

METRO MONEYWISE CREDIT UNION LIMITED

Directors' Report & Financial Statements

For the year ended

30 September 2021



CHARTERED ACCOUNTANTS

KM

Chartered Accountants & Statutory Auditors

Burnley Wharf

Manchester Road

Burnley

BB11 1JG

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ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2021

JAN 04

Credit union name	Metro Moneywise Credit Union Limited	
FCA reference number	213379	
Registered society number	213C	
Website	www.metromoneywise.co.uk/	
Directors	Jim Clancy	Appointed - June 2021
	John-Paul Douglas	
	Neil Duxbury	
	Fida Hussain	Appointed - March 2021
	John Jones	
	Wendy McDermott	
	Paul Parlby	Appointed - January 2021
	Tinuade Sosanya	Appointed - September 2021
	Carol Strand	
	Michael Whitby	
Other Directors who served during the year		
	Roger Baldry	Resigned - January 2021
	Geoffrey Livesey	Resigned - January 2021
	Rina Paolucci	Resigned - January 2021
	Alan Wild	Resigned - January 2021
Secretary	John-Paul Douglas	
Registered office	Globe House Globe Park Moss Bridge Road Rochdale OL16 5EB	
Auditors	KM Chartered Accountants & Statutory Auditors Burnley Wharf Manchester Road Burnley BB11 1JG	

The Directors present their report and financial statements for the year ended 30 September 2021.

PRINCIPAL ACTIVITY

The principal activity of the credit union continued to be that defined in the Credit Union Act 1979.

The credit union is a Community Benefit Society, authorised and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Credit union legislation requires the Directors to prepare financial statements for each financial year. Under that legislation, 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 credit union legislation, 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in operation.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the credit union's transactions and disclose with reasonable accuracy at any time the financial position of the credit union and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and Credit Unions Act 1979. They are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO THE AUDITOR


The Directors have taken steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the credit union's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

APPROVAL

This report was approved by the Directors on 09 December 2021 and signed on their behalf by:



Wendy McDermott
Director



John Jones
Director



John-Paul Douglas
Secretary

Independent Auditor's Report to the Members of Metro Moneywise Credit Union Limited

We have audited the financial statements of Metro Moneywise Credit Union Limited (the 'credit union') for the year ended 30 September 2021, which comprise the statement of comprehensive income, statement of changes in retained earnings, statement of financial position, 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 FRS102 - 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 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and Credit Unions Act 1979.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

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 and Credit Unions Act 1979 requires us to report to you if, in our opinion:

- the credit union has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the statement of comprehensive income, any other accounts to which our report relates, and the statement of financial position are not in agreement with the credit union's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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 it determines 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 has 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the credit union through discussions with directors and other management, and from our knowledge and experience of the credit union sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the credit union, including the Co-operative and Community Benefit Societies Act 2014, Credit Union Act 1979 and the Financial Services and Markets Act 2000;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we identified laws and regulations which were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the credit union's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures on material balances for which robust, substantive analytical procedures have been undertaken to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 auditor's report.

Use of our report

This report is made solely to the credit union's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

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Chartered Accountants & Statutory Auditors
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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	Note	2021	2020
		£	£
Interest income			
Interest receivable and similar income	4	533,764	540,619
Interest payable	5	(93,261)	(129,182)
		440,503	411,437
 Other income			
Fees and commissions receivable		22,321	21,274
Grants	6	48,063	57,937
Other income		21,500	19,503
		91,884	98,714
 Expenditure			
Loan impairment	7	(82,307)	(53,253)
Other expenses	8	(410,207)	(403,242)
		(492,514)	(456,495)
 Surplus before taxation		39,873	53,656
Taxation	12	(8,531)	(11,902)
Surplus for the financial year		31,342	41,754

All income and expenditure derives from continuing activities.

There are no other items of comprehensive income.

The Notes on pages 12 to 21 form an integral part of these financial statements.

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

JAN 04

	General Reserve	Unapprop'd Reserve	Total
	£	£	£
As at 01 October 2019	771,425	361,661	1,133,086
Surplus for the financial year		41,754	41,754
As at 30 September 2020	771,425	403,415	1,174,840
As at 01 October 2020	771,425	403,415	1,174,840
Surplus for the financial year	-	31,342	31,342
Transfers between reserves	-	-	-
As at 30 September 2021	771,425	434,757	1,206,182

The Notes on pages 12 to 21 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

JAN 04

	Note	2021	2020
		£	£
Assets			
Loans and advances to banks:			
Cash and cash equivalents		1,122,313	1,317,279
Term Deposits		6,244,923	5,182,064
Loans and advances to customers	13	5,158,513	4,772,451
Tangible fixed assets	14	7,560	12,322
Other receivables	15	23,314	40,077
		12,556,623	11,324,193
Liabilities			
Customer deposits	16	11,335,995	10,083,473
Other payables	17	14,446	65,880
		11,350,441	10,149,353
Retained earnings		1,206,182	1,174,840
		12,556,623	11,324,193

The Notes on pages 12 to 21 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Directors on 09 December 2021 and signed on their behalf by:



Wendy McDermott
 Director



John Jones
 Director



John-Paul Douglas
 Secretary

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

JAN 04

	Note	2021	2020
		£	£
Cash flows from operating activities			
Surplus for the financial year		31,342	41,754
Adjustments for non-cash items:			
Interest income on loans	4	(488,893)	(477,976)
Interest on customer deposits	5	93,261	129,182
Loan impairment	7	97,843	69,605
Corporation tax	12	8,531	11,902
Depreciation	14	4,762	6,893
		(253,154)	(218,640)
Changes in operating assets and liabilities:			
New loans to customers	13	(3,545,061)	(3,426,641)
Customer loan repayments	13	3,550,049	3,551,087
Movement in other receivables	15	16,763	(21,881)
New deposits from customers	16	8,400,514	7,375,264
Customer deposits withdrawn	16	(7,241,253)	(6,318,708)
Movement in other payables	17	(48,063)	46,604
		879,795	987,085
Corporation tax paid		(11,902)	(8,805)
Net cash provided by operating activities		867,893	978,280
Cash flows from investing activities			
Movement in term deposits		(1,062,859)	(1,297,508)
Purchase of tangible fixed assets	14	-	(5,381)
Net cash used in investing activities		(1,062,859)	(1,302,889)
Net decrease in cash and cash equivalents		(194,966)	(324,609)
Cash and cash equivalents at 01 October 2020		1,317,279	1,641,888
Cash and cash equivalents at 30 September 2021		1,122,313	1,317,279

The Notes on pages 12 to 21 form an integral part of these financial statements.

1. Legal and regulatory framework

Metro Moneywise Credit Union Limited ("MMCUCU") is a society established under the Co-operative and Community Benefit Societies Act 2014, whose principal activity is to operate as a credit union, within the meaning of the Credit Unions Act 1979. MMCUCU has registered with the Financial Conduct Authority ("FCA") and is regulated by the Prudential Regulation Authority ("PRA") under the provisions of the Financial Services and Markets Act 2000.

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

2. Basis of Preparation

These financial statements have been prepared on the historical cost basis in accordance with "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.

2.1. 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.

2.2. Going Concern

The financial statements are prepared on the going concern basis. The Directors of MMCUCU believe this is appropriate. The financial statements are prepared on the going concern basis. The Directors of MMCUCU believe this is appropriate. MMCUCU has prepared financial projections taking into account the expected impact of Covid-19 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.

3. Accounting Policies

3.1. Income

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.

Other income receivable either arises in connection with a specific transaction, or accrues evenly over the year. Income relating to individual transactions is recognised when the transaction is complete.

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

3.3. Tangible fixed assets

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.

Depreciation is provided to write off the cost of each item, less its estimated residual value, over its estimated useful life, as follows:

Fixtures and fittings	Straight line	25% pa
Office equipment	Straight line	33% pa

3.4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and loans and advances to banks (i.e. cash deposited with banks) with original maturities of less than or equal to three months.

Term deposits comprise loans and advances to banks (i.e. cash deposited with banks) with original maturities of more than three months.

3.5. Deferred grants and funding / revenue contributions

Deferred grants in respect of capital expenditure are credited to the statement of comprehensive income over the estimated useful life of the relevant fixed assets. Deferred grants and funding in respect of revenue items are credited to the statement of comprehensive income over the period to which they relate or to match the relevant expenditure. The grants / funding shown in the statement of financial position represent the grants / funding receivable to date less the amount so far credited to the statement of comprehensive income.

3.6. Fair value of financial instruments

MMCU does not hold any financial instruments at fair value.

3.7. Financial assets – loans and advances to members

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

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

3.8. Impairment of financial assets

MMCU assesses, at each year end, 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 statement of comprehensive income, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

3.9. Financial liabilities

Members' shareholdings in MMCU are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

3.10. Retirement Benefits

MMCU participates in the Greater Manchester Pension Fund (GMPF). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. MMCU is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", MMCU therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme.

3.11. Operating leases

Rentals payable under operating leases are charged in the Statement of Comprehensive Income on a straight-line basis over the lease term.

4. Interest receivable and similar income

	2021	2020
	£	£
Loan interest receivable from members	488,893	477,976
Bank interest receivable	44,871	62,643
	533,764	540,619

5. Interest payable and similar charges

	2021	2020
	£	£
Dividend on dividend bearing shares	93,261	129,182

	2021	2020
	%	%
Dividend rates paid during the year		
Ordinary share dividend	1.0	1.5

Interest expense is the dividend paid to members for the prior year. 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 year end.

6. Grant income

	2021	2020
	£	£
Fair4All Finance - Covid-19 Resilience Fund	-	76,000
Lloyds Credit Union Foundation - Credit Union Development Fund	-	20,000
Rochdale Borough Council - Small Business Grant	-	10,000
	-	106,000
Grants deferred from 2020	48,063	-
	48,063	106,000
Grants deferred to 2022	-	(48,603)
Grants recognised in the year	48,063	57,397

7. Loan impairment

	2021	2020
	£	£
Loan impairment provision		
As at 01 October 2020	43,894	32,810
Increase in provision for the year	17,106	11,084
As at 30 September 2021	61,000	43,894
Impairment charge for the year		
Increase in provision for the year	17,106	11,084
Loans derecognised	80,737	58,521
	97,843	69,605
Loans recovered	(15,536)	(16,352)
Charge for the year	82,307	53,253

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

JAN 04

8. Other expenses

	Note	2021	2020
		£	£
Employment costs	9	277,598	256,992
Auditors' remuneration	10	4,500	4,200
Regulatory expenses	11	28,450	26,032
Charitable donations		1,750	1,500
Computer maintenance		16,957	32,912
Conferences and training		3,113	6,004
Directors' expenses		1,484	1,110
Fees and commissions payable		13,922	12,910
Honoraria		-	(4,200)
Insurance		379	379
Legal and professional fees		2,369	986
Marketing and publicity		5,692	6,672
Meeting expenses		1,472	1,815
Member services and development		15,284	17,010
Office expenses		4,863	4,667
Printing, postage and stationery		3,424	5,545
Rent and rates		21,274	18,670
Travel and subsistence		248	506
General expenses		2,666	2,639
Depreciation		4,762	6,893
		410,207	403,242

9. Employees and employment costs

	2021	2020
	£	£
Wages and salaries	210,191	194,995
Social security costs	18,806	17,193
Payments to defined contribution pension schemes	48,601	44,804
	277,598	256,992

	Number	Number
Average monthly number of employees (including Directors) during the year	8	8

10. Auditors' Remuneration

	2021	2020
	£	£
Audit fees payable	4,350	4,050
Fees for other services		
Taxation	150	150
	4,500	4,200

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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11. Regulatory expenses

	2021	2020
	£	£
FCA and PRA fees	1,306	1,077
ABCUL dues	5,582	5,331
Fidelity insurance	4,032	3,640
Loan protection and life savings insurance	17,530	15,984
	28,450	26,032

12. Taxation

Corporation tax is calculated on the bank interest receivable as follows:

	2021	2020
	£	£
Current tax		
UK corporation tax	8,531	11,902
	%	%
Tax rate	19.00	19.00

13. Loans and advances to customers

	Note	2021	2020
		£	£
Loan movement			
As at 01 October 2020		4,816,345	4,521,336
Interest on loans		488,893	477,976
Loans advanced during the year		3,545,061	3,426,641
Loans repaid during the year		(3,550,049)	(3,551,087)
Loans derecognised		(80,737)	(58,521)
As at 30 September 2021		5,219,513	4,816,345
Loan arrears analysis			
Not past due		5,020,927	4,685,349
Up to 3 months past due		103,097	77,031
Between 3 and 6 months past due		44,232	33,422
Between 6 and 9 months past due		25,562	17,463
Between 9 months and 1 year past due		17,934	1,770
Over 1 year past due		7,761	1,310
		5,219,513	4,816,345
Loan impairment provision	7	(61,000)	(43,894)
Recognised as at 30 September 2021		5,158,513	4,772,451

Factors that are considered in determining whether loans are impaired are discussed in Note 2.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

JAN 04

14. Tangible fixed assets

	Fixtures and fittings	Office equipment	Total 2020
	£	£	£
Cost			
As at 01 October 2020	7,838	161,403	169,241
Additions	-	-	-
Disposals	-	-	-
As at 30 September 2021	7,838	161,403	169,241
Depreciation			
As at 01 October 2020	7,636	149,283	156,919
Charge for year	202	4,560	4,762
Eliminated on disposals	-	-	-
As at 30 September 2021	7,838	153,843	161,681
Net Book Value			
As at 01 October 2020	202	12,120	12,322
As at 30 September 2021	-	7,560	7,560

15. Other receivables

	2021	2020
	£	£
Prepayments and accrued income	23,314	40,077
Other receivables	-	-
	23,314	40,077

16. Customer deposits

	2021	2020
	£	£
Deposit movement		
As at 01 October 2020	10,083,473	8,897,735
Interest on deposits	93,261	129,182
Deposited during the year	8,400,514	7,246,082
Withdrawn during the year	(7,241,253)	(6,189,526)
As at 30 September 2021	11,335,995	10,083,473
Deposits by type		
Dividend bearing members' shares	11,335,995	10,083,473

17. Other payables

	2021	2020
	£	£
Corporation tax	8,526	11,897
Creditors and accruals	5,920	5,920
Deferred grants	-	48,063
	14,446	65,880

18. Financial risk management

MMCU 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 MMCU's activities 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 MMCU, resulting in financial loss to MMCU. In order to manage this risk the Board approves MMCU's lending policy and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate the likelihood of repayment has changed. The credit union also monitors its banking arrangements for credit risk.

Liquidity risk

MMCU's policy 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

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

Foreign Currency Risk

All transactions are carried out in sterling and therefore MMCU is not exposed to any form of foreign currency risk.

Other price risk

MMCU only holds investments in government securities and those with credit institutions that meet the criteria of Chapter 6 of the PRA rulebook. MMCU monitors the investments throughout the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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19. Credit risk on lending

MMCU holds the following security against its loans to members:

	2021	2020
	£	£
Attached shares	1,651,685	1,616,680

20. Interest rate risk disclosures

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

	2021		2020	
	Amount £	Av Interest Rate %	Amount £	Av Interest Rate %
Financial assets				
Loans and advances to customers	5,219,513	9.88	4,816,345	9.92
Financial liabilities				
Share accounts	11,335,995	1.00	10,083,473	1.50

21. Capital

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

	2021	2020
	%	%
Actual capital to asset ratio	9.61	10.37
Regulatory requirement		
Base capital requirement	5.61	5.35
Capital buffer	4.00	5.02
	9.61	10.37

22. Operating lease commitments

At the year end, MMCU had commitments under non-cancellable operating leases as follows:

	2021	2020
	£	£
Not later than one year	-	215
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	215

23. **Related party transactions**

MMCU classes the Directors and members of the senior management team as key management.

	2021	2020
	£	£
Remuneration of key management		
Wages and salaries	86,766	81,600
Social security costs	9,610	8,858
Payments to defined contribution pension schemes	21,735	20,033
	118,111	110,491

Balances held by members of key management in the credit union are set out below. Loans to key management are on standard terms and conditions.

	2021	2020
	£	£
Transactions with key management		
Loans to key management	30,713	23,131
Shares held by key management	80,264	86,858

24. **Contingent liabilities**

MMCU 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 full provision has been included for this liability. However, this is subject to future changes in interest rates and levels of deposits held by UK deposit takers. Therefore, there is inherent uncertainty regarding the totality of the levy that MMCU will have to pay.