired</b>		
Between 3 and 6 months past due	39,570	62,558
Between 6 months and 1 year past due	99,335	70,574
Over 1 year past due	50,240	41,523
Individually impaired and written off for internal purposes	416,889	335,034
	<u>606,034</u>	<u>509,689</u>
Total loans	1,717,022	1,633,338
Impairment allowance	(560,682)	(448,976)
	<u>1,156,340</u>	<u>1,184,362</u>

**26 Credit risk on bank and investments**

The credit union invests funds not yet actively deployed in the following investments:

	<b>2020</b>	<b>2019</b>
	£	£
Bank accounts	802,276	499,580
	<u>802,276</u>	<u>499,580</u>

The credit union believes the full amount of these investments is recoverable.

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**27 Interest rates on financial instruments**

The following table shows the interest earned during the year divided by the average loan balance and the dividend/interest paid during the year divided by the average share balance. The average balance is taken as the average of the opening and closing balances.

	2020		2019	
	Amount	Rates received	Amount	Rates received
	£	in year	£	in year
		%		%
<b>Financial assets</b>				
Loans to members	1,717,022	23.84%	1,633,338	22.37%
Loans and advances to banks	802,276	0.24%	499,580	0.54%
	<u>2,519,298</u>		<u>2,132,918</u>	
	<u><u>2,519,298</u></u>		<u><u>2,132,918</u></u>	
<b>Financial liabilities</b>				
Juvenile deposits	(58,947)	-	(42,107)	-
Dividend bearing shares	(1,193,001)	0.40%	(963,386)	0.39%
Interest bearing shares	(372,303)	0.96%	(426,327)	0.88%
	<u>(1,624,251)</u>		<u>(1,431,820)</u>	
	<u><u>(1,624,251)</u></u>		<u><u>(1,431,820)</u></u>	

**28 Reserves**

**General Reserve**

The general reserve represents the base capital of the credit union and is the retained surpluses and deficits which have not been allocated to another specific reserve.

**Appropriation Reserve**

The appropriation reserve represents funds allocated by the Board for the future payment of dividends. As the dividends are not a commitment at the year end date they are not included within creditors.

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**29 Capital**

The credit union classes all of its reserves as capital. The credit union manages its reserves through its financial and budgeting policies and procedures. The Prudential Regulation Authority sets out requirements for the capital ratio that the credit union must maintain. The ratio is calculated after proposed dividends. The credit union's compliance with the ratio at the year end is set out below:

	<b>2020</b>	<b>2019</b>
	%	%
Actual capital to asset ratio	15.86%	14.19%
	<u>          </u>	<u>          </u>
<b>Regulatory requirement</b>		
Base capital requirement	3.00%	3.00%
	<u>          </u>	<u>          </u>
Total capital requirement	3.00%	3.00%
	<u>          </u>	<u>          </u>

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**30 Interest rate risk**

The credit union's primary source of net income arises from the management of the differences in the exposures arising from financial instruments and the margins earned on them. The credit union does not use interest rate options to hedge its own positions. The interest rate repricing table set out below is based on the earlier of the loan maturity date and the next interest rate repricing date. The loan maturity date is subject to a number of factors.

	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
	£	£	£	£	£	£	£
<b>Assets</b>							
Cash and balances at central banks	-	-	-	-	-	9,545	9,545
Loans and advances to banks	802,276	-	-	-	-	-	802,276
Loans and advances to customers	19,943	65,214	481,453	584,023	5,707	-	1,156,340
Intangible assets	-	-	-	-	-	(3,667)	(3,667)
Property, plant and equipment	-	-	-	-	-	6,567	6,567
Other receivables	-	-	-	-	-	2,157	2,157
<b>Total assets</b>	<b>822,219</b>	<b>65,214</b>	<b>481,453</b>	<b>584,023</b>	<b>5,707</b>	<b>14,602</b>	<b>1,973,218</b>
<b>Liabilities and reserves</b>							
Customer accounts	372,303	-	-	-	-	1,251,948	1,624,251
Other liabilities	-	-	-	-	-	15,148	15,148
Accruals and deferred income	-	-	-	-	-	17,569	17,569
Provisions	-	-	-	-	-	3,292	3,292
Reserves	-	-	-	-	-	312,958	312,958
<b>Total liabilities and reserves</b>	<b>372,303</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,600,915</b>	<b>1,973,218</b>
	<b>(449,916)</b>	<b>(65,214)</b>	<b>(481,453)</b>	<b>(584,023)</b>	<b>(5,707)</b>	<b>1,586,313</b>	<b>-</b>

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**31 Acquisition of a credit union**

On 1 October 2019 the company acquired the business of Moneyspider Credit Union Limited.

	<b>Fair Value</b>
	<b>£</b>
Property, plant and equipment	1
Loans to members net of provision	48,094
Trade and other receivables	2,832
Cash and cash equivalents	206,658
Trade and other payables	(14,239)
	<hr/>
Total identifiable net assets	243,346
Goodwill	(33,540)
	<hr/>
Total consideration	209,806
	<hr/> <hr/>
Satisfied by:	<b>£</b>
Issue of shares	209,806
	<hr/> <hr/>

**32 Financial commitments, guarantees and contingent liabilities**

The credit union participates in the Financial Services Compensation Scheme (FSCS) which provides protection for its members up to the level of protection offered by the FSCS. As a result of the credit union's participation it has a contingent liability, which cannot be quantified, in respect of future contributions to the FSCS, as required by the Financial Services and Markets Act 2000.

**33 Operating lease commitments**

**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Within one year	30,000	32,000
Between two and five years	-	44,333
	<hr/>	<hr/>
Total lessee operating lease commitment	30,000	76,333
	<hr/> <hr/>	<hr/> <hr/>

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**34 Related party transactions**

**Key management personnel**

The credit union classes the Directors and members of the senior management team as key management.

**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	28,512	33,382
	<u>          </u>	<u>          </u>

**Transactions with key management**

Balances held by members of key management and their close family members in the credit union are set out below.

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Shares held by key management and their close family	53,141	40,308
	<u>          </u>	<u>          </u>

**35 COVID-19**

The UK was being impacted by the Coronavirus (COVID-19) pandemic at the date on which the financial statements were approved. COVID-19 has impacted the Credit Union's activities which will continue at least until the various phases of the lockdown restrictions are relaxed.

The Directors have updated their plans for 2021 and beyond and are confident that the company has sufficient financial strength to weather the COVID-19 storm and remain viable for the foreseeable future.

**The following page does not form part of the statutory accounts**

**EREWASH CREDIT UNION LIMITED**  
**TRADING AS DERBYSHIRE COMMUNITY BANK**  
**DETAILED REVENUE ACCOUNT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Notes	2020 £	2019 £
<b>Income</b>			
Interest income on loans	3	399,280	348,833
Interest income on bank deposits	3	1,583	3,564
Fees and commissions receivable	5	1,698	1,613
Other income	7	41,926	15,800
		<u>444,487</u>	<u>369,810</u>
<b>Expenditure</b>			
Staff costs	11	129,214	124,236
Auditors remuneration		11,066	7,757
Member communication and advertising	8	12,861	13,235
Legal, professional and credit control costs	8	6,581	8,648
Computer and software expenses	8	26,167	23,592
Travel costs	8	3,837	-
Bank charges	6	4,053	5,361
General administration costs	8	17,312	8,443
Regulatory costs	9	3,740	7,003
Costs of occupying offices	9	49,100	48,888
Depreciation and amortisation	10	9,440	14,439
Impairment on loans for bad and doubtful debts	15	121,832	103,391
Exceptional item		(29,873)	-
		<u>365,330</u>	<u>364,993</u>
Surplus before taxation		79,157	4,817
Corporation tax	12	(557)	(421)
		<u>78,600</u>	<u>4,396</u>
Distributions		(9,040)	(4,632)
Surplus/(deficit) for the year		<u><u>69,560</u></u>	<u><u>(236)</u></u>