



Caledonian Credit Union Ltd.

Treasurers Report for Financial Year End 30th September 2024

Before beginning, for those members attending in person, you will have received a pack with abbreviated accounts and reports as you enter. For those who are attending via Zoom, we uploaded the pack to the member's area earlier in the week and a further email reminder of the meeting was issued detailing this. If, however, you were unable to view or obtain a copy, please contact the office and we can send a pack out to you.

The financial year, up to the end of September 2024, showed another improvement in performance as the year progressed. After a very strong Christmas period (October 23 to December 23), lending levels continued in an upward trend throughout the rest of the year to September 2024. For the year, lending was up slightly by 2% on the previous year's levels. After a 23% increase in loan income received in 2022-23, a further marked increase was reported in 2023-24 of 16%. Loan income alone was £215,119 which, after last year's record-breaking amount of £186,057, is once again the highest loan income received by the credit union ever in its history in any given financial year. Term deposit rates offered by banks stabilised and, in some cases, reduced slightly in line with Bank of England base rates. Our return on investments rose by 29% from £68,263 last year to £87,976 to September 2024. This high rate of investment return is, as mentioned, expected to reduce over time in the new financial year but still remain healthy. Total income, therefore, from lending and investments in the year was £303,095. This figure is reduced by £14,351 due to 0.5% dividend payout approved by members at last year's AGM leaving income as £288,744. Expenditure increased in the year from £185,518 to £217,739 – a rise of 18%, primarily down to administrative expenses including employment costs, increased corporation tax and investment spend on upgrading technology.

The Credit Union is once again pleased to announce another profitable year with a pre-tax surplus in the year of £83,512. Impairment losses rose in the year to £31,108 in part due to a tidying up exercise in the year of writing off older debts of £24,000 where all avenues of recovery had been exhausted. All these accounts had been 100% provided for previously. It was also partly offset by a higher loan book of £1.6m. Overall, as indicated above, although expenditure and bad debt provision increased in the year, this was more than offset by very impressive income figures, helped in part by increased term deposit rates, resulting in strong growth in the financial year.

However, our Board are still very concerned by cost-of-living issues and tight personal finances being experienced by members. It is envisaged that personal insolvency will increase in the coming year with increasing levels of sequestration, trust deeds and just an overall reduction in member affordability. This is not helped by some unscrupulous practices from Insolvency Practitioners. However, as with previous years, the Board will rightly maintain a tight control over lending and credit control due to the above fears. The Board will continue to take robust action, where necessary, to ensure the sustainability of the credit union.

The capital to asset ratio has steadfastly increased month on month throughout the year from 10.53% last year to 12.01% which helps secure and maintain a robust and financially strong credit union.



Besides our general reserve increasing to £321,145, we have again allocated two specific reserves: Bereavement Benefit Grant Scheme with £84,707 and Development Fund of £25,500. This gives a grand total of £431,352 in reserves with a resulting surplus after tax of £63,916.

Savings have increased slightly from last year (1%) against a decline in savings in 2022-23. It is bucking the trend slightly as an increasing number of members are withdrawing savings just to survive financially. Again, very few members who have large balances have shown an appetite to withdraw funds to chase higher savings rates. As such, our share to loan ratio has risen to over 57% compared to 51 % last year.

The Board have worked hard on the liquidity ratio in order to be able to invest more in term deposits to earn more marginal income rates. We are required by the regulators to hold liquidity of at least 10% of assets. Our Board last year agreed to increase our minimum liquidity holding to 15% of assets. This has been maintained and with higher easy access savings rates our rate at year end is 17.78%.

Our membership has increased over the course of the year by 4%, whilst the number of members now holding a loan stands at 777 at the financial year end. Caledonian Credit Union continues to close dormant accounts with values under £5 which is the minimum amount that can be held to remain a member under the credit union rulebook.

Finally, our trading surplus for the year, as indicated earlier was £63,916 up from £61,628 in September 2023. As a result of a strong performance, the surplus for the year end 30th September 2024 has been allocated as follows:

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| General Reserve Fund | £50,873 |
| Bereavement Benefit Scheme | £13,043 |
| Development Fund | £ 0 |

The Board present these accounts for your perusal.

Ross Campbell (Treasurer)