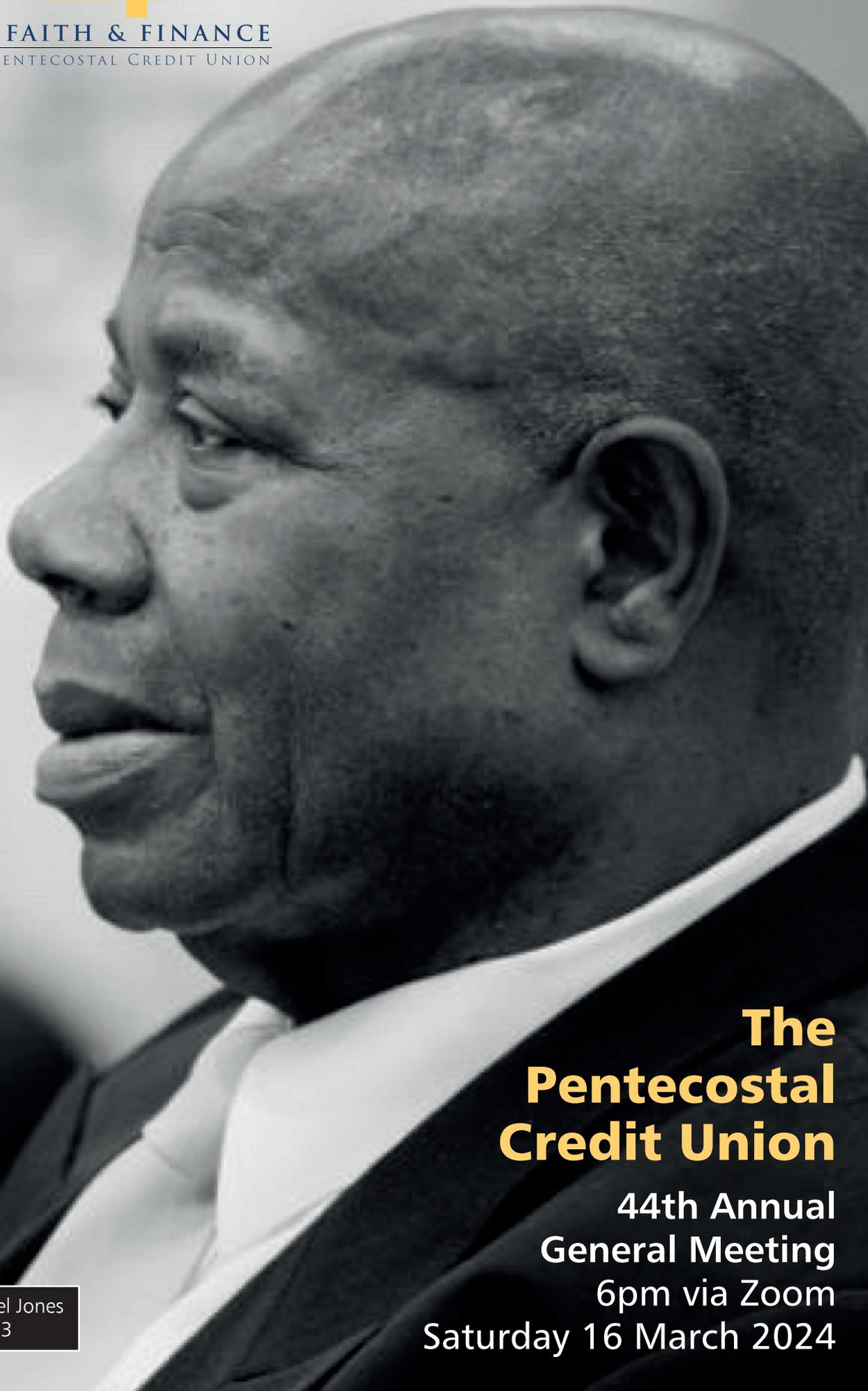




WINDRUSH, FAITH & FINANCE

40 YEARS OF THE PENTECOSTAL CREDIT UNION



The Pentecostal Credit Union

44th Annual
General Meeting
6pm via Zoom
Saturday 16 March 2024

PCU Founder Rev. Carmel Jones
8 Oct 1937 - 22 Jul 2023



WINDRUSH, FAITH & FINANCE
40 YEARS OF THE PENTECOSTAL CREDIT UNION

AGM agenda

1. Welcome from the Chair
2. Opening prayer
3. Scripture: Jeremiah 29 vs 11-14
4. Apologies
5. Minutes of last AGM: 18 March 2023
6. Matters arising
7. Directors' report
8. Youth Shadow Board report
9. Speaker, Emmanuel Asuquo: OneStopSave
10. Loan report
11. Audit Committee report
12. Nominations for the Board
13. PCU Financial Statements
 - i. Independent auditor report
 - ii. Accounts
 - iii. Recommendation for dividend
14. Appointment of auditor
15. Close in prayer

Scripture



Jeremiah 29 vs 11-14

¹¹ "For I know the plans I have for you," declares the LORD, "plans to prosper you and not to harm you, plans to give you hope and a future.
¹² Then you will call on me and come and pray to me, and I will listen to you. ¹³ You will seek me and find me when you seek me with all your heart. ¹⁴ I will be found by you," declares the LORD, "and will bring you back from captivity.^[b] I will gather you from all the nations and places where I have banished you," declares the LORD, "and will bring you back to the place from which I carried you into exile."

Minutes of the 43rd Annual General Meeting of the Pentecostal Credit Union



Held on Saturday 18 March 2023 via Zoom

Directors present

Leslie Laniyan (Chair)

Lorna Lynch

Ann Waugh (Chair, Audit Committee)

Rev. Geoffrey Folkes

Marcia Jones

David Frederick

Patricia Toussainte (Secretary)

Amaris Williamson (Chair, Youth Shadow Board)

Staff in attendance

Mr S Bowes (Chief Executive Officer)

Ms E Bowes (Marketing and Communications Manager)

Ms E Majdoub (Operations Manager and Business Officer)

1. Welcome

The AGM convened at 6pm. Mr Leslie Laniyan presided over the meeting as the Chair of the PCU.

2. Opening prayer and scripture

Rev. Geoffrey Folkes facilitated the prayer as part of the opening session.

3. Scripture reading

1st Peter Ch. 5 vs 6-8. Ann Waugh read the scripture as part of the opening session.

4. Apologies

There were no apologies.

5. Minutes of the last AGM: 19 March 2022

PCU Secretary Patricia Toussainte summarised the minutes of the last AGM. There were no corrections to the last AGM minutes.

Diana Douglas proposed that the minutes be accepted as a true record of proceedings. Seconded by Geoffrey Folkes.

6. Matters arising

There were no matters arising.

7. Directors' report to the membership

Leslie Laniyan read the Directors' report.

- He highlighted that the PCU had entered a new five-year Business Plan cycle – 2022-27 – and reported on key aspects of growth during that period. The loan book had grown by 26%; membership by 31%; and capital by 18%. He also acknowledged the current cost-of-living crisis and the impact this was having on PCU members, and reiterated that PCU is here to help members who are struggling.
- The Chair further highlighted the development of the PCU's Financial Wellbeing Strategy and the upcoming member survey to provide benchmarking for the strategy. He encouraged members to participate.
- He also focused on customer satisfaction at PCU and reported that customer loyalty was high. Respondents to our independent customer research company, when asked whether they would recommend us as a business, gave us a net promoter score of 75%. In addition, 95% would use our services again. These are world class scores.

The Chair asked if there are any questions.

Noel Brown asked how PCU's performance compared to other credit unions.

Shane Bowes responded that direct comparison was difficult as most other credit unions get local authority support and other grant aid. PCU does not. However, PCU is one of the few credit unions that can report a surplus for each year of operation and PCU has the second highest capital to assets ratio of all credit unions in the UK, demonstrating that our sustainability and wealth as a business is more viable than nearly all other credit unions.

The Directors' report was accepted by the membership.

8. Presentation by the Youth Shadow Board (YSB)

Amaris Williamson, the Chair of the YSB, introduced herself and outlined their achievements over the year.



Key highlights were:

- YSB are now much older and their development needs have changed. The YSB alumni programme is assisting them to navigate the changes in their lives.
- The 2022 summer programme of leadership development activities and fun was eventful. They focused on using their talents during the summer to create new music and to perform. This included spending time in the music studio making new songs for PCU. Another important addition to the programme was a focus on their health and wellbeing.
- On 26 August 2020, the YSB undertook a sponsored walk to raise funds for the New Life Assembly Supplementary School, which was on the brink of closure. They raised over £1,600 thanks to members' generosity. Unfortunately, the Supplementary School did not survive the pandemic and was unable to re-open. The YSB decided to donate the funds they had raised to two other very similar projects to their own: Ultra Education and Symphony Schools.

There were no questions and the YSB report was accepted by the membership.



9. Speaker, Jerran Whyte: Generational planning

Jerran Whyte, founder of wealth management agency the Belvedere Group, spoke about generational planning.

He highlighted the following.

The world we live in:

- The average cost of raising a child is now between £210k-230k.
- A child born today is expected to live to 104 years.

State of play:

- The era of free money is over.
- We are experiencing 10 years of pain – cost-of-living increases.
- Put your money in the right places to ensure you make the most of it.

What's your focus?:

- Why are you doing this?
- What are you doing for the next generation?

Redefining wealth:

- “[R]ich is about having money, wealth is about having time.” (*Rich dad, poor dad: what the rich teach their kids about money – that the poor and middle class do not!*, by Robert Kiyosaki)
- Real wealth is not created overnight, but rather over time.

Summary:

- Focus – what and who are you doing this for?
- Real wealth is about time.
- Three key ingredients – money, time and compound interest.
- Some things we need to do – compound interest, protection, purposeful savings, allowances.

10. Loan report

The loan report was summarised by Ellie Majdoub. Highlights were:

- A total of £1.82m had been granted in loans.
- Peak performance was in February 2022, with £333.7k in loans allocated.

11. Audit Committee report

The Audit Committee report was presented by its Chair, Ann Waugh. She began by explaining the role of the Audit Committee to remain independent.

The internal audit for the previous year was carried out by Alexander Sloane. Overall operational effectiveness was scored 'reasonable', design of processes was scored 'reasonable – substantial'. The PCU performed well in all areas.

The internal audit focus would be on:

- Digital and cloud operations
- Marketing and member satisfaction
- Treasury management
- Consumer duty
- Resilience

Directors' attendance was 83.3% this year.

Diana Douglas commented that she recommended that the existing Board be kept as they had demonstrated their ability to keep the organisation going from strength to strength.



12. Nominations for election to the Board

Rev. Folkes took the Chair for this part of the meeting.

Nominees were:

- Shane Bowes, as CEO, to join the Board as Treasurer, further to a recommendation from the internal auditors. Nominated by Leslie Laniyan. Seconded by Diana Douglas.
- Leslie Laniyan was nominated by Anne Waugh. Seconded by Anthony Bartley.
- Patrica Toussainte was nominated by Lorna Lynch. Seconded by E. Majdoub.
- David Frederick was nominated by Patricia Toussainte. Seconded by Ann Waugh.

13. PCU financial statements

Ms Lorna Lynch presented the financial accounts for the year. She asked members to refer to the accounts in their packs and on the screen. She highlighted that, despite challenges, PCU had continued to grow.

Rev. Trevor Whyhne asked why the bad and doubtful debt figures appeared to be higher than normal. Shane Bowes responded that bad and doubtful debt had risen quite sharply during Covid and had increased from £800k to £1.2m over the year and as the financial situation improved, £290k was moved from bad debt provision back to the reserves/capital.

Sarah Williams asked that nominated directors provide a brief summary of their portfolio, so that other members could know their experience for the role. Elaine Bowes responded that there is a CV of all directors on the website, but accepted that nominated directors could summarise their CVs for the election process. Noted for future AGMs.

Leslie Laniyan proposed that the report be accepted. Seconded by Elaine Bowes.

Dividend

A dividend of 1% was proposed by Ms Lynch and seconded by Elaine Bowes.

14. Appointment of the auditor

Ms Lorna Lynch also proposed that we continue with our auditors Thomas Wescott for the next financial year. This was seconded by Diana Douglas.

14. Prayer and end

Closing prayer was led by Rev. Folkes and the meeting ended.

Directors' report 2022-23

Presented by Leslie Laniyan

Introduction

Once again, I am proud to present very positive news in terms of growth and development at PCU. This year, we achieved record levels of growth.

Currently, we have:

- an asset base in excess of £13.4m
- record levels of new members, and
- a loan portfolio of £8.4m.

However, this has not come without its challenges. Whilst we can report good news again, many of you will know that we lost our founder and father in July 2023, which had a profound effect on all of us.

Rev. Jones for me stood out as one of the most vibrant and forthright men I've ever met. Disruptive doesn't even begin to describe the energy powering the vision and foresight that he had for the economic empowerment of our communities. He pioneered credit union corporate banking years before any other credit union. At the time, his thinking was way out of the box, but today it's an established part of credit union business.

As a Board, we have been honoured and privileged to champion his vision for the credit union and to have played a role in advancing the mighty legacy that he left. We have given our very best to do justice to this legacy and can only hope that we have not fallen short in this.

A great man has gone home to rest – but his vision and legacy is very much alive.

A page dedicated to the memory of Rev. Jones is on our website at: <https://pcuuk.com/about-us/honouring-the-legacy-remembering-rev-carmel-jones>



Growth

Our loan book is our greatest asset and we can proudly report record levels of lending in this financial year. Nearly £3m in loans, compared with £1.8m last year – growth of nearly 70%.

New membership increased by over 80% in 2022-23. This is the highest level of new members in one year that we have ever achieved. This was due mainly to a shift in our marketing strategy, with an increased focus on increasing our presence in the finance and business arenas where our members are, and the assistance of 'influencers' in these environments.

Review and revision of our Vision, Mission and Values

Every year, PCU directors retreat for a few days to focus on the growth of the business, reviewing plans and resetting objectives. At our last Board strategy weekend in 2023, we reviewed and revised our Vision, Mission and Values. This was an important exercise to ensure that as we move

into the future we have the right objectives and framework to deliver our ambitions. These changes are set out below:

Vision:

To be the finance partner for every Pentecostal Christian in Great Britain.

Mission:

To economically empower our community, and build wealth together.

Values:

Customer first

Our priority, your satisfaction. Building trust and loyalty together.

Every member matters

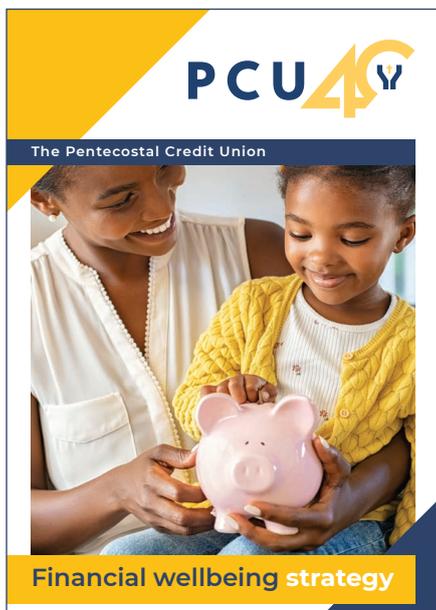
We are dedicated to your financial success, offering tailored solutions, and exceptional service in an environment that values your individuality.

Integrity

Ensuring your financial wellbeing through transparent and ethical practices. Your trust is our foundation.

Faith centred

Rooted in the Pentecostal faith, upholding principles of honesty, trust and stewardship in everything we do.



Financial wellbeing at PCU

At PCU, we have always taken great care to protect the interests of our members and to ensure that the needs of our members are at the heart of everything we do. So, we are pleased to report that in July 2023, a new Financial Conduct Authority (FCA) Consumer Duty came into force. The new duty sets higher and clearer standards of consumer protection across financial services and requires firms such as ours to put their customers' needs first.

In anticipation of the duty, we developed our first financial wellbeing strategy, which we told you about last year. It has never been more important to ensure that our communities and members are strengthened to cope with the financial challenges facing all of us. It is in our interest to ensure that our members are assisted to build the financial resilience necessary to cope. So our financial wellbeing strategy – along with the customer survey that accompanied it – helps us to excel in delivering this new duty.

Key highlights from PCU Customer Survey 2023

- The majority of our members are women (65%), average age 55 years.
- 98% of our members are Black-Caribbean, African or dual heritage. 42% described themselves as Black British.
- 80% of our members live in London and the South East – 67% in London.
- 49% of our members are married (compared with 21% of this Black household type in Census 2021). Similarly, 7% of our members are heading up lone parent households (against 24% of this Black household type in Census 2021).
- 1% of our members are unemployed (against 9% of the Black population in Census 2021).
- 2% are in receipt of a means-tested benefit (24% in Census 2021).
- 3% are economically inactive (27% of the black population in Census 2021)

- 75% of our members save regularly (61% of the general population). In addition 82% save regularly with PCU.
- 79% of respondents said that the cost-of-living crisis is negatively impacting them. Most described the cost-of-heating and fuel bills, and the need to cut down on groceries.
- You can see the full results of the survey at <https://pcuuk.com/news/pcu-unveils-customer-survey-results-shaping-a-brighter-financial-future-together>



Fair trading at PCU – PCU achieves the Fairlife Mark

We are proud to report that, in July 2023, we were awarded the Fairlife Mark for our loans and savings products.

The FairLife Mark is awarded to companies that price honestly and trade fairly with their customers. It is a product-level mark that guides customers to providers they can trust. The FairLife Mark represents a pledge to price honestly and trade fairly with customers. It spans all areas of finance and unites responsible providers that put their customers first.

And finally...

We have a wonderful agenda for 2024 and going forward for a renewed and replenished PCU. We look forward to our future knowing that our greatest achievements are still to come.

So, we want to thank the CEO, Shane Bowes, and his team for their tremendous efforts and achievements in what has been a very challenging year for all of us. But most importantly, we want to thank you, our members and friends, for your unwavering support. Our aim is to continue to do our best to deliver exceptional services and stay true to our values despite any obstacles.

Regulatory compliance

In accordance with regulatory requirements, we can inform the membership that the PCU has Fidelity Bond Insurance and Public Liability Insurance in place. We are also fully compliant with Single Customer View requirements and we do not carry out any other additional activities other than those that we are approved to carry out.

Youth Shadow Board report 2022-23

Presented by Amaris Williamson

Good evening everyone. As many of you know, I am Amaris the Chair of the Youth Shadow Board. The year of 2022-23 was rather quiet with YSB. However, behind the scenes, we have been working hard and making progress into looking at what the YSB looks like now and how we want the YSB to look moving forward.

As many of you may recall, the YSB is a leadership development programme for PCU junior savers aged 11-18 years and, as previously stated in last year's report, many of us are over the age of 18 now and we are actively operating as alumni of the original group.

Despite the fact that we are unable to meet as often as we used to, we still have online meetings via Zoom, and termly face-to-face meetings, when we all return from university, work and our busy schedules.

This year, the YSB has been invited to various events, including the Charles Gordon Trust Golden Lion awards and the annual Ministers' Appreciation Ball. Thank you to David Shosanya who gave our girls of the YSB the opportunity to perform both our original songs that we wrote ourselves. The girls did amazing that night, considering they worked very hard in rehearsals in order to prepare for the event.

2023 summer programme

Our annual summer programme, where we focus on leadership development, looked very different this year, but was also very eventful. As many of us have other commitments, it means that we are unable to do the full two weeks as we have done in the previous years, so this year we decided to take a residential up to Brighton.





Our main focus for that weekend was on team bonding, teamwork and team development, as we had not really had the opportunity throughout the year for everyone to be together all at once. The residential side and the team games we played focused on team bonding. For team work we focused on preparing meals together, shopping and cleaning up and for team development we used team-style activities to go through the YSB core work.

We focused heavily on the content that we ourselves present to others and we dissected it and looked intensely at how we can make it more effective and appealing to the youth of today. We focused on our presenting skills, communication with other people and just making sure we have a clear understanding of what we actually present, because we want to get back into doing moneywise workshops in different ways. Towards the end of the weekend, we also focused on how we, the young people, want the Youth Shadow Board to look in the future. With us stepping into our seventh year of being the Youth Shadow Board, we focused heavily on rebranding ourselves as we have grown, and our needs have changed, since we started in 2016.

One of the main topics we spoke about for our rebrand was our recruitment drive and how we needed to restart it. As a group we decided that we needed to focus on recruiting from our very own PCU junior savers. So, coming up this year we plan to hold an engagement event for our junior savers to come and find out what the YSB actually is and how well it can impact their lives being a part of a group like this. We started planning this event in January 2024 and are looking to hold it this upcoming summer.

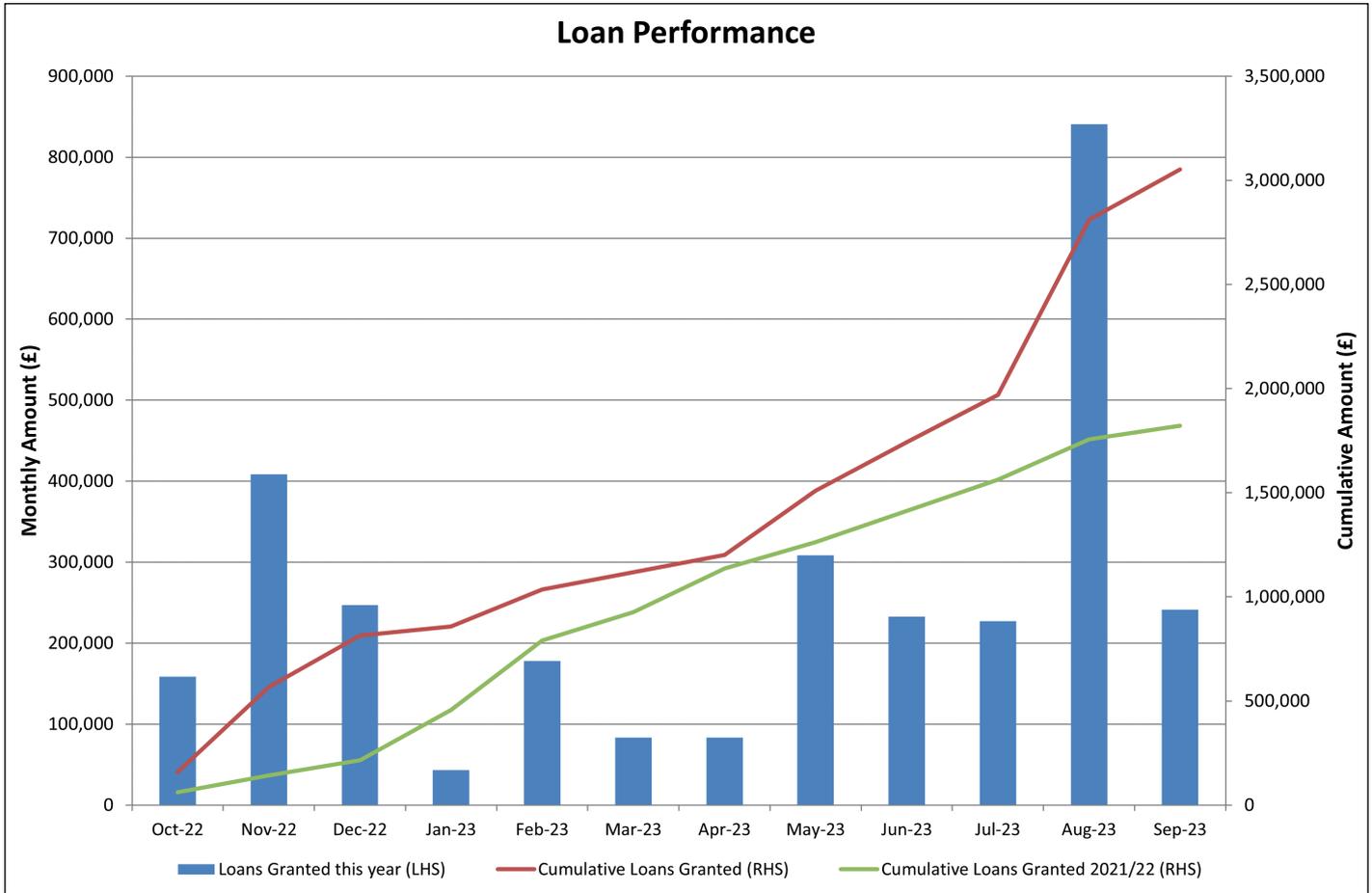
Future Plans

Our future plans for the YSB mainly focus on recruiting more young people from the ages of 11-15, but also focusing on us, the alumni, getting back into things we did before Covid. We want to get back into presenting moneywise workshops to young people. But, obviously, as we can see a change since things have become more remote, we want to not only focus on getting moneywise workshops face to face but also on presenting them online, which gives a wider population of young people to receive the knowledge we have. We want the YSB to continue to be a place of support for our young people's various needs and continue being a nurturing environment.

And lastly, as we all know, last summer in July, the founder Reverend Jones passed away and without him the YSB would have never been formed into what it is today. We, the YSB, got the opportunity to pay our respects and gratitude towards him by performing at his celebration of life service, which was a great honour for us to do. We thank him always for his vision on wanting us young people to be a part of this organisation and we also thank you the members and the PCU itself for the continuous support through each stage of change we have been dealt with – because despite us sometimes facing challenges, we are able to overcome them with your help.

Loans report

1 October 2022 to 30 September 2023



Month	Loans granted (£)	Total (£)
October 2022	158,400	158,400
November 2022	408,600	567,000
December 2022	246,900	813,900
January 2023	43,150	857,050
February 2023	178,018	1,035,068
March 2023	83,200	1,118,268
April 2023	83,365	1,201,633
May 2023	308,575	1,510,208
June 2023	232,600	1,742,808
July 2023	227,186	1,969,994
August 2023	840,744	2,810,738
September 2023	241,257	3,051,995
Total	3,051,995	3,051,995

Audit Committee report 2024

Presented by Ann Waugh



As Chair of the Audit Committee, I am pleased to report on the Audit Committee’s responsibilities and activities during the year ending September 2023.

Our overarching objectives include ensuring that the Pentecostal Credit Union (PCU) has an effective internal control framework to manage the risks the PCU and its members face in the short, medium and long term.

The Audit Committee’s responsibilities include ensuring that policy is adhered to and encouraging compliance with regulations through internal audits. We aim also to be forward-looking, in that we take an overview on the risks associated with:

- creating wealth for our community
- building financial resilience, and
- steering the PCU course towards long-term sustainability.

The Committee is satisfied that the Board and management are committed to maintaining an appropriate level of internal control and prudent use of resources.

Follow-up review 2021-22

The follow-up review of the main recommendations arising from 2021-22 established that all 15 recommendations were considered.

Ten were implemented providing reasonable assurance, four of them providing outstanding assurance and the final one on the Business Continuity Plan. The audit will be revisited in 2024, once the Business Continuity Plan is revised.

The result of internal audits during 2022-23

During the year ended 30 September 2023, the Committee ensured that it had oversight in the areas of the business that are shown in the table below, with particular focus on current and emerging risks.

Figure 1

Schedule of internal audits for 2022-23	Overall assessment
1. Consumer duty	Substantial
2. Cyber security	Limited
3. Key financial systems	Reasonable
4. Income, savings products	Substantial

Overall, the Committee judged operational effectiveness and design effectiveness to be generally reasonable or substantial.

Given the opinion of the internal and external auditors, the Audit Committee can provide the membership with reasonable assurance that the PCU's control mechanisms are on the whole well within industry standards.

Internal audit plan for 2023-24

The audit plan for 2023-24 has been informed by an audit risk assessment to ensure coverage of the key audit risks facing the PCU and the sector, and to enable me to form a robust annual Audit Committee – internal audit opinion. The areas in focus have been agreed with the CEO and the Board of Directors. The audit areas are: management information; Board effectiveness; digital and cloud operations; loans and bad debt provision.

Board attendance

One critical area of a director's responsibilities is attendance at Board meetings – whether physically or electronically. For 2022-23, I'm pleased to report that directors' attendance was an average of 78%, down from 83% last year. This was due to changes in the schedule resulting from the sad passing away of Rev. Carmel Jones, founder of PCU.

Conclusion

The Audit Committee will continue to keep abreast of the PCU's strategic plan and any strategic change and transformation priorities as they develop in the coming months and years, and the impact that any of these changes may have on future audits and overall assurance.

Ann Waugh
Chair of the Audit Committee

Pentecostal Credit Union Ltd

Annual Report and Financial Statements

for the Year Ended 30 September 2023



PENTECOSTAL CREDIT UNION LTD

CONTENTS

Company Information	1
Directors' Report	2 to 3
Statement of Directors' Responsibilities	3
Independent Auditor's Report	4 to 7
Statement of Comprehensive Income	8 to 9
Statement of Financial Position	10 to 11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 to 25

PENTECOSTAL CREDIT UNION LTD

COMPANY INFORMATION

Chairman Mr G L Laniyan

Chief executive Mr S Bowes

Directors Ms P M Toussainte
Miss L Lynch
Ms M Jones
Mr D Frederick
Rev G Folkes
Mr M Williamson (resigned 1 December 2022)

Audit Committee members Miss A Waugh

Treasurer Mr S Bowes

Company secretary Ms P M Toussainte

General manager & loan officer Miss E Majdoub

Registered & principal office 15 Oldridge Road
Balham
London
SW12 8PL

Auditors Westcotts (SW) LLP
47 Boutport Street
Barnstaple
Devon
EX31 1SQ

PENTECOSTAL CREDIT UNION LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present their report and the financial statements for the year ended 30 September 2023.

Directors of the company

The directors who served during the year were as follows:

Mr S Bowes - Chief executive

Mr G L Laniyan - Chairman

Ms P M Toussainte - Company secretary and director

Miss L Lynch

Ms M Jones

Mr D Frederick

Rev G Folkes

Mr M Williamson (resigned 1 December 2022)

The principal activity of the directors is to be responsible for the delivery of the business of the Pentecostal Credit Union and legislative and regulatory compliance. To provide strategic direction to the staff team and to ensure the best interests of the membership are met.

Non-Executive Directors:

Miss A Waugh - Chair of Audit Committee

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

PENTECOSTAL CREDIT UNION LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Co-operative and community Benefit Society law requires 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 of the surplus/deficit of the credit union for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the credit union's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Credit Union's auditor is aware of that information.

Approved and authorised by the Board on and signed on its behalf by:

.....
Ms P M Toussainte
Company secretary and director

PENTECOSTAL CREDIT UNION LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENTECOSTAL CREDIT UNION LTD

Opinion

We have audited the financial statements of Pentecostal Credit Union Ltd (the Credit Union) for the year ended 30 September 2023, which comprise the revenue account, the balance sheet, the statement of changes in retained earnings, the cash flow statement and the notes to the financial statements Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-Operative and Community Benefit Society and Credit Unions Act 1979.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor 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 director's 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 original financial statements were 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.

PENTECOSTAL CREDIT UNION LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENTECOSTAL CREDIT UNION LTD (CONTINUED)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors Responsibility statement Statement of Directors' Responsibilities [set out on pages 2 and 3 3], 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

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

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

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:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management and from inspection of the credit unions regulatory correspondence. We communicated identified laws and regulations throughout our team, and remained alert to any indications of non-compliance throughout the audit.

PENTECOSTAL CREDIT UNION LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENTECOSTAL CREDIT UNION LTD (CONTINUED)

- The credit union is subject to laws and regulations that govern the preparation of the financial statements, including financial reporting legislation, and other credit union legislation. The credit union is also subject to many other laws and regulations where the consequences of non-compliance could have a material impact on the amounts or disclosures within the financial statements, including employment, anti-bribery, anti-money laundering and certain aspects of credit union legislation.
- Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. In any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Use of our report

This report is made solely to the Credit Union's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Credit Union Act 1979.. 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.

PENTECOSTAL CREDIT UNION LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENTECOSTAL CREDIT UNION LTD (CONTINUED)

.....
Catherine Williams FCA DChA (Senior Statutory Auditor)
For and on behalf of Westcotts (SW) LLP, Statutory Auditor

47 Boutport Street
Barnstaple
Devon
EX31 1SQ

Date:.....

PENTECOSTAL CREDIT UNION LTD

REVENUE ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 £	2022 £
Income			
Entrance fees		3,197	2,402
Income from loans to members		418,050	374,078
Interest received on investments		147,532	57,162
Other revenue		7,999	4,608
Total income		<u>576,778</u>	<u>438,250</u>
Administrative expenses			
Wages and salaries		(98,233)	(86,249)
Staff NIC (Employers)		(6,136)	(4,860)
Staff pensions (Defined contribution)		(2,951)	(2,559)
Insurance		(6,877)	(6,487)
Repairs and maintenance		(296)	-
Office expenses		(80,982)	(40,882)
Data processing expenses		(30,107)	(10,244)
Affiliation fees		(13,037)	(10,997)
Sundry expenses		(280)	(48)
Advertising		(5,755)	-
Auditor's remuneration - The audit of the company's annual accounts		(7,950)	(6,570)
Auditor's remuneration - Internal audit services		(4,171)	(10,742)
Consultancy fees		(9,840)	(7,800)
FCA fees		(6,375)	(2,118)
Legal and professional fees		(81,948)	(59,582)
Bad debts written off		8,176	28,048
Bank charges		(2,864)	(3,683)
Investment management charges		(57)	(12)
Amortisation of patents		(129)	(172)
Depreciation of fixtures and fittings (owned)		(12,129)	(13,085)
Other gains/losses		(78)	(79)
Administrative expenses		<u>(362,019)</u>	<u>(238,121)</u>
Surplus/(Deficit) for the year before taxation		214,759	200,129
Tax on profit	6	<u>(31,704)</u>	<u>(10,861)</u>
Surplus/(Deficit) for the year before appropriations		<u>183,055</u>	<u>189,268</u>
Appropriations:			
Revenue Reserve		183,055	189,268
Dividend		<u>(96,683)</u>	<u>(45,618)</u>
Total applied		<u>86,372</u>	<u>143,650</u>

The notes on pages 14 to 25 form an integral part of these financial statements.

PENTECOSTAL CREDIT UNION LTD

REVENUE ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 14 to 25 form an integral part of these financial statements.
Page 9

PENTECOSTAL CREDIT UNION LTD

**(REGISTRATION NUMBER: 213242)
BALANCE SHEET AS AT 30 SEPTEMBER 2023**

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	7	388	517
Tangible assets	8	490,288	502,417
		<u>490,676</u>	<u>502,934</u>
Members Loans			
Members Loans	9	8,400,978	6,687,594
Less: Provision for underperforming loans		<u>(724,561)</u>	<u>(732,737)</u>
Members Loans		<u>7,676,417</u>	<u>5,954,857</u>
Current assets			
Debtors	10	41,625	59,762
Investments	11	4,103,572	5,892,777
Cash at bank and in hand		1,164,687	399,570
		<u>5,309,884</u>	<u>6,352,109</u>
Total current assets		<u>5,309,884</u>	<u>6,352,109</u>
Total assets		<u>13,476,977</u>	<u>12,809,900</u>
Liabilities			
Ordinary members shares	14	10,374,365	9,821,046
Junior members shares	14	114,494	109,198
Hold shares	14	190	190
Liabilities		10,489,049	9,930,434
Other payables	13	46,647	24,557
Revaluation reserve		297,124	297,124
Social and educational reserve		115,409	115,409
Revenue reserve		948,154	961,782
General reserve		<u>1,580,594</u>	<u>1,480,594</u>
Total liabilities		<u>13,476,977</u>	<u>12,809,900</u>

Approved and authorised by the Board on and signed on its behalf by:

.....
Mr G L Laniyan
Chairman

The notes on pages 14 to 25 form an integral part of these financial statements.

PENTECOSTAL CREDIT UNION LTD

(REGISTRATION NUMBER: 213242)

BALANCE SHEET AS AT 30 SEPTEMBER 2023 (CONTINUED)

.....
Ms P M Toussainte
Company secretary and director

.....
Miss L Lynch
Director

The notes on pages 14 to 25 form an integral part of these financial statements.
Page 11

PENTECOSTAL CREDIT UNION LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Revaluation reserve £	Social and education £	General reserve £	Revenue reserve £	Total £
Opening total equity	297,124	115,409	1,480,594	961,782	2,854,909
Profit for the year	-	-	-	183,055	183,055
Dividends	-	-	-	(96,683)	(96,683)
Transfers	-	-	100,000	-	100,000
Other movements on reserves	-	-	-	(100,000)	(100,000)
At 30 September 2023	<u>297,124</u>	<u>115,409</u>	<u>1,580,594</u>	<u>948,154</u>	<u>2,941,281</u>

	Revaluation reserve £	Social and education £	General reserve £	Revenue reserve £	Total £
Opening total equity	297,124	115,409	1,380,594	918,132	2,711,259
Profit for the year	-	-	-	189,268	189,268
Dividends	-	-	-	(45,618)	(45,618)
Transfers	-	-	100,000	-	100,000
Other movements on reserves	-	-	-	(100,000)	(100,000)
At 30 September 2022	<u>297,124</u>	<u>115,409</u>	<u>1,480,594</u>	<u>961,782</u>	<u>2,854,909</u>

The notes on pages 14 to 25 form an integral part of these financial statements.
Page 12

PENTECOSTAL CREDIT UNION LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Profit for the year		183,055	189,268
Adjustments to cash flows			
Depreciation and amortisation		12,258	13,257
Cash inflow from subscribed capital		3,195,062	3,331,505
Cash outflow from repaid capital		(2,636,447)	(3,035,733)
Loans issued to members		(3,051,997)	(1,821,046)
Income tax expense	6	31,704	10,861
Repayment of loans by members		1,338,613	1,260,187
Increase/(Decrease) in loan provision		(8,176)	(28,048)
		(935,928)	(79,749)
Working capital adjustments			
Decrease/(increase) in trade debtors	10	18,137	(17,777)
Increase in trade creditors	13	1,247	62
		(916,544)	(97,464)
Cashflow from operations		(916,544)	(97,464)
Income taxes paid	6	(10,861)	(11,138)
Net cash flow from operating activities		(927,405)	(108,602)
Cash flows from financing activities			
Dividends paid	3	(96,683)	(45,618)
Net decrease in cash and cash equivalents		(1,024,088)	(154,220)
Cash and cash equivalents at 1 October		6,292,347	6,446,567
Cash and cash equivalents at 30 September		5,268,259	6,292,347

The notes on pages 14 to 25 form an integral part of these financial statements.

PENTECOSTAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 General information

The address of its registered office is:
15 Oldridge Road
Balham
London
SW12 8PL

Accounting convention

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

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

These financial statements have been prepared in accordance with FRS102, the financial reporting standard applicable in the UK and Republic of Ireland.

The financial statements are prepared on the historic cost basis apart from the revaluation of fixed asset investments.

The financial statements are prepared in sterling, which is the functional currency of the Credit Union.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The financial statements have been prepared on a going concern basis. The directors of Pentecostal Credit Union Limited believe this is appropriate despite a mismatch in the maturity of analysis of subscribed capital and loans to members, because any deficit would be covered by the investments currently held by the Credit Union.

PENTECOSTAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

2 Accounting policies (continued)

Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

The key judgements that the directors are required to make relate to:

- The level of impairment loss that it is recorded against loans that are in arrears;
- The overlay applied to the impairment loss to recognise loans that are not yet in arrears but are impaired.

Loan Impairment

The credit union assesses, at each reporting date, if there is objective evidence that any of its loans to customers are impaired. The loans are assessed collectively in groups that share similar credit-risk characteristics. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the Revenue Account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	2% reducing balance
Fixtures, fittings and equipment	25% reducing balance

PENTECOSTAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

2 Accounting policies (continued)

Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Patents	25% reducing balance

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. In the statement of financial position, bank overdrafts are shown within borrowing or current liabilities

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

PENTECOSTAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

2 Accounting policies (continued)

Financial instruments

Recognition and measurement

A financial asset or a financial liability is recognised only when the company becomes party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Subscribed capital

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

Juvenile depositors

Juvenile transactions are included within the financial statements unless specially shown otherwise.

Financial assets - loans and advances to members

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

Interest

All interest payable and receivable is accounted for on an accruals basis.

Impairment review

The Credit Union assesses at each balance sheet date if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

3 Dividends

	2023	2022
	£	£
Dividends paid during the year	96,683	45,618
	<u>96,683</u>	<u>45,618</u>

PENTECOSTAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

3 Dividends (continued)

	2023	2022
Dividend rate:		
Balances less than £10,000	1%	0.5%
Balances greater than £10,000	<u>1%</u>	<u>0.5%</u>

Dividends are paid to members for the prior year. The dividend is formally proposed by the Directors after the year end and is confirmed at the following AGM. As a result it does not represent a liability at the balance sheet date.

4 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023 £	2022 £
Wages and salaries	98,233	86,249
Social security costs	6,136	4,860
Pension costs, defined contribution scheme	<u>2,951</u>	<u>2,559</u>
	<u>107,320</u>	<u>93,668</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2023 No.	2022 No.
Administration and support	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

5 Auditors' remuneration

	2023 £	2022 £
Audit of the financial statements	<u>7,950</u>	<u>6,570</u>
Other fees to auditors		
Internal audit services	<u>4,171</u>	<u>10,742</u>

In common with many other Credit Unions of our size and nature we use our auditors to prepare and submit returns to the tax authorities and to assist us with the preparation of the financial statements.

6 Taxation

Tax charged/(credited) in the statement of comprehensive income

PENTECOSTAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

6 Taxation (continued)

	2023 £	2022 £
Current taxation		
UK corporation tax	<u>31,704</u>	<u>10,861</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022 - the same as the standard rate of corporation tax in the UK) of 22% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
Profit before tax	<u>214,759</u>	<u>200,129</u>
Corporation tax at standard rate	47,247	38,025
Effect of expense not deductible in determining taxable profit (tax loss)	(17)	(15)
Marginal tax relief	(753)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(14,773)</u>	<u>(27,149)</u>
Total tax charge	<u>31,704</u>	<u>10,861</u>

7 Intangible assets

	Patents £	Total £
Cost or valuation		
At 1 October 2022	<u>2,178</u>	<u>2,178</u>
At 30 September 2023	<u>2,178</u>	<u>2,178</u>
Amortisation		
At 1 October 2022	1,661	1,661
Amortisation charge	<u>129</u>	<u>129</u>
At 30 September 2023	<u>1,790</u>	<u>1,790</u>
Carrying amount		
At 30 September 2023	<u>388</u>	<u>388</u>
At 30 September 2022	<u>517</u>	<u>517</u>

PENTECOSTAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

8 Tangible assets

	Land and buildings £	Fixtures, fittings and equipment £	Total £
Cost or valuation			
At 1 October 2022	690,771	75,065	765,836
At 30 September 2023	690,771	75,065	765,836
Depreciation			
At 1 October 2022	197,400	66,019	263,419
Charge for the year	9,867	2,262	12,129
At 30 September 2023	207,267	68,281	275,548
Carrying amount			
At 30 September 2023	483,504	6,784	490,288
At 30 September 2022	493,371	9,046	502,417

9 Members Loans

	2023 £	2022 £
Members Loans		
Members loan accounts brought forward	6,687,594	6,126,735
Members loan accounts repaid	(1,756,711)	(1,634,265)
Members loan accounts granted	3,051,997	1,821,046
Members loan account interest charged	418,098	374,078
Gross loans and advances to members	8,400,978	6,687,594
Provision for underperforming loans	(724,561)	(732,737)
At 30 September 2023	7,676,417	5,954,857

PENTECOSTAL CREDIT UNION LTD

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER
2023 (CONTINUED)**

10 Debtors

	2023	2022
	£	£
Other debtors	31,000	30,000
Prepayments	10,625	29,762
	<u>41,625</u>	<u>59,762</u>

11 Current asset investments

	2023	2022
	£	£
Other investments	<u>4,103,572</u>	<u>5,892,777</u>

12 Cash and cash equivalents

	2023	2022
	£	£
Cash at bank	<u>1,164,687</u>	<u>399,570</u>

PENTECOSTAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

13 Creditors

	Note	2023 £	2022 £
Due within one year			
Other payables		14,943	13,696
Corporation tax liability	6	31,704	10,861
		<u>46,647</u>	<u>24,557</u>

14 Subscribed capital - financial liabilities (including Juniors)

	2023 £	2022 £
Balance brought forward from last year	9,930,434	9,634,662
Shares saved and loans repaid	3,098,379	3,319,954
Dividends paid	96,683	45,618
Shares withdrawn	(2,636,447)	(3,069,800)
	<u>10,489,049</u>	<u>9,930,434</u>

	2023 £	2022 £
Analysed as:		
Ordinary members shares brought forward	10,374,365	9,821,046
Junior members shares	114,494	109,198
Hold shares	190	190
	<u>10,489,049</u>	<u>9,930,434</u>

15 Financial Risk management

The Pentecostal Credit Union Limited manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable (including dividends paid).

The main financial risks arising from the activities of Pentecostal Credit Union Limited are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below:

PENTECOSTAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

15 Financial Risk management (continued)

Credit Risk

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Pentecostal Credit Union Limited, resulting in financial loss to the Pentecostal Credit Union Limited. In order to manage this risk the Board approves the lending policy of Pentecostal Credit Union Limited and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate the likelihood of repayment has changed. the Credit Union also monitors its banking arrangements for Credit risk.

Liquidity Risk

The policy of Pentecostal Credit Union Limited is to maintain sufficient funds in liquid form at a time to ensure that it can meet its liabilities as they fall due and meet the liquidity ratios set by the regulators. The objective of the policy is to provide a degree of protection against any unexpected developments that may arise.

Market Risk:

Market risk generally comprises of interest rate risk, currency risk and other price risk. The main risk impacting the Credit Union are set out below:

Interest rate risk:

The main interest rate risk for Pentecostal Credit Union Limited arises between the interest rate exposure on loans and bank deposits that form an integral part of a Credit Union's operations. The Credit Union does not pay interest on shares, but pays a Dividend which is set by the board every year. Dividend rates are based on the historical results of the Credit Union and the Credit Union's strategic plans. The Directors do not believe the dividend represents an interest rate risk. The Credit Union does not use interest rate options to hedge its own position.

Foreign Currency Risk:

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

16 Interest Rate Disclosure

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

Financial assets	2023		2022	
	Amount £	Average interest rate %	Amount £	Average interest rate %
Loans to members	<u>8,400,978</u>	<u>5.28</u>	<u>6,687,594</u>	<u>5.59</u>

The interest rates applicable to loans to members are fixed and range from 5.0% to 36.0% per annum.

17 Liquidity Risk Disclosure

The main liquidity risk is on the subscribed share capital, which is repayable on demand.

PENTECOSTAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

18 Credit Risk Disclosure

Pentecostal Credit Union Limited does offer mortgages and as a result some loans to members are secured against properties owned by the respective member. In addition to this, there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding and some loans are fully secured by members savings.

The carrying amount of the loans to members represents Pentecostal Credit Union's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments.

	2023	2022
	£	£
Loan analysis		
Not past due	7,492,118	5,665,422
Up to 3 months past due	279,743	126,226
Between 3 months and 6 months due	93,589	94,370
Between 6 months and 1 year past due	51,908	360,877
Over 1 year past due	<u>483,620</u>	<u>440,699</u>
	8,400,978	6,687,594
General provision	(205,150)	(165,446)
Specific provision	(519,411)	(567,291)
Total carrying value	<u><u>7,676,417</u></u>	<u><u>5,954,857</u></u>

19 Contingent liabilities

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

PENTECOSTAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

20 Related party transactions

Loans can be made to directors, as members of the Credit Union, in the course of business and on the same terms as are available to other members, in accordance with the requirement of the Financial Conduct Authority. During the year, 6 members of the Board, staff and their close family members (2022: 4 members) had loans with the Credit Union. In 2022, one loan to a member of staff was approved at a preferential rate, approved by the board of the directors. All other loans were approved on the same basis as loans to other members of the Credit Union.

During the year £69,633 (2022: £63,289) including Employers National Insurance was paid to key management personnel in respect of remuneration.

During the year, Pentecostal Credit Union paid £65,340 (2022: £46,727) in consultancy fees to the mother of a member of key management personnel.







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