



# FINANCIAL STATEMENTS 2025



Kilkeel Credit Union Limited  
Annual Report and Financial Statements  
For the year ended  
30 September 2025

**Kilkeel Credit Union Limited  
Annual Report and Financial Statements  
for the year ended 30 September 2025**

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**Kilkeel Credit Union Limited**  
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**Statement of Directors' Responsibilities**

The Credit Unions (Northern Ireland) Order 1985 and amendments thereto require the directors to prepare financial statements for each financial year which give a true and fair view of the State of Affairs of the Credit Union and the Income and Expenditure Account of the Credit Union for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and to enable them to ensure that the financial statements are prepared in accordance with applicable law in Northern Ireland and UK Generally Accepted Accounting Practice, including the standards issued by the Financial Reporting Council, and in particular FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". They are 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.

**Post Balance Sheet events**

Like all companies in the financial services sector, Kilkeel Credit Union Ltd has had to make changes to the way it operates and provides services to its members. The potential economic slow-down as a result of the cost of living crisis may in the short to medium term result in members struggling to repay their loans. In the opinion of the directors, Kilkeel Credit Union Ltd has adequate provisions in place and has built up strong capital reserves over the years to absorb any potential future impairment losses. The directors believe that Kilkeel Credit Union Ltd.'s trading activities and profitability will not be materially affected as a result.

On behalf of the Board of Directors

President : Anna Carroll

*Anna Carroll*

Treasurer: Margo Cunningham

*Margo Cunningham*

Secretary: Shelagh Murphy

*Shelagh Murphy*

Date: 11 November 2025

**Kilkeel Credit Union Limited**  
**Annual Report and Financial Statements**  
**for the year ended 30 September 2025**

**Independent Auditors' Report**  
**to the Members of Kilkeel Credit Union Limited**

**Opinion**

We have audited the financial statements of Kilkeel Credit Union Limited for the year ended 30th September 2025, which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their presentation 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 in all material respects:

- give a true and fair view of the state of the Credit Union's affairs as at 30th September 2025 and of its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council; and
- have been prepared in accordance with the requirements of the Credit Unions (Northern Ireland) Order 1985.

**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.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included the following :

We considered as part of our audit risk assessment of the nature of the company, its business model and related risks including the impact of Cost of Living Crisis, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

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 company'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. 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.

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**Independent Auditors' Report**  
**to the Members of Kilkeel Credit Union Limited**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Credit Unions (Northern Ireland) Order 1985 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;
- a satisfactory system of control over transactions has not being maintained by the Credit Union in accordance with the requirements of the legislation;
- the income and expenditure account to which our report relates, and the balance sheet are not in agreement with the books of account of the Credit Union;
- we have not obtained all the information and explanations which we considered were necessary for the purposes of 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 relating 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 it 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 :

**Identifying and Assessing potential risks related to irregularities**

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

- the nature of the industry and sector, control environment and business performance
- results of our enquiries of management about their identification and assessment of the risks of irregularities
- any matters which we have identified having obtained from management whether they were aware of any instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud; and reviewing the internal controls established to mitigate risk of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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As a result of these procedures, we have identified the greatest potential for fraud in the areas which management is required to exercise significant judgement. In common with all audits under ISA's (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Credit Unions (Northern Ireland) Order 1985, pensions and tax legislation. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included data protection, employment, environmental and health and safety regulations.

**Audit response to risks identified**

As a result of performing the above, we identified the potential for management override of the controls as a key audit matter related to the potential risk of fraud. Our procedures to respond to the risks identified included the following:

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

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

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

**Purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Credit Union's members, as a body, in accordance with Article 47 of the Credit Unions (Northern Ireland) Order 1985. 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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**Fitzpatrick & Kearney Limited**  
**Chartered Accountants and Statutory Auditors**  
**10c Marcus Square**  
**Newry**  
**Co. Down**  
**BT34 1AE**

**11 November 2025**

**Kilkeel Credit Union Limited**  
**Income and Expenditure Account**  
**for the year ended 30 September 2025**

	<b>Notes</b>	<b>2025</b> £	<b>2024</b> £
Interest on members' loans	4	506,790	500,981
Other interest income and similar income	5	446,428	337,453
<b>Net Interest income</b>		<u>953,218</u>	<u>838,434</u>
Other income	7	19,335	11,190
Employment costs	9b	(209,211)	(190,317)
Depreciation	12	(21,411)	(25,038)
Other management expenses	Sch 1	(325,329)	(313,645)
Net recoveries or (losses) on loans to members	13d	(22,087)	(5,813)
<b>Surplus for the financial year before taxation</b>		<u>394,515</u>	<u>314,811</u>
Taxation	10	(111,607)	(84,368)
<b>Surplus for the financial year after taxation</b>		<u>282,908</u>	<u>230,443</u>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u>282,908</u>	<u>230,443</u>

The financial statements were approved, and authorised for issue, by the Board on 11 November 2025 and signed on its behalf by:

President : Anna Carroll

*Anna Carroll*

Treasurer: Margo Cunningham

*Margo Cunningham*

Secretary: Shelagh Murphy

*Shelagh Murphy*

**Kilkeel Credit Union Limited**  
**Balance Sheet**  
**as at 30 September 2025**

	Notes	2025 £	2024 £
<b>ASSETS</b>			
Cash and balances at bank	11	238,829	225,377
Tangible fixed assets	12	531,322	544,605
Loans to members - Gross	13a	5,171,029	5,238,876
Provisions against loans to members	13c	(93,561)	(93,561)
Prepayments and accrued income	14	201,635	128,044
Deposits - other	15	10,339,522	9,976,022
Total assets		<u>16,388,776</u>	<u>16,019,363</u>
<b>LIABILITIES</b>			
Members' shares	16	(13,292,243)	(13,104,089)
Minors' deposits	17	(1,106,005)	(1,074,168)
Other payables	18	(136,123)	(104,846)
Total liabilities		<u>(14,534,371)</u>	<u>(14,283,103)</u>
<b>ASSETS LESS LIABILITIES</b>		<u>1,854,405</u>	<u>1,736,260</u>
<b>RESERVES</b>			
General reserves		1,564,539	1,489,315
Unappropriated surplus		212,334	174,413
Building Reserve		20,000	15,000
Strategic Reserves		57,532	57,532
Total reserves		<u>1,854,405</u>	<u>1,736,260</u>

The financial statements were approved, and authorised for issue, by the Board on 11 November 2025 and signed on its behalf by:

President : Anna Carroll

*Anna Carroll*

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**Kilkeel Credit Union Limited**  
**Statement of Changes in Reserves**  
**for the year ended 30 September 2025**

	General reserve £	Strategic Reserve £	Building Reserve £	Unappropriated surplus £	Total £
<b>Opening balance At 1 October 2023</b>	1,439,079	57,532	-	114,381	1,610,992
Total comprehensive income for the year	50,000	-	15,000	165,444	230,444
Membership Fees	236	-	-	(236)	-
Dividends paid during the year (Note 6)	-	-	-	(26,420)	(26,420)
Loan interest paid during the year (Note 6)	-	-	-	(78,756)	(78,756)
ILCU Stabilisation Protection Scheme		-	-		-
<b>Closing balance At 30 September 2024</b>	<u>1,489,315</u>	<u>57,532</u>	<u>15,000</u>	<u>174,413</u>	<u>1,736,260</u>
<b>Opening balance At 1 October 2024</b>	1,489,315	57,532	15,000	174,413	1,736,260
Total comprehensive income for the year	75,000	-	5,000	202,908	282,908
Membership Fees	224	-		(224)	-
Dividends paid during the year (Note 6)	-	-		(66,477)	(66,477)
Loan interest paid during the year (Note 6)	-	-		(98,286)	(98,286)
ILCU Stabilisation Protection Scheme	-	-			-
<b>Closing balance At 30 September 2025</b>	<u>1,564,539</u>	<u>57,532</u>	<u>20,000</u>	<u>212,334</u>	<u>1,854,405</u>

(1) The General Reserve of the Credit Union as a % of total assets as at 30th September 2025 was 9.55% (2024: 9.30%) in excess of the required limit of 8%. This was after transferring £75,000 (2024: £50,000) of the Credit Union's current year surplus to the General Reserve.

(2) The Unappropriated surplus is the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the General Reserve.

**Kilkeel Credit Union Limited**  
**Cash Flow Statement**  
**for the year ended 30 September 2025**

	Notes	2025 £	2024 £
<b>Cash flows from operating activities</b>			
Loans repaid by members	13a	2,633,265	2,486,996
Loans granted to members	13a	(2,600,299)	(2,808,343)
Loan interest received	4	501,619	500,190
Investment income received	5	376,298	383,226
Other income received		14,709	5,870
Bad debts recovered		12,794	12,879
Dividends paid	6	(66,477)	(26,420)
Loan interest rebate paid	6	(98,286)	(78,756)
Operating expenses paid to include employment costs		(524,166)	(523,340)
ILCU Stabilisation Protection Scheme monies received		-	-
Corporation tax paid		(84,368)	(51,042)
		<hr/>	<hr/>
Net cash flows from operating activities		165,089	(98,740)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(8,128)	(13,415)
Purchase of investments		(7,715,211)	(9,583,885)
Proceeds from sale of investments		7,351,711	9,749,162
		<hr/>	<hr/>
Net cash flows from investing activities		(371,628)	151,862
<b>Cash flow from financing activities</b>			
Members' shares received	16	3,355,828	2,970,470
Members' shares withdrawn	16	(3,167,674)	(3,157,941)
Minors' deposits received	17	220,106	247,686
Minors' deposits withdrawn	17	(188,269)	(112,763)
		<hr/>	<hr/>
Net cash flows from financing activities		219,991	(52,548)
<b>Net increase/(decrease) in cash and cash equivalents</b>		13,452	574
Cash and cash equivalents at beginning of year		<hr/>	<hr/>
<b>Cash and cash equivalents at 30 September</b>	11	238,829	225,377

- -

**Kilkeel Credit Union Limited**  
**Annual Report and Financial Statements**

**Notes to the Financial Statements**  
**for the year ended 30 September 2025**

**1 Legal and regulatory framework**

Kilkeel Credit Union Limited is established under the Credit Unions (Northern Ireland) Order 1985. The Credit Union is registered with the Department for the Economy and is regulated by the Financial Conduct Authority ("FCA") and Prudential Regulation Authority ("PRA"). The principal place of business is 20 Newry Street, Kilkeel, Newry, Co. Down.

**2 Accounting policies**

**2.1 Statement of compliance and basis of preparation**

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

The financial statements have been prepared on the historical cost basis.

**2.2 Currency**

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 £.

**2.3 Going Concern**

The financial statements are prepared on the going concern basis. The directors of Kilkeel Credit Union Limited believe this is appropriate as the Credit Union:

- Is generating annual surpluses;
- Maintains an appropriate level of liquidity; and
- Has reserves that are currently above the minimum requirements of the PRA.

**2.4 Income**

Interest on members' loans

Interest on loans to members is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Investment income

The Credit Union currently only has investments that are valued at amortised cost, and use the effective interest method to recognise investment income.

Other income

Other income such as commissions receivable on paypoint, rental income and foreign exchange services arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

**Kilkeel Credit Union Limited**  
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**Notes to the Financial Statements**  
**for the year ended 30 September 2025**

**2.5 Dividends on shares and loan interest rebates**

Dividends are made from current year's surplus or the unappropriated surpluses set aside for that purpose. The Board's proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union.

The rate of dividend and loan interest rebate recommended by the Board will reflect:

- the risk profile of the Credit Union, particularly in its loan and investment portfolios;
- the Board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend and loan interest rebate expectations;

all dominated by prudence and the need to sustain the long-term welfare of the Credit Union.

For this reason the Board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements.

The Credit Union accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting.

**2.6 Taxation**

Corporation tax is provided for on taxable interest from investments and rental income. All other income of the Credit Union is exempt from Corporation tax.

**2.7 Cash and cash equivalents**

Cash and cash equivalents comprise operating cash on hand and cash deposited with banks with original maturity of less than or equal to three months.

**2.8 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 when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

**Kilkeel Credit Union Limited**  
**Annual Report and Financial Statements**

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**for the year ended 30 September 2025**

**2.9 Basic financial assets**

Basic financial assets are initially measured at the transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method. Basic financial instruments include the following:

**Loans to members**

Loans to members are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

**Investments held at amortised cost**

Investments comprise cash deposits which are initially measured at the amount deposited and are subsequently measured at amortised cost using the effective interest method.

**2.10 Other receivables**

Other receivables such as prepayments are initially measured at transaction price including transaction costs and are subsequently measured at amortised cost using the effective interest method.

**2.11 Impairment of financial assets**

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the expected cash flows discounted at the asset's original effective interest rate.

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans which are assessed on a loan by loan basis for impairment.

Any impairment losses are recognised in the Income and Expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Income and Expenditure account.

**Kilkeel Credit Union Limited**  
**Annual Report and Financial Statements**

**Notes to the Financial Statements**  
**for the year ended 30 September 2025**

**2.12 De-recognition 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 to another party substantially all of the risks and rewards of ownership of the financial asset, 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.

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. Kilkeel Credit Union Limited does not transfer loans to third parties.

**2.13 Basic financial liabilities**

Basic financial liabilities are initially recognised at the transaction price, including transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial liabilities members' shares and minors' deposits

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

Other payables

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**2.14 De-recognition of financial liabilities**

Financial assets are de-recognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, 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.

In the case of loans to members, loans are de-recognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. Kilkeel Credit Union does not transfer loans to third parties.

**Kilkeel Credit Union Limited**  
**Annual Report and Financial Statements**

**Notes to the Financial Statements**  
**for the year ended 30 September 2025**

**2.15 Tangible fixed assets**

Tangible fixed assets comprises items of property, plant and equipment, which 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 of property, plant and equipment, less its estimated residual value over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Freehold buildings	2% straight line
Office & computer equipment	15% straight line
Fixtures & fittings	10% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying value of the asset, and is recognised in the Income and Expenditure account.

**2.16 Impairment of tangible fixed assets**

At each reporting end date, the Credit Union reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income and Expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure account.

**Kilkeel Credit Union Limited**  
**Annual Report and Financial Statements**

**Notes to the Financial Statements**  
**for the year ended 30 September 2025**

**2.17 Employee benefits**

**Pension Scheme**

Kilkeel Credit Union Limited participates in an industry-wide pension scheme for employees (The Workers Pension Trust Scheme). This is a funded defined benefit scheme with assets managed by the scheme's trustees.

The scheme is a multi-employer scheme and due to the nature of the scheme, it is not possible for the Credit Union to separately identify its share of the scheme's underlying assets and liabilities. Consequently, the Credit Union accounts for the scheme as a defined contribution plan.

**Other Employee Benefits**

The costs of short-term employee benefits, including holiday pay, are recognised as a liability and an expense (unless those costs are required to be recognised as part of the cost of fixed assets) over the period they are earned.

**2.18 Reserves**

**General reserve**

The Credit Union is required to maintain and establish a minimum General reserve of at least 8% of the assets of the Credit Union in accordance with the PRA Rulebook: Non-CRR Firms: Credit Unions Instrument 2016.

**Unappropriated surplus**

The Unappropriated surplus is the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the General Reserve.

**3 Use of estimates and judgements**

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

**Impairment losses on loans to members**

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 2.11. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. At all times the Credit Union ensures that its provisions meet the minimum requirements contained within the PRA Credit Union Rule book. Over and above the regulatory requirements, the Credit Union reviews the loan book for evidence of impairment. If the loan is impaired, the Credit Union writes off that amount of the loan deemed irrecoverable directly to the Income & Expenditure Account.

**4 Interest on members' loans**

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Opening accrued loan interest receivable	(20,706)	(19,915)
Loan interest received in year	501,619	500,190
Closing accrued loan interest receivable	25,877	20,706
<b>Total interest on members' loans</b>	<b>506,790</b>	<b>500,981</b>

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<b>5 Other interest income and similar income</b>	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Opening accrued investment income receivable	(87,173)	(132,946)
Investment income received in year	376,298	383,226
Closing accrued investment income receivable	157,303	87,173
<b>Total investment income</b>	<b>446,428</b>	<b>337,453</b>

**6 Dividends and Loan Interest Rebate**

The dividend and any loan interest rebate are formally proposed by the directors after the year end and are confirmed at an AGM of the members. As a result the proposed dividend for the current year does not represent a liability at the Balance Sheet date and the dividend included in the Statement of Reserves in the current year relates to dividends paid to members for the prior year.

The dividends and loan interest rebate for the current and prior year periods were as follows:

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Dividend paid during the year	66,477	26,420
Dividend rate:		
Members' shares	0.50%	0.20%
Loan interest rebate paid during the year	98,286	78,756
Loan interest rebate rate		
Members' loans	20%	17%
Dividend proposed but not recognised	105,414	65,688
Dividend rate:		
Members' shares	0.80%	0.50%
Loan interest rebate proposed but not recognised	74,775	99,880
Loan interest rebate rate		
Members' loans	15%	20%
<b>7 Other income</b>	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Entrance fees	224	236
Sundry income	5,836	6,136
Affiliation fees	4,830	4,697
Death Benefit Insurance	75	121
Digital Transformation Flexible Fund	8,370	
	<b>19,335</b>	<b>11,190</b>

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<b>8 Expenses</b>	<b>Note</b>	<b>2025</b> £	<b>2024</b> £
Employment costs	<b>9b</b>	209,211	190,317
Depreciation	<b>12</b>	21,411	25,038
Other management expenses (schedule 1)		325,329	313,645
		<u>555,951</u>	<u>529,000</u>

**9 Employees and employment costs**

**9a Number of employees**

The average number of employees during the year was

	<b>2025</b> <b>Number</b>	<b>2024</b> <b>Number</b>
Chief Executive Officer	1	1
Other Staff	10	8
Total	<u>11</u>	<u>9</u>

**9b Employment costs**

	<b>2025</b> £	<b>2024</b> £
Wages and salaries	156,612	140,232
Social security costs	25,629	24,848
Training expenses	7,850	7,529
Other pension costs	19,120	17,708
	<u>209,211</u>	<u>190,317</u>

**9c Key management personnel**

The remuneration of key management personnel was as follows:

	<b>2025</b> £	<b>2024</b> £
Short term employee benefits	67,229	62,712
Payments to defined contribution pension schemes	5,371	5,145
Total	<u>72,600</u>	<u>67,857</u>

Short-term employee benefits include wages, salaries, social security contributions and paid annual leave.

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<b>10 Taxation</b>	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Corporation tax charge in respect of current year	111,607	84,368
<i>Reconciliation of tax charge to taxable income</i>		
Investment income and non-mutual income	446,428	337,453
Net Rental Income	-	-
	<u>111,607</u>	<u>84,368</u>
Corporation tax at 25%	111,607	84,368

As disclosed in the accounting policy for taxation in note 2.7 all income other than income from investments and rental income is exempt from Corporation Tax.

<b>11 Cash and cash equivalents</b>	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Cash and balances at bank	40	40
Cash balances -minors'	3,185	3,738
Deposits with banks	235,604	221,599
<b>Total cash and cash equivalents</b>	<u>238,829</u>	<u>225,377</u>

**12 Tangible fixed assets**

Tangible fixed assets comprise the following property, plant and equipment

	Freehold Premises	Office & Computer Equipment	Fixtures & Fittings	Total
<u>Cost</u>	£	£	£	£
Balance @ 30/09/24	799,510	132,950	32,403	964,863
Additions	-	6,868	1,260	8,128
Disposals	-	-	-	-
Balance @ 30/09/25	<u>799,510</u>	<u>139,818</u>	<u>33,663</u>	<u>972,991</u>

Depreciation

Balance @ 30/09/24	278,966	112,775	28,517	420,258
Charge for the year	15,204	5,392	815	21,411
Disposals	-	-	-	-
Balance @ 30/09/25	<u>294,170</u>	<u>118,167</u>	<u>29,332</u>	<u>441,669</u>

Net Book Value

30th September 2025	<u>505,340</u>	<u>21,651</u>	<u>4,331</u>	<u>531,322</u>
30th September 2024	<u>520,544</u>	<u>20,175</u>	<u>3,886</u>	<u>544,605</u>

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**13 Loans to members - financial assets**

**13a Loans to members**

	Note	2025 £	2024 £
As at 1st October			
Loans to members		5,238,876	4,935,800
Advanced during the year		2,600,299	2,808,343
Repaid during the year		(2,633,265)	(2,486,996)
Loans written off		(34,881)	(18,271)
<b>Gross loans to members</b>	<b>13b</b>	<u>5,171,029</u>	<u>5,238,876</u>
Impairment allowances			
Groups of loans		(93,561)	(93,561)
<b>Loan provision</b>		<u>(93,561)</u>	<u>(93,561)</u>
As at 30th September		<u>5,077,468</u>	<u>5,145,315</u>

**13b Credit risk disclosures**

Kilkeel Credit Union Limited does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There are maximum amounts set down by the PRA in terms of what amount a member can borrow from the Credit Union.

The carrying amount of the loans to members represents Kilkeel Credit Union Limited'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.

	2025 Amount £	2025 Proportion %	2024 Amount £	2024 Proportion %
<b>Not impaired:</b>				
Neither past due nor impaired	4,973,410	96.18%	5,011,227	95.65%
More than 3 months past due	29,492	0.57%	44,140	0.84%
More than 6 months past due	3,799	0.07%	6,586	0.13%
More than 9 months past due	10,000	0.19%	1,019	0.02%
More than 12 month past due	60,767	1.18%	82,343	1.57%
Gross loans not impaired	<u>5,077,468</u>	<u>98.19%</u>	<u>5,145,315</u>	<u>98.21%</u>
Gross loans collectively impaired	<u>93,561</u>	<u>1.81%</u>	<u>93,561</u>	<u>1.79%</u>
<b>Total gross loans</b>	<u>5,171,029</u>	<u>100%</u>	<u>5,238,876</u>	<u>100%</u>
<b>Impairment allowance</b>				
Groups of loans	<u>(93,561)</u>		<u>(93,561)</u>	
<b>Total carrying value</b>	<u>5,077,468</u>		<u>5,145,315</u>	

Factors that are considered in determining whether loans are impaired are discussed in Note 3, dealing with estimates.

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<b>13c Loan provision account</b>	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
As at 1st October	93,561	93,561
Increase in loan provisions during the year	-	-
As at 30th September	<u>93,561</u>	<u>93,561</u>

<b>13d Net recoveries /(losses) recognised for the year</b>	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Bad debts recovered	12,794	12,879
(Increase)/Reduction in loan provisions during the year	-	-
	<u>12,794</u>	<u>12,879</u>
Loans written off	<u>(34,881)</u>	<u>(18,692)</u>
Net recoveries /(losses) on loans to members recognised for the year	<u>(22,087)</u>	<u>(5,813)</u>

<b>14 Prepayments and accrued income</b>	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Prepayments	18,455	20,165
Accrued loan interest income	25,877	20,706
Accrued investment income	<u>157,303</u>	<u>87,173</u>
	<u>201,635</u>	<u>128,044</u>

**15 Deposits**  
 Deposits with banks at the current and prior Balance Sheet date were all measured at amortised cost as appropriate and comprised of the following:

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Fixed term deposits with banks - minors	1,102,820	1,070,429
Fixed term deposits with banks	<u>9,236,702</u>	<u>8,905,593</u>
<b>Total investments at amortised cost</b>	<u>10,339,522</u>	<u>9,976,022</u>

The category of counterparties with whom the investments were held was as follows:

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
A1	44,397	45,740
A2	-	-
AA3	2,952,684	3,430,033
Ba1	-	-
Baa1	-	-
Unspecified	<u>7,342,441</u>	<u>6,500,249</u>
<b>Total investments</b>	<u>10,339,522</u>	<u>9,976,022</u>

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<b>16 Members' shares - financial liabilities</b>	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
As at 1st October	13,104,089	13,291,560
Received during the year	3,355,828	2,970,470
Repaid during the year	<u>(3,167,674)</u>	<u>(3,157,941)</u>
As at 30th September	<u>13,292,243</u>	<u>13,104,089</u>

Members' shares are repayable on demand except for shares attached to loans. The breakdown of the shares between attached and unattached is as follows:

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Unattached shares	8,678,069	8,489,253
Attached shares	4,614,174	4,614,836
<b>Total members' shares</b>	<u>13,292,243</u>	<u>13,104,089</u>

<b>17 Minors' deposits - financial liabilities</b>	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
As at 1st October	1,074,168	939,245
Received during the year	220,106	247,686
Repaid during the year	<u>(188,269)</u>	<u>(112,763)</u>
As at 30th September	<u>1,106,005</u>	<u>1,074,168</u>

Minors' deposits are repayable on demand

<b>18 Other payables</b>	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Corporation tax	111,607	84,368
Pension and short term payroll accruals	6,034	3,205
Creditors and other accruals	17,482	16,273
Deferred Income	1,000	1,000
	<u>136,123</u>	<u>104,846</u>

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**19 Additional financial instruments disclosures**

**19a Financial risk management**

Kilkeel Credit Union Limited is a provider of personal and business loans and also provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

The main financial risks arising from Kilkeel Credit Union's activities are credit risk, liquidity risk, market 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 Kilkeel Credit Union Limited., resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit policy, and all changes to it. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit risk on members' loans is disclosed in Note 13b.

The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the PRA. The credit ratings of the financial institutions where investments are held are disclosed in Note 15.

**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 Credit Union adheres on an ongoing basis to the minimum liquidity ratio as set out in the PRA Rulebook.

**Market risk:** Market risk is generally comprised of interest rate risk, currency risk and other price risk. Kilkeel Credit Union Limited 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 differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable on investments and members' loans when deciding on the dividend rate payable on shares and on any loan interest rebate.

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**19b Interest rate risk disclosures**

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

	<b>2025</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>Amount</b>	<b>Average</b>	<b>Amount</b>	<b>Average</b>
		<b>Interest</b>		<b>Interest</b>
	<b>£</b>	<b>Rate</b>	<b>£</b>	<b>Rate</b>
		<b>%</b>		<b>%</b>
<b>Financial assets</b>				
Gross loans to members	5,171,029	9.80%	5,238,876	8.91%
<b>Financial liabilities</b>				
Members' shares	13,292,243	0.25%	13,104,088	0.25%
Minors' deposits	1,104,527	0.25%	1,074,168	0.25%
	<u>14,396,770</u>		<u>14,178,256</u>	

The interest rates applicable to loans to members are fixed and range from 6% to 12%. The dividend on shares and interest on deposits is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and dividend on shares and interest payable on deposits. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

**19c Liquidity risk disclosure**

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans.

**19d Fair value of financial instruments**

Kilkeel Credit Union Ltd. does not hold any financial instruments at fair value.

**19e Capital**

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current General reserve is in excess of the minimum requirement set down by the PRA, and stands at 9.55% of the total assets of the Credit Union at the Balance Sheet date.

**20 Post Balance Sheet events**

There are no material events after the balance sheet date which would necessitate a change in the above figure. Attention is drawn to the paragraph in the directors report in relation to the consequences of the cost of living crisis.

**21 Contingent liabilities**

Kilkeel Credit Union Ltd had no contingent liabilities at the current or prior Balance Sheet date.

**22 Capital Commitments**

There were no capital commitments either contracted for or approved by the Board at the year end.

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**23 Insurance against fraud**

The Credit Union has insurance against fraud in compliance with the PRA Rulebook.

**24 Related party transactions**

During the year loans were advanced to directors, supervisors and the management team of the Credit Union (to include their spouses) in the amount of £50,651 (2024: £20,523). The loans outstanding from these parties at 30th September 2025 were £100,287 (2024: £76,318). These loans amounted to 1.94% of total gross loans due at 30th September 2025 (2024: 1.46%)

There were no provisions against the loans due from the directors and the management team at the current or prior Balance Sheet dates.

The directors and management team share balances stood at £129,254 at 30th September 2025 (2024:£119,336)

**25 Approval of Financial Statements**

The financial statements were approved, and authorised for issue, by the Board on 11 November 2025.

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**Schedule 1 - Other Management Expenses**

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Rates and water rates	7,477	7,147
Heat, light and cleaning	6,444	6,773
Affiliation fees	5,543	5,288
Death benefit insurance	58,684	44,727
Loan and share insurance	86,583	81,420
General Insurance	13,856	15,183
Computer maintenance and accessories	59,846	53,333
Software expenses	14,991	1,144
CUSOP Software expenses	-	10,352
Buildings maintenance	16,763	31,633
Telephone	5,038	4,869
Printing stationery and advertising	13,772	16,225
Social charitable and educational	6,563	6,326
Audit fees	7,845	7,525
Chapter dues	244	-
AGM Expenses	200	1,299
Convention expenses	1,220	1,720
Bank charges	8,760	9,144
Sundry expenses	409	292
International foundation	2,000	2,000
Travel expenses	1,105	1,399
Legal fees	223	259
Professional fees	5,591	2,344
Regulatory fees	2,172	3,243
<b>Total other management expenses</b>	<b>325,329</b>	<b>313,645</b>