WATERSIDE CREDIT UNION LIMITED

Annual Report and Financial Statements

For the year ended 30th September 2026

MOORE (N.I.) LLP

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

WATERSIDE CREDIT UNION LIMITED

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WATERSIDE CREDIT UNION LIMITED

Directors' Report
For the year ended 30th September 2026

The directors present their annual report and financial statements for the year ended 30th September 2026.

Directors

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

Martin Reilly (President)
Tony Monaghan (Vice President)
Paul O'Donnell (Treasurer)
Chris Ferguson (Vice Treasurer)
Laura McCauley
Ann Lindsay
Martin Rodgers
Patricia Anderson
Gabrielle Armstrong
Daniel Cairns
Gerard McStravick

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.

Statement of Disclosure to Auditors

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the Credit Union's auditors are unaware, and

- the directors have taken all the steps that they ought to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board of Directors

Martin Reilly
President
Date: 20th October 2026

WATERSIDE CREDIT UNION LIMITED

Independent Auditor's Report to the Members of Waterside Credit Union
For the year ended 30th September 2026

Opinion

We have audited the financial statements of Waterside Credit Union Limited (the 'Credit Union') for the year ended 30 September 2026, which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland '(United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Credit Union's affairs as at 30 September 2026 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 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.

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

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Waterside Credit Union
For the year ended 30th September 2026

Matters on which we are required to report by exception

In 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 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 been 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 related to going concern and using the going concern basis of accounting unless the directors, either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Credit Union.

Based on our understanding of the Credit Union and its operating environment, we determined that the most significant frameworks which have a direct impact on the preparation of the financial statements are those related to the reporting framework (FRS 102 and the Credit Unions (Northern Ireland) Order 1985), the PRA rulebook and the relevant taxation legislation.

We assessed the susceptibility of the Credit Union's financial statements to material misstatement, including how fraud might occur, including evaluating management's incentives and opportunities to manage earnings or influence the reported results. From the results of our assessment, we determined that the principal risk of fraud related to posting inappropriate journal entries. In common with all audits under ISAs (UK), we are required to perform specific procedures to respond to the risk of management override.

Audit response to risks identified

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. Audit procedures performed by the engagement team included:

- We obtained an understanding of the Credit Union's internal control systems in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- We obtained an understanding of how the Credit Union complies with relevant laws and regulations, including the PRA rulebook, by making enquiries of management and those charged with governance.
- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- Reviewing minutes of meetings of those charged with governance
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performed audit procedures to address the risks of material misstatement due to fraud, including cash counts, completeness of income and testing of miscellaneous payments, as appropriate to the circumstances of the audit.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the procedures would identify it. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations

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

WATERSIDE CREDIT UNION LIMITED

Independent Auditor's Report to the Members of Waterside Credit Union
For the year ended 30th September 2026

Use of our report

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.

Moore (NI) LLP

MOORE (N.I.) LLP
CHARTERED ACCOUNTANTS
STATUTORY AUDITORS
21-23 CLARENDON STREET
DERRY

Date: 20th October 2026

WATERSIDE CREDIT UNION LIMITED

Income and expenditure account
For the year ended 30th September 2026

	Note	2026 £	2025 £
Interest on members' loans	4	**1,063,717**	1,009,130
Other interest income and similar income	5	**754,493**	627,571
Net interest income		**1,818,210**	1,636,701
Other income	7	**10,334**	13,935
Employment costs	9b	**(394,223)**	(319,839)
Depreciation	12	**(22,880)**	(18,818)
Other management expenses (Schedule 1)		**(522,047)**	(489,151)
Net recoveries or losses on loans to members	13d	**40,970**	(100,315)
Surplus for the financial year before taxation		**930,364**	722,513
Taxation	10	**(173,770)**	(156,893)
Surplus for the financial year after taxation		**756,594**	565,620

The financial statements were approved, and authorised for issue, by the Board on 20th October 2026 and signed on its behalf by:

Martin Reilly
President

Paul O'Donnell
Treasurer

Martin Rodgers
Secretary

WATERSIDE CREDIT UNION LIMITED

Balance Sheet
For the year ended 30th September 2026

	Note	2026 £	2025 £
ASSETS			
Cash and cash equivalents	11	**1,844,605**	1,760,436
Tangible fixed assets	12	**346,956**	354,276
Loans to members – Gross	13a	**10,966,898**	10,123,886
Provisions against loans to members	13c	**(250,000)**	(320,000)
Prepayments and accrued income	14	**817,744**	601,494
Investments	15	**15,967,033**	16,023,059
Minors deposit investments		**1,411,252**	1,318,296
Total assets		**31,104,488**	29,861,447
LIABILITIES			
Members' shares	16	**(25,184,765)**	(24,299,711)
Minors' deposits		**(1,394,373)**	(1,305,387)
Interest to minors		**(16,878)**	(12,909)
Easy Share accounts	16	**(284,126)**	(305,322)
Other payables	17	**(293,332)**	(303,911)
Total liabilities		**(27,173,474)**	(26,227,240)
ASSETS LESS LIABILITIES		**3,931,014**	3,634,207
RESERVES			
General reserve		**2,865,539**	2,824,420
Operational risk reserve		**420,000**	350,000
Property reserve		**100,000**	-
Unappropriated surplus		**545,475**	459,787
Total reserves		**3,931,014**	3,634,207

The financial statements were approved, and authorised for issue, by the Board on 20th October 2026 and signed on its behalf by:

Martin Reilly
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Treasurer

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WATERSIDE CREDIT UNION LIMITED

Statement of Changes in Reserves
For the year ended 30th September 2026

	General reserve £	Operational risk reserve £	Property reserve £	Unappropriated surplus £	Total reserves £
Opening balance at 1st October 2024	2,793,587	275,000	-	386,639	3,455,226
Total comprehensive income for the year	30,833	75,000	-	459,787	565,620
Dividends paid during the year (Note 6)	-	-	-	(184,246)	(184,246)
Interest rebate paid during the year (note 6)	-	-	-	(202,393)	(202,393)
Closing balance at 30th September 2025	2,824,420	350,000	-	459,787	3,634,207
Opening balance at 1st October 2025	**2,824,420**	**350,000**	**-**	**459,787**	**3,634,207**
Total comprehensive income for the year	41,119	70,000	100,000	545,475	756,594
Dividends paid during the year (Note 6)	-	-	-	(241,528)	(241,528)
Interest rebate paid during the year (note 6)	-	-	-	(218,259)	(218,259)
Closing balance at 30th September 2026	**2,865,539**	**420,000**	**100,000**	**545,475**	**3,931,014**

WATERSIDE CREDIT UNION LIMITED

Statement of Cash Flows
For the year ended 30th September 2026

	Note	2026 £	2025 £
Cash flows from operating activities			
Cash (absorbed by)/generated from operations	19	**(114,956)**	(84,964)
Loans repaid by members	13a	**4,692,462**	4,548,211
Loans granted to members	13a	**(5,594,393)**	(5,312,255)
Bad debts written off	13a	**58,919**	92,139
Corporation tax paid	10	**(156,893)**	(134,358)
Investment income received	5	**754,493**	627,571
Dividends paid	6	**(241,528)**	(184,246)
Loan interest rebate paid	6	**(218,259)**	(202,393)
Net cash flows from operating activities		**(820,155)**	(650,295)
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(15,560)**	(5,872)
Movement in investments – proceeds and purchases	15	**56,026**	(155,051)
Net cash flows from investing activities		**40,466**	(160,923)
Net movement in members shares	16	**863,858**	970,522
Net cash flows from financing activities		**863,858**	970,522
Net increase / (decrease) in cash and cash equivalents		**84,169**	159,304
Cash and cash equivalents at beginning of year		**1,760,436**	1,601,132
Cash and cash equivalents at end of year	11	**1,844,605**	1,760,436

Notes to the Financial Statements
For the year ended 30th September 2026

1. Legal and regulatory framework
Waterside Credit Union Limited (the 'Credit Union') 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 55-57 Spencer Road, Waterside, Derry.

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 pound (£).

2.3. Going concern
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. The directors 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.

Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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 foreign exchange services arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

2.5. Interest on minors' deposits
Interest on minors' deposits is recognised using the effective interest method.

2.6. Dividends on shares and loan interest rebates
Dividends are paid from the current year's surplus or from unappropriated surpluses set aside for that purpose. The Board's proposed annual distribution to members is determined in accordance with the Credit Union's dividend and loan interest rebate policy.

The rate of dividend and loan interest rebate recommended by the Board takes into consideration:

- 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' reasonable expectations regarding dividends and loan interest rebates

These considerations are balanced against the need for prudence and to safeguard the long-term financial wellbeing of the Credit Union.

The Board therefore aims to maintain sufficient reserves to absorb unexpected financial shocks while ensuring that the Credit Union continues to meet the applicable minimum regulatory capital requirements.

Dividends and loan interest rebates are recognised in the financial statements when approved by members at the Annual General Meeting.

2.7. Taxation

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

2.8. 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.

2.9. 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.

2.10. 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.

2.11. 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.

2.12. 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.

2.13. Impairment of financial assets

Loans to members are reviewed regularly by the Credit Control Committee to assess their recoverability and determine the appropriate level of provision for bad debts. The provision is calculated in accordance with the minimum requirements of the Prudential Regulation Authority (PRA), applying specific provision percentages based on the length of time loans have been in arrears.

In addition to this collective assessment, loans are considered individually where necessary, and additional provisions are recognised where the Credit Control Committee considers that the existing provision does not adequately reflect the risk of non-repayment.

Movements in the bad debt provision, including increases and decreases, are recognised in the Income and Expenditure Account. Loans considered irrecoverable are written off following approval by the Credit Control Committee.

2.14. Financial liabilities (members' shares and deposits)

Members' shares, Easy Share Accounts and 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.

2.15. Tangible fixed assets

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

Buildings	50 years straight line
Land	Not depreciated
Equipment, fixtures & fittings	10 years straight line

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

2.17. Employee benefits

Pension Scheme

Waterside Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Northern Ireland Pension 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.

The credit union also commenced the operation of a workplace pension scheme on 1 August 2019. Employees are automatically enrolled in this scheme once mandatory registration criteria are met. Employees who meet the criteria have the option of opting out of the scheme. The assets of the scheme are held separately from those of the credit union and are administered by an external provider, Workers Pension Trust Limited. During the year ended 30 September 2026 the credit union's contributions to the scheme were set at 5% and amounted to £10,671 (2025 - £8,814).

Other Employee Benefits

The costs of short-term employee benefits, including holiday pay, are recognised as a liability and as 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

In accordance with the PRA Rulebook: Non-CRR Firms: Credit Unions Instrument 2020 a credit union that has total assets of more than £10 million must have:

(1) capital of at least 5% of total assets up to and including £10 million; and
(2) capital of at least 8% of total assets above £10 million up to and including £50 million; and
(3) capital of at least 10% of total assets above £50 million.

Operational risk reserve

The credit union has established an additional reserve in relation to operational risk. This reserve is separate, distinct and in addition to the reserves that the credit union is required to hold under the minimum PRA regulatory capital requirement.

The amount held in the operational risk reserve is based on the predicted impact of operational risk events that may have a material impact on the credit union's business.

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 Waterside 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 Note 2.13. Loan loss provisions are reviewed and approved quarterly to ensure compliance with the minimum requirements of the PRA Credit Union Rulebook. In addition, the Credit Union assesses the loan book for impairment, considering arrears, individual loan circumstances and other relevant credit risk indicators. Specific provisions are raised where the recoverability of individual loans is in doubt, while collective provisions are based on historical experience and management's assessment of current economic, market and other relevant conditions.

The estimation of loan losses involves significant judgement and uncertainty, taking into account factors such as repayment trends, the economic environment, regulatory requirements and available security, including pledged shares. Impairment losses are measured by reference to the carrying amount of loans and the present value of expected future cash flows, discounted at the original effective interest rate where applicable. Estimates are back-tested against actual experience, and amounts considered irrecoverable are written off against specific provisions where there is no reasonable prospect of recovery.

Economic uncertainty, changes to social security benefits and higher mortgage interest rates have also been considered in determining the level of specific bad debt provisions required.

4. Interest on members' loans

	2026 £	2025 £
Opening accrued loan interest receivable	**(43,317)**	(39,383)
Loan interest received in year	**1,069,204**	1,005,196
Closing accrued loan interest receivable	**37,830**	43,317
Total interest on members' loans	**1,063,717**	1,009,130

5. Other interest income and similar income

	2026 £	2025 £
Investment income and gains received by the Balance Sheet date	**429,216**	102,034
Receivable within 12 months of Balance Sheet date	**325,277**	525,537
Total investment income	**754,493**	627,571

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 Changes in 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:

	2026 £	2025 £
Dividend paid during the year	**241,528**	184,246
Interest rebate paid during the year	**218,259**	202,393
Dividend rate:		
Members' shares	**1%**	0.8%
Easy shares	**1%**	0.8%
Loan interest rebate paid for the prior year.	**28%**	28%
Dividend proposed, but not recognised	**313,580**	241,528
Loan interest proposed, but not recognised	**231,895**	218,259
Dividend rate:		
Members' shares	**1.25%**	1%
Easy Shares	**1.25%**	1%
Loan interest rate	**30%**	28%

7. Other income

	2026 £	2025 £
Miscellaneous income	**7,850**	10,577
Deferred credit released	**2,484**	2,485
Unclaimed dividend/interest rebate	**-**	873
Total other income	**10,334**	13,935

8. Expenses

	Note	2026 £	2025 £
Employment costs	9b	**394,223**	319,839
Depreciation	12	**22,880**	18,818
Other management expenses (Schedule 1)		**522,047**	489,151
		939,150	827,808

9 Employees and employment costs

9a. Number of employees

The average monthly number of employees during the year was:

	2026 Number	2025 Number
Manager	**1**	1
Other staff	**12**	11
Total	**13**	12

9b. Employment costs

	2026 £	2025 £
Wages and salaries	**369,178**	289,499
Pension costs	**28,825**	26,792
Permanent health insurance	**(3,780)**	3,548
Total employment costs	**394,223**	319,839

9c. Key management personnel

The remuneration of key management personnel was as follows:

	2026 £	2025 £
Short term employee benefits	**142,174**	129,679
Payments to defined benefit pension schemes	**12,229**	11,285
Total key management personnel compensation	**154,403**	140,964

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

10. Taxation

	2026 £	2025 £
Corporation tax charge in respect of current year	**173,770**	156,893

Reconciliation of tax charge to taxable income

Investment income and non-mutual income	**695,078**	627,571
Corporation Tax payable:		
£695,078 @ 25%	**173,770**	156,893
Corporation tax charge	**173,770**	156,893

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

11. Cash and cash equivalents

	2026 £	2025 £
Cash balances	**1,844,605**	1,760,436
Total cash and cash equivalents	**1,844,605**	1,760,436

Short term deposits with banks are deposits with original maturity of less than or equal to three months. All other deposits with banks are included under Investments in the Balance Sheet and disclosed in Note 15.

12. Tangible fixed assets

Tangible fixed assets comprise the following property, equipment fixtures and fittings:

	Freehold land £	Buildings £	Equipment Fixtures & Fittings £	Total £
Cost				
At 1st October 2025	70,000	485,411	100,436	655,847
Additions	-	-	15,560	15,560
Disposals	-	-	(14,709)	(14,709)
At 30th September 2026	**70,000**	**485,411**	**101,287**	**656,698**
Depreciation				
At 1st October 2025	-	250,947	50,624	301,571
Charge for the year	-	9,708	13,172	22,880
Released on disposal	-	-	(14,709)	(14,709)
At 30th September 2026	**-**	**260,655**	**49,087**	**309,742**
Net book value				
At 30th September 2026	**70,000**	**224,756**	**52,200**	**346,956**
At 30th September 2025	70,000	234,464	49,812	354,276

13. Loans to members – financial assets

13a. Loans to members

	Note	2026 £	2025 £
As at 1st October		**10,123,886**	9,451,981
Advanced during the year		**5,594,393**	5,312,255
Repaid during the year		**(4,692,462)**	(4,548,211)
Loans written off		**(58,919)**	(92,139)
Gross loans to members	13b	**10,966,898**	10,123,886
Individual loans		**(227,057)**	(235,977)
Groups of loans		**(22,943)**	(84,023)
Loan provision	13c	**(250,000)**	(320,000)
As at 30th September	13b	**10,716,898**	9,803,886

13b. Credit risk disclosures

Waterside Credit Union Limited does not offer mortgages. In the current year the credit union commenced offering secured business loans with one secured loan being issued in the year to 30 September 2026. All other 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 Waterside 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.

	2026		2025	
	Amount £	**Proportion %**	Amount £	Proportion %
Not impaired:				
Neither past due nor impaired	**10,638,975**	**97.00%**	9,751,382	96.32%
More than 3 months past due	**45,693**	**0.42%**	26,862	0.26%
More than 6 months past due	**9,779**	**0.09%**	15,180	0.15%
More than 9 months past due	**5,142**	**0.05%**	6,364	0.06%
More than 12 months past due	**9,633**	**0.09%**	15,629	0.16%
Gross loans not impaired	**10,709,222**	**97.65%**	9,815,417	96.95%
Gross loans individually impaired	**234,733**	**2.14%**	224,446	2.22%
Gross loans collectively impaired	**22,943**	**0.21%**	84,023	0.83%
Total gross loans	**10,966,898**	**100.00%**	10,123,886	100.00%
Impairment allowance				
Individual loans	**(227,057)**		(235,977)	
Groups of loans	**(22,943)**		(84,023)	
Total carrying value	**10,716,898**		9,803,886	

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

13c. Loan provision account for impairment losses

	2026 £	2025 £
As at 1st October	**320,000**	275,000
Increase/(Decrease) in loan provisions during the year	**(70,000)**	45,000
As at 30th September	**250,000**	320,000

13d. Net recoveries or losses recognised for the year

	2026 £	2025 £
Bad debts recovered	**29,889**	36,824
(Increase)/Reduction in loan provisions during the year	**70,000**	(45,000)
	99,889	(8,176)
Loans written off	**(58,919)**	(92,139)
Net recoveries or losses on loans to members recognised for the year	**40,970**	(100,315)

14. Prepayments and accrued income

	2026 £	2025 £
Prepayments	**63,200**	32,640
Accrued investment income	**716,714**	525,537
Accrued loan interest income	**37,830**	43,317
	817,744	601,494

15. Investments

Investments at the current and prior Balance Sheet date were all measured at amortised cost as appropriate and comprised of the following:

	2026 £	2025 £
Fixed term deposits with banks	**15,967,033**	16,023,059
Total investments at amortised cost	**15,967,033**	16,023,059

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

	2026 £	2025 £
AA-	**2,600,000**	2,600,000
A+	**7,367,841**	7,873,867
A	**2,800,000**	4,199,192
A-	**2,099,192**	1,100,000
BBB+	**1,100,000**	-
Not Rated	**-**	250,000
Total investments	**15,967,033**	16,023,059

16. Members' Shares – financial liabilities

		2026 £	2025 £
As at 1st October	Main accounts	**24,299,711**	23,345,551
	Easy shares	**305,322**	288,960
		24,605,033	23,634,511
Received during the year		**7,244,251**	6,722,315
Repaid during the year		**(6,380,393)**	(5,751,793)
As at 30th September		**25,468,891**	24,605,033
Split as follows:	Main accounts	**25,184,765**	24,299,711
	Easy shares	**284,126**	305,322
		25,468,891	24,605,033

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

	2026 £	2025 £
Unattached shares	**20,939,378**	20,361,014
Attached shares	**4,529,513**	4,244,019
Total members' shares	**25,468,891**	24,605,033

17. Other payables

	2026 £	2025 £
Corporation tax	**173,770**	156,893
Creditors and other accruals	**119,562**	147,018
	293,332	303,911

18. Additional financial instruments disclosures

18a. Financial risk management

Waterside 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 Waterside Credit Union Limited'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 Waterside 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. Waterside 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.

18b. Interest rate risk disclosures

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

	2026		2025	
	Amount £	**Average interest rate**	Amount £	Average interest rate
Financial assets				
Gross loans to members	**10,966,898**	**10.19%**	10,123,886	10.24%
Financial liabilities				
Members' shares	**25,468,891**	**1.25%**	24,605,033	1%
Minors' deposits	**1,394,373**	**1.25%**	1,305,387	1%
	26,863,264		25,910,420	

The interest rates applicable to loans to members are fixed and range from 7.22% to 12.68%. 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.

18c. Liquidity risk disclosures

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

18d. Fair value of financial instruments

Waterside Credit Union Limited does not hold any financial instruments at fair value.

18e. 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 stands at 9.21% of the total assets of the Credit Union at the Balance Sheet date and is in excess of the minimum requirements set down by the PRA.

Notes to the Financial Statements
For the year ended 30th September 2026

19. Cash generated from operations

	2026 £	2025 £
Surplus before taxation	**930,364**	722,513
Depreciation Charges	**22,880**	18,818
Deferred credit released	**(2,484)**	(2,485)
(Increase)/Decrease in debtors and prepayments	**(216,250)**	(257,449)
Increase/(Decrease) in creditors	**(24,973)**	16,210
Increase/(Decrease) in loan provision	**(70,000)**	45,000
Investment Income	**(754,493)**	(627,571)
Net Cash inflow / (outflow) from operating activities	**(114,956)**	(84,964)

20. Post Balance Sheet events
There are no material events after the Balance Sheet date to disclose.

21. Contingent liabilities
Waterside Credit Union Limited 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.

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 and the management team of the Credit Union (to include their family members or any business in which the directors or management team had a significant shareholding) in the amount of £49,620 (2025: £80,410). The loans outstanding from these parties at 30th September 2026 were £109,438 (2025: £133,952). These loans amounted to 1.00% of total gross loans due at 30th September 2026 (2025: 1.32%)

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

The directors and management team share balances stood at £129,760 at 30th September 2026 (2025: £120,555).

25. Approval of Financial Statements
The financial statements were approved, and authorised for issue, by the Board on 20th October 2026.

26. Auditors Ethical Standards
In common with many businesses of our size and nature, we use our auditors to assist with the compilation of the statutory financial statements and to prepare and submit returns to the tax authorities.

Notes to the Financial Statements
For the year ended 30th September 2026

Schedule 1 - Other management expenses

	2026 £	2025 £
ECCU Insurance	**198,036**	184,404
Death Benefit Insurance	**71,632**	60,495
ILCU Affiliation fees & SPS Fund Contribution	**(6,637)**	4,723
General Insurance	**16,225**	16,782
Rates	**10,766**	10,355
Heat & light	**8,796**	9,195
Repairs & renewals	**21,037**	6,931
Computer maintenance	**43,408**	36,994
Postage & telephone	**8,651**	7,788
Printing, stationery & advertising	**26,471**	19,727
Motor & travelling expenses	**1,143**	670
AGM expenses	**11,016**	16,303
Convention expenses	**5,442**	1,609
Legal fees	**4,746**	1,634
Donations	**9,040**	7,600
Audit fee	**23,400**	22,200
Consultancy fees	**10,168**	20,328
Course fees & training	**5,060**	6,662
Bank charges & interest	**34,483**	30,660
FCA/PRA fees	**-**	1,375
Uniform expenses	**212**	2,843
Miscellaneous expenses	**18,952**	19,873
Total other management expenses	**522,047**	489,151

WATERSIDE CREDIT UNION LIMITED

Minors' Revenue Account and Balance Sheet
For the year ended 30th September 2026

	2026	2025
	£	£
Income		
Investment Income	**59,415**	31,653
Other Income	**4,972**	15
	64,387	31,668
Expenses		
Wages	**(47,509)**	(18,759)
Retained unappropriated surplus for year	**16,878**	12,909
Retained unappropriated surplus brought forward	**12,909**	10,169
Appropriation		
Interest paid on deposits	**(12,909)**	(10,169)
Retained unappropriated surplus carried forward	**16,878**	12,909

MINORS BALANCE SHEET AS AT 30TH SEPTEMBER 2026

		2026		2025
		£		£
Assets				
Cash at bank and on deposit		**1,396,637**		1,337,925
Debtors		**62,996**		3,581
		1,459,633		1,341,506
Liabilities				
Creditors and accruals	**48,286**		19,534	
Unclaimed interest on deposits	**96**		3,676	
		(48,382)		(23,210)
Net Assets		**1,411,251**		1,318,296
Represented by:				
Minors savings		**1,394,373**		1,305,387
Retained unappropriated surplus for year		**16,878**		12,909
		1,411,251		1,318,296