

Directors' Report and
Financial Statements for the Year Ended 30 September 2024
for
RIGHT WAY CREDIT UNION LIMITED

RIGHT WAY CREDIT UNION LIMITED

Contents of the Financial Statements
for the Year Ended 30 September 2024

	Page
Credit Union Information	1
Directors' Report	2
Report of the Independent Auditors	4
Revenue Account	7
Balance Sheet	8
Statement of Changes in Reserves	9
Cash Flow Statement	10
Notes to the Cash Flow Statement	11
Notes to the Financial Statements	12
Detailed Revenue Account	20

RIGHT WAY CREDIT UNION LIMITED

Credit Union Information
for the Year Ended 30 September 2024

DIRECTORS:

Ms M Welsh
Ms K Duffie
K Cameron
C McCart
N Alexander
M McInally
S Wilson
J Pollock

SECRETARY:

Ms K Duffie

REGISTERED OFFICE:

41 High Street
Paisley
PA1 2AH

REGISTERED NUMBER:

446350

AUDITORS:

Sharles Audit Limited
Statutory Auditor
29 Brandon Street
Hamilton
ML3 6DA

RIGHT WAY CREDIT UNION LIMITED

Directors' Report for the Year Ended 30 September 2024

The directors present their report with the financial statements of the credit union for the year ended 30 September 2024.

PRINCIPAL ACTIVITY

The principal activity of the credit union in the year under review was that of providing community loans and savings.

REVIEW OF BUSINESS

The directors are disappointed with the results for the year under review. Some financial KPI's are set out in the table below to show the performance of the Credit Union over the trading year.

	Year to 30 September 2024	Year to 30 September 2023
Loan interest receivable	£487,736	£338,056
Deficit after taxation	£(67,116)	£(89,220)
Capital asset ratio	9.4%	3.2%
Liquidity	42.8%	22.7%

Reserves amount to £1,369,320 (2023 - £144,707). The directors are confident that the Credit Union has sufficient reserves to finance the anticipated levels of activity in the future.

The directors confirm that the transfers of engagement of Port Glasgow Credit Union Ltd and Tail O'The Bank Credit Union Ltd to Right Way Credit Union Ltd were completed during the year with the reserves of both credit unions now incorporated in Right Way Credit Union Ltd.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2024.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2023 to the date of this report.

Ms M Welsh
Ms K Duffie
K Cameron
C McCart
N Alexander
M McNally

Other changes in directors holding office are as follows:

S Wilson - appointed 15 March 2024
J Pollock - appointed 30 June 2024

COMPLIANCE STATEMENT

The Credit Union is required to maintain and test a single customer view (SCV) file for submission to the FSCS in the event that the Credit Union is wound up. The directors are aware of their responsibilities in respect of single customer view.

The directors also confirm the following as required by Section 10.1 of the PRA Credit Union Rulebook:

- the Credit Union carried out lending activity within the PRA Credit union rulebook and we can confirm that we meet the requirements for carrying out this activity.
- the Credit Union had sufficient fidelity bond insurance throughout the year.

RIGHT WAY CREDIT UNION LIMITED

Directors' Report
for the Year Ended 30 September 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors and committee of management are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Credit Union at the end of the financial year, and of the income and expenditure of the Credit Union for that year.

In preparing these financial statements they are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; state whether accounting standards have been followed, and give details of any departures; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

They are also responsible for:

- ensuring that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Credit Union Act 1979; keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the credit union; and
- comply with the rules set out within the Prudential Regulation Authority Credit Union Rulebook; safeguarding the Credit Union's assets; and maintaining a satisfactory system of control over the accounting records and transactions;
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the credit union's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the credit union's auditors are aware of that information.

AUDITORS

The auditors, Sharles Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

.....
Ms K Duffie - Secretary

Date:

Report of the Independent Auditors to the Members of
Right Way Credit Union Limited

Opinion

We have audited the financial statements of Right Way Credit Union Limited (the 'Credit Union') for the year ended 30 September 2024 which comprise the Revenue Account, Balance Sheet, Cash Flow Statement, Statement of Changes in Reserves and Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30 September 2024 and of its surplus or deficit 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 Society 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Boards' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Credit Union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information in the Directors' Report, other than the financial statements and our Report of the Auditors thereon. The Board is responsible for the other information.

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Credit Union and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- a satisfactory system of controls over transactions has not been maintained; or
- the credit union has not kept proper accounting records; or
- the rules set out within the Prudential Regulation Authority Credit Union Rulebook have not been complied with; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Report of the Independent Auditors to the Members of
Right Way Credit Union Limited

Responsibilities of directors

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

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

Auditors 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The aims of our audit are to identify and assess the risks of material misstatement of the financial statements as a result of fraud or error, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement as a result of fraud or error and to respond appropriately to those risks. As a result of the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the Credit Union and the sector in which it operates.
- We determined that the following laws and regulations were most significant: the Co-operative and Community Benefit Society Act 2014, the Prudential Regulation Authority Credit Union Rulebook, UK corporate tax laws, Health & Safety at Work Act, GDPR and Anti Money Laundering legislation.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's;
 - knowledge of the industry in which the client operates
 - understanding of and practical enactments of a similar nature, and complexity through appropriate training and participation
 - understanding of the legal and regulatory requirements specific to the entity
 - communication in respect of potential non-compliance with laws and regulations
- We obtained an understanding of how the Credit Union complies with those legal and regulatory frameworks by making inquiries of management. We undertook a review of legal fees for any evidence of non-compliance.
- We assessed the susceptibility of the Credit Union's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit team included:
 - identifying and documenting the controls management has in place to prevent and detect fraud and error;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - identifying and testing journal entries, in particular any journal entries posted for large or unusual amounts;
 - assessing the extent of compliance with relevant laws and regulations; and
 - sample testing of transactions and balances.

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 Auditors.

Report of the Independent Auditors to the Members of
Right Way Credit Union Limited

Use of our report

This report is made solely to the Credit Union's members, as a body, in accordance with Co-operative and Community Benefit Society 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 a Report of the Auditors 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.

Sharles Audit Limited
Statutory Auditor
29 Brandon Street
Hamilton
ML3 6DA

Date:

RIGHT WAY CREDIT UNION LIMITED

Revenue Account
for the Year Ended 30 September 2024

	Notes	2024 £	2023 £
LOAN INTEREST RECEIVABLE		487,736	338,056
Administrative expenses		<u>858,923</u>	<u>524,379</u>
		(371,187)	(186,323)
Other operating income		<u>55,163</u>	<u>38,832</u>
OPERATING DEFICIT	5	(316,024)	(147,491)
Interest receivable and similar income		<u>312,395</u>	<u>61,344</u>
		(3,629)	(86,147)
Interest payable and similar expenses	6	<u>3,822</u>	-
DEFICIT BEFORE TAXATION		(7,451)	(86,147)
Tax	7	<u>59,665</u>	<u>3,073</u>
DEFICIT FOR THE FINANCIAL YEAR		(67,116)	(89,220)
OTHER COMPREHENSIVE INCOME			
Tail O The Bank Transfer of Reserves		422,029	-
Port Glasgow Reserves Transfer		<u>119,700</u>	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>541,729</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>474,613</u></u>	<u><u>(89,220)</u></u>

The notes form part of these financial statements

RIGHT WAY CREDIT UNION LIMITED (REGISTERED NUMBER: 446350)

Balance Sheet
30 September 2024

	Notes	2024	2023
		£	£
FIXED ASSETS			
Tangible assets	8	574,092	330,746
CURRENT ASSETS			
Members' loans and other assets	9	4,185,448	3,157,503
Cash at bank	10	<u>9,811,036</u>	<u>1,047,653</u>
		13,996,484	4,205,156
CREDITORS			
Members' shares and other liabilities	11	<u>13,194,233</u>	<u>4,391,195</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>802,251</u>	<u>(186,039)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,376,343	144,707
ACCRUALS AND DEFERRED INCOME 13		<u>7,023</u>	<u>-</u>
NET ASSETS		<u><u>1,369,320</u></u>	<u><u>144,707</u></u>
RESERVES			
Sub-Ordinated loan	14	750,000	-
Micro fund reserve	14	138,301	138,301
Retained earnings	14	<u>481,019</u>	<u>6,406</u>
		<u><u>1,369,320</u></u>	<u><u>144,707</u></u>

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

.....
K Cameron - Director

.....
C McCart - Director

.....
N Alexander - Director

The notes form part of these financial statements

RIGHT WAY CREDIT UNION LIMITED

Statement of Changes in Reserves
for the Year Ended 30 September 2024

	Retained earnings £	Sub-Ordinated loan £	Micro fund reserve £	Total reserves £
Balance at 1 October 2022	95,626	-	160,653	256,279
Changes in reserves				
Deficit for the year	<u>(89,220)</u>	<u>-</u>	<u>-</u>	<u>(89,220)</u>
Total comprehensive income	(89,220)	-	-	(89,220)
Release to revenue account	<u>-</u>	<u>-</u>	<u>(22,352)</u>	<u>(22,352)</u>
Balance at 30 September 2023	<u>6,406</u>	<u>-</u>	<u>138,301</u>	<u>144,707</u>
Changes in reserves				
Deficit for the year	(67,116)	-	-	(67,116)
Reserves from transfer of engagement	<u>541,729</u>	<u>-</u>	<u>-</u>	<u>541,729</u>
Total comprehensive income	474,613	-	-	474,613
Subordinated loan	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Balance at 30 September 2024	<u>481,019</u>	<u>750,000</u>	<u>138,301</u>	<u>1,369,320</u>

The notes form part of these financial statements

RIGHT WAY CREDIT UNION LIMITED

Cash Flow Statement
for the Year Ended 30 September 2024

	Notes	2024 £	2023 £
Cash flows from operating activities			
Cash generated from operations	1	(5,525,230)	(290,687)
Interest paid		(3,822)	-
Tax paid		(3,322)	(1,990)
Net cash from operating activities		<u>(5,532,374)</u>	<u>(292,677)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		29,323	(4,673)
Reserves from transfer of engagement		541,728	-
Interest received		312,395	61,344
Net cash from investing activities		<u>883,446</u>	<u>56,671</u>
Cash flows from financing activities			
Subordinated loan		750,000	-
Amount introduced by members		13,573,568	3,060,095
Amount withdrawn by members		(5,513,637)	(3,213,363)
Bank balances from transfers of engagement		4,602,380	-
Net cash from financing activities		<u>13,412,311</u>	<u>(153,268)</u>
		<u>8,763,383</u>	<u>(389,274)</u>
Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	1,047,653	1,436,927
Cash and cash equivalents at end of year	2	<u>9,811,036</u>	<u>1,047,653</u>

The notes form part of these financial statements

RIGHT WAY CREDIT UNION LIMITED

Notes to the Cash Flow Statement
for the Year Ended 30 September 2024

1. **RECONCILIATION OF DEFICIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2024	2023
	£	£
Deficit before taxation	(7,451)	(86,147)
Depreciation charges	59,101	31,873
Restart Reserve Release	-	(22,352)
Impaired loan provision	(99,739)	114,453
Finance costs	3,822	-
Finance income	<u>(312,395)</u>	<u>(61,344)</u>
	(356,662)	(23,517)
Increase in loans and other assets	(5,862,355)	(259,724)
Increase/(decrease) in shares and other liabilities	<u>693,787</u>	<u>(7,446)</u>
Cash generated from operations	<u>(5,525,230)</u>	<u>(290,687)</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 September 2024

	30.9.24	1.10.23
	£	£
Cash and cash equivalents	<u>9,811,036</u>	<u>1,047,653</u>

Year ended 30 September 2023

	30.9.23	1.10.22
	£	£
Cash and cash equivalents	<u>1,047,653</u>	<u>1,436,927</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.10.23	Cash flow	At 30.9.24
	£	£	£
Net cash			
Cash at bank	<u>1,047,653</u>	<u>8,763,383</u>	<u>9,811,036</u>
	<u>1,047,653</u>	<u>8,763,383</u>	<u>9,811,036</u>
Total	<u>1,047,653</u>	<u>8,763,383</u>	<u>9,811,036</u>

The notes form part of these financial statements

RIGHT WAY CREDIT UNION LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2024

1. **STATUTORY INFORMATION**

The Credit Union is registered under the Co-operative and Community Benefit Societies Act 2014 and operates as a Credit Union within the meaning of the Credit Union Act 1979. The Credit Union has registered with the Financial Conduct Authority and Prudential Regulation Authority under the provisions of the Financial Services and Markets Act 2000.

The presentational currency of the financial statements is the Pound Sterling (£).

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

2. **STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Any departures from the standard are detailed in the accounting policies.

3. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The financial statements have been prepared, in accordance with the Co-operative and Community Benefit Societies Act 2014, Credit Unions Act 1979 and prepared on the historical cost basis.

Going concern

The financial statements are prepared on the going concern basis. The directors of the Credit Union believe this is appropriate despite a mismatch in the maturity analysis of subscribed capital and loans to members.

In the opinion of the directors this is due to a significant amount of subscribed capital not being redeemable at short notice unless loans with the same member have been repaid.

Income

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

Where the loan interest rate for members loans has been reduced to zero, the credit union does not account for any loan interest on these loans, as the credit union will not seek to recover this loan interest. This policy does not meet with the requirements of FRS102. However, as a result of this policy, there is no net effect on the surplus or deficit for the year nor net assets of the credit union as an equal and opposite impairment provision would be required should this loan interest be included.

Other operating income: fees, charges and other operating income 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.

RIGHT WAY CREDIT UNION LIMITED

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

3. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- 2% on cost
Improvements to property	- 10% on cost
Office Equipment	- 15% on cost
Computer equipment	- 25% on cost

Tangible fixed assets are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Land value within freehold property is not depreciated.

At each balance sheet date, the directors of the credit union review the carrying amounts of its tangible fixed assets to determine whether there is any indication that any item has suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of the asset, the credit union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Expenditure of £500 or more on individual tangible fixed assets is capitalised at cost. Expenditure on assets below this threshold is charged directly to the revenue account in the period it is incurred.

Grants

The accounting treatment of grants received are determined by the grant conditions and the reasons why the grant was applied for to determine whether they are treated as capital or revenue in nature.

Grants of a capital nature are reflected as deferred income in the balance sheet and released to the Revenue account over the estimated useful life of the assets to which they relate. Grants which are considered to be revenue are credited to the Revenue account in the period to which they relate.

Taxation

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

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

Pension costs and other post-retirement benefits

The credit union operates a defined contribution pension scheme. Contributions payable to the credit union's pension scheme are charged to profit or loss in the period to which they relate.

RIGHT WAY CREDIT UNION LIMITED

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

3. **ACCOUNTING POLICIES - continued**

Impairment losses and provision

Impairment losses on loans to members are provided in accordance with the guidelines issued by the Prudential Regulation Authority. 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.

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.

Impaired loans written off and recovered

In accordance with FRS102, the policy of the Credit Union and the requirements of the standard for impaired losses written off differ. The credit union writes off impaired loans when all methods of recovery have been exhausted. Therefore, the impaired losses written off in the financial statements do not meet the requirements of FRS102. As a result of the above there is no net effect on the surplus or net assets of the Credit Union.

Financial Assets - Members loans

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 flow from the asset have expired, usually when all the amounts outstanding have been repaid by the member. The credit union does not transfer loans to third parties.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand along with bank and building society deposits. The credit union has access to these funds and they are readily convertible to cash.

Financial liabilities - Subscribed capital

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

Employee benefits

Defined contribution plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by the credit union for the relevant period under review.

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

Reserves

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

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 existing accounting policies. The area requiring the highest degree of judgement or complexity and the area where significant assumptions required is impairment losses on loans to members. The directors regularly conduct impairment reviews by analysing arrears reports, credit control data and the reports from debt collecting companies.

Dividend

The dividend is formally proposed by the directors after the year end and is confirmed at the following AGM. As a result, it does not represent a liability at the balance sheet date.

Juvenile deposits

The amount received by the Credit Union for juvenile depositors are held in trust for those depositors.

RIGHT WAY CREDIT UNION LIMITED

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

4. **SENIOR MANAGEMENT**

The average number of employees during the year was 8 (2023 - 6).

Salaries of £43,540 were paid to senior management during the year (2023 - £37,770).

Expenses totalling £175 were paid to the directors (2023 - £62).

5. **OPERATING DEFICIT**

The operating deficit is stated after charging:

	2024	2023
	£	£
Depreciation - owned assets	59,100	31,873
Auditors' remuneration	<u>9,000</u>	<u>4,620</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2024	2023
	£	£
Subordinated loan interest	<u>3,822</u>	<u>-</u>

7. **TAXATION**

Analysis of the tax charge

The tax payable for the year was as follows:

	2024	2023
	£	£
Current tax:		
UK corporation tax	57,749	3,073
Under provision in prior year	<u>1,916</u>	<u>-</u>
Tax payable	<u>59,665</u>	<u>3,073</u>

UK corporation tax has been charged at 24.90% (2023 - 19%).

RIGHT WAY CREDIT UNION LIMITED

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

8. **TANGIBLE FIXED ASSETS**

	Freehold property £	Improvements to property £	Office Equipment £	Computer equipment £	Totals £
COST					
At 1 October 2023	251,306	106,864	10,370	192,947	561,487
Additions	-	19,135	-	-	19,135
Transfer of engagement cost	<u>242,976</u>	<u>255,431</u>	<u>12,586</u>	<u>62,558</u>	<u>573,551</u>
At 30 September 2024	<u>494,282</u>	<u>381,430</u>	<u>22,956</u>	<u>255,505</u>	<u>1,154,173</u>
DEPRECIATION					
At 1 October 2023	30,670	20,553	9,813	169,705	230,741
Charge for year	7,909	38,145	808	12,238	59,100
Transfer of engagement depreciation	<u>31,104</u>	<u>187,752</u>	<u>11,900</u>	<u>59,484</u>	<u>290,240</u>
At 30 September 2024	<u>69,683</u>	<u>246,450</u>	<u>22,521</u>	<u>241,427</u>	<u>580,081</u>
NET BOOK VALUE					
At 30 September 2024	<u>424,599</u>	<u>134,980</u>	<u>435</u>	<u>14,078</u>	<u>574,092</u>
At 30 September 2023	<u>220,636</u>	<u>86,311</u>	<u>557</u>	<u>23,242</u>	<u>330,746</u>

Included in cost of land and buildings is freehold land of £74,806 (2023 - £50,261) which is not depreciated.

9. **MEMBERS LOANS AND OTHER ASSETS**

	2024 £	2023 £
Unsecured members loans	4,629,843	3,432,993
Specific impairment provision	(542,171)	(310,141)
Prepayments	<u>97,776</u>	<u>34,651</u>
	<u>4,185,448</u>	<u>3,157,503</u>

RIGHT WAY CREDIT UNION LIMITED

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2024**

9. MEMBERS LOANS AND OTHER ASSETS - continued

Loans to members

	2024	2023
	£	£
As at 30 September 2023	3,432,993	3,164,382
Advanced during the year	1,220,069	2,364,463
Loans introduced from transfer of engagements	2,014,976	-
Interest on members loans	480,914	338,506
Repaid during the year	(2,217,607)	(2,360,951)
Impaired loans	(296,029)	(73,407)
Impaired loans from Transfer of Engagement	(5,473)	-
-		
As at 30 September 2024	<u>4,629,843</u>	<u>3,432,993</u>

Impaired losses on member's loans - Changes in the year

	General	Specific	Total
	£	£	£
As at 30 September 2023	-	310,141	310,141
Port Glasgow West opening provisioning	-	25,186	25,186
Tail'O The Bank opening provisioning	-	306,583	306,583
(Decrease)/Increase in impairment losses	-	(99,739)	(99,739)
As at 30 September 2024	<u>-</u>	<u>542,171</u>	<u>542,171</u>

Credit risk disclosures

The credit union 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. Subject to the credit union's own maximum loan policy, the credit union's maximum loan limit is approximately £15,000. This complies with the Credit Union's internal policy and those of the Prudential Regulation Authority.

10. CASH AT BANK

	2024	2023
	£	£
Cash and bank balances	<u>9,811,036</u>	<u>1,047,653</u>

11. MEMBERS SHARES AND OTHER LIABILITIES

	2024	2023
	£	£
Corporation tax	59,416	3,073
Juvenile deposits	842,759	165,488
Members share balances	12,268,971	4,209,040
Accrued expenses	<u>23,087</u>	<u>13,594</u>
	<u>13,194,233</u>	<u>4,391,195</u>

RIGHT WAY CREDIT UNION LIMITED

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

12. **FINANCIAL INSTRUMENTS**

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 the credit union. In order to manage this risk the board approves the credit union lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Liquidity risk

The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the credit union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Note 3 provides further details about the impact of the maturity mismatch on the going concern status of the credit union. Excluding short term other payables, as noted in the balance sheet, the credit union's financial liabilities, the subscribed capital, are repayable on demand.

Market risk

Market risk is generally comprised of interest rate risk, currency risk and other price risk. The credit union conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore, the credit union is not exposed to any form of currency risk or other price risk.

Interest rate risk

The credit union's main interest rate risk arises from the differences between the interest rate exposures on the receivables and payables that form an integral part of the credit union's operations. The credit union considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. The credit union does not use interest rate options to hedge its own positions. The interest rate risk is regularly monitored by the board with interest rates on members loans and interest receivable on bank deposits being regularly reviewed to ensure risk exposure is minimised.

Interest rate risk disclosures

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

	2024		2023	
	Amount £	Average In %	Amount £	Average In %
Financial Assets				
Loans to members	<u>4,268,842</u>	<u>9.93</u>	<u>3,442,993</u>	<u>10.03</u>
Financial liabilities				
Subscribed capital				
Shares	<u>12,268,971</u>		<u>4,209,040</u>	

Fair value of financial instruments

The credit union does not hold any financial instruments at fair value.

13. **ACCRUALS AND DEFERRED INCOME**

	2024	2023
	£	£
Deferred grants	<u>7,023</u>	<u>-</u>

RIGHT WAY CREDIT UNION LIMITED

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

14. **RESERVES**

	Retained earnings £	Sub-Ordinated loan £	Micro fund reserve £	Totals £
At 1 October 2023	6,406	-	138,301	144,707
Deficit for the year	(67,116)			(67,116)
Tail O The Bank Transfer of Reserves	422,029	-	-	422,029
Port Glasgow Reserves Transfer of reserves	119,700	-	-	119,700
Subordinated loan	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>
At 30 September 2024	<u>481,019</u>	<u>750,000</u>	<u>138,301</u>	<u>1,369,320</u>

15. **CONTINGENT LIABILITIES**

The credit union participates in the Financial Services Compensation Scheme (FSCS) and therefore has a contingent liability, which cannot be quantified, in respect of contributions to the FSCS, as required by the Financial Services and Markets Act 2000. The Financial Conduct Authority (FCA) had provided details of how the calculation of next year's contribution towards the FSCS will be calculated and provision where necessary has been included for this liability. However, this is subject to future changes in interest rates and levels of deposits held by deposit takers. Therefore, there is inherent uncertainty regarding the totality of the levy that the credit union will have to pay.

16. **RELATED PARTY DISCLOSURES**

During the year, 3 members (2023 - 3) of the Board, key management and their close family members had loans with the credit union. These loans were approved on the same basis as loans to other members of the credit union.

RIGHT WAY CREDIT UNION LIMITED

Detailed Revenue Account
for the Year Ended 30 September 2024

	2024		2023	
	£	£	£	£
Loan interest receivable		487,736		338,056
Other income				
Restart Reserve Release	-		22,352	
Sundry receipts	27,504		8,549	
Grants	14,038		2,000	
Impaired loans recovered	13,621		5,931	
Interest on bank account	233,368		11,698	
Entrance and service fees	424		29,646	
Service fees	<u>78,603</u>		<u>20,000</u>	
		<u>367,558</u>		<u>100,176</u>
		855,294		438,232
Expenditure				
Rent and rates	10,238		1,790	
Death Benefit & insurance	156,782		38,240	
Light and heat	14,557		3,643	
Management expenses	175		62	
Wages	234,433		144,788	
Social security	13,045		6,854	
Pensions	1,795		1,931	
Telephone	5,274		3,561	
Printing, postage & stationery	13,075		3,426	
Dues, fees & travel	26,163		10,391	
Computer maintenance	37,994		35,772	
Conference and training	1,916		394	
Repairs and renewals	17,713		3,488	
Sundry expenses	14,397		14,857	
Cash (overage)/shortage	60		-	
Differences written off	4,427		-	
Professional fees	20,720		10,897	
Auditors' remuneration	9,000		4,620	
Impaired loans written off	301,502		73,407	
Impaired loan provision	(99,739)		114,453	
Impaired losses recovery expenses	<u>7,734</u>		<u>9,810</u>	
		<u>791,261</u>		<u>482,384</u>
		64,033		(44,152)
Finance costs				
Bank charges	8,561		10,122	
Subordinated loan interest	<u>3,822</u>		<u>-</u>	
		<u>12,383</u>		<u>10,122</u>
Carried forward		51,650		(54,274)

This page does not form part of the statutory financial statements

RIGHT WAY CREDIT UNION LIMITED

Detailed Revenue Account
for the Year Ended 30 September 2024

	2024		2023	
	£	£	£	£
Brought forward		51,650		(54,274)
Depreciation				
Freehold property	7,910		4,021	
Improvements to property	38,145		10,688	
Office equipment	808		119	
Computer equipment	<u>12,238</u>		<u>17,045</u>	
		<u>59,101</u>		<u>31,873</u>
NET DEFICIT		<u>(7,451)</u>		<u>(86,147)</u>

This page does not form part of the statutory financial statements