



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



The Pentecostal Credit Union

43rd
Annual General
Meeting
via Zoom

6pm
Saturday
18 March
2023



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

AGM agenda

1. Welcome from the Chair
2. Opening prayer
3. Scripture: 1st Peter Ch. 5 Vs 6-10
4. Apologies
5. Minutes of last AGM: 19 March 2022
6. Matters arising
7. Directors' report
8. Youth Shadow Board report
9. Speaker, Jerran Whyte: Legacy planning
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



1st Peter Ch. 5 Vs 6-10

- 6 Humble yourselves, therefore, under God's mighty hand, that he may lift you up in due time.
- 7 Cast all your anxiety on him because he cares for you.
- 8 Be alert and of sober mind. Your enemy the devil prowls around like a roaring lion looking for someone to devour.
- 9 Resist him, standing firm in the faith, because you know that the family of believers throughout the world is undergoing the same kind of sufferings.
- 10 And the God of all grace, who called you to his eternal glory in Christ, after you have suffered a little while, will himself restore you and make you strong, firm and steadfast.

Minutes of the 42nd Annual General Meeting of the Pentecostal Credit Union

Held on Saturday 19 March 2022 via Zoom

Directors present

Leslie Laniyan (Chair)

Lorna Lynch

Ann Waugh (Chair, Audit Committee)

Rev. Geoffrey Folkes

Marcia Jones

David Frederick

Patricia Toussainte (Secretary)

Staff in attendance

Mr S Bowes (Chief Executive Officer)

Ms E Bowes (Marketing and Communications Manager)

Ms E Majdoub (Operations Manager and Business Officer)

Amaris Williamson (Chair, Youth Shadow Board)

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. Isaiah 43 Vs 1-4

Marcia Jones read the scripture as part of the opening session.

4. Apologies

Moses Williamson (Director) sent his apologies.

5. Minutes of the last AGM: 20 March 2021

PCU Secretary Patricia Toussainte summarised the minutes of the last AGM. There were no corrections to the last AGM minutes. Minutes were accepted as a true representation of the last AGM.

6. Matters arising

The Board biographies on the website had been updated.



7. Directors' report to the membership

Leslie Laniyan read the Directors' report statement, highlighting the emergence of the PCU from the pandemic, the resilience of members during this period and the progress of PCU despite the effects of this pandemic. He also mentioned the digital offering of the PCU, emphasising that this would be enhanced to further facilitate the easy use of PCU services.

The Chair asked if there are any questions.

There were no questions.

The Director's 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 as follows.

- The pandemic was a difficult time and it was with delight that the YSB were able to meet again after the restrictions were lifted.
- 2021 was the 5th birthday of the YSB and a video was made highlighting the journey and effect of YSB on all the young people's lives. There is also a dedicated page on the PCU website for the YSB, where members can view news.
- The 2021 summer leadership programme was very successful. It was decided to create an Alumni group for YSB.
- They held elections in January 2021 and voted in a new Chair, Amaris Williamson; Vice Chair, Zhaion Prince; and Secretary, Hannah Tate.
- The YSB took part in the New Testament Assembly Christmas hamper packing programme, which took place despite the pandemic.

There were no questions.

9. Speaker, Claudine Reid MBE, on building a legacy

Claudine talked about building a legacy emphasising the following.

1. Looking ahead and building
2. G.R.O.W method
3. The language of legacy

In closing, Claudine asked members to take a quiz on life care, to assist with future legacy planning.

10. Loan report

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

- a significant increase in loan provisioning from October 2020 to 2021, and
- the pandemic affected our loan portfolio negatively, however, PCU has recovered from that and continues to perform well.



11. Audit Committee report

The Audit Committee Report was presented by Ann Waugh, the Chair of the Audit Committee. Ann began by explaining the role of the Audit Committee and how it remains independent. The internal audit for the previous year was carried out by Alexander Sloane and areas reviewed were cyber security, lending and credit control, financial management, marketing, members' deposits, share transactions and staff benefits. The PCU performed well in all areas.

The purpose of Ann's report was to inform members of the audit focus for 2021 to 2022.

- a. In Quarter 1, the Committee would review lending and loans, as well as arrears and bad debt.
- b. In Quarter 2, they would look at operational resilience and business continuity, governance and financial management.

Directors' attendance had increased from 85.1% to 95% this year.

12. Nominations for election to the Board

Marcia Jones formally nominated Ann Waugh for the Audit Committee and this was seconded by David Frederick, with no objections.

13. PCU financial statements

Ms Lorna Lynch presented the financial accounts for the year and highlighted that we made a profit of £487,801.

She presented percentages for financial activity for the last financial year, highlighting the deficit caused due to Covid-19 and the lowering debt provision, with particular attention to the:

- i. Auditors Report
- ii. Accounts

Dividend

It was explained that the PCU had to strike a balance between sustainability and reward. The PCU had to make a provision for bad debt. Due to the dropping level of expenditure and income, a dividend of 0.5% was proposed by Shane Bowes CEO, in the context of current events.

The dividend of 0.5% was accepted by the membership.

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 Ann Waugh and was accepted by members.

14. Prayer and end

Closing prayer was led by Ann Waugh and the meeting ended.

Directors' report 2021-22

Introduction

As your Board of Directors, we are proud to be able to present to you once again a positive report of progress at the Pentecostal Credit Union (PCU). As we enter a new five-year business planning cycle (2022-2027), we can report the flowing levels of growth from 2017-2022.

	2017	2022	Growth
Loan book	£5.3m	£6.7m	26.4%
Membership	1,850	2,427	31%
Capital	£2.2m	£2.6m	18%



We are undoubtedly proud of this achievement, but we present this to you against the backdrop of the most serious financial crisis in the UK in recent years. Inflation – which reflects the rate of increase in rising prices – is currently at a 40-year high of 10.1% and, in order to curb spiralling costs, the Bank of England has raised interest rates 10 times since December 2021. The base rate is now at 4%. Whilst raising interest rates can cool the rise in the cost of living, it makes borrowing more expensive, which impacts things such as housing costs and mortgages.

The overall cost of living is more than 11% higher than it was a year ago and the soaring cost of energy is a key factor. The inflation rate in housing costs and domestic bills has increased by 26.7% in the last year, and food and drink by 16%. Despite help from government, many households are truly struggling to cope, with the phrase “heat or eat” commonly used to describe the choices that many households are having to make.

In addition, wages are not keeping up with rising costs. Hence we have recently experienced a ‘winter of discontent’, as workers in key service industries – healthcare, education, communication and transport – have felt the need to strike to protest about their wages not meeting increasing living costs.

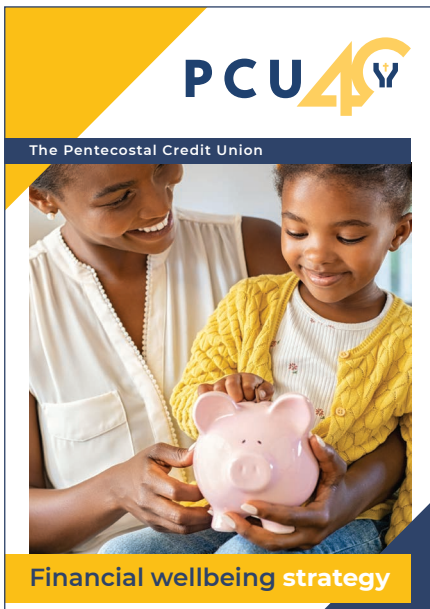
So, the cost-of-living crisis is affecting all of us. The conventional wisdom is that when there is financial pressure, we should revisit household budgets and cut unnecessary expenditure and /or find cheaper alternatives. But, for those on the lowest incomes, there is no possibility of cutting expenditure below income, thus making the rising cost of living truly disastrous for those households.

So, we can reassure you that we are doing all we can to help. We are acutely aware of the effect of rising costs on you, our members, and we have put measures in place to help those who face challenges meeting their obligations to the PCU as a result of this. Please get in touch straight away if you are affected in this way. We are a community bank and we are here to help.

We have initiated the following:

- We introduced a resource page on our website (www.pcuuk.com), with details about help that may be available to you.

- At Christmas, we made £50 food vouchers available to those of our members in greatest need.
- We have developed a Financial Wellbeing Strategy to support the development of financial resilience for our members.



Financial wellbeing at PCU

Financial wellbeing is about feeling financially secure and in control. It is knowing that you can pay the bills today, can deal with the unexpected, and are on track for a healthy financial future. It enables peace of mind and emotional wellbeing – never having to worry about money or how bills will be paid. In short: financially confident, empowered and composed.

We want this for all our members, so we have recently developed our first financial wellbeing strategy. This strategy sets out what the PCU will do over the next seven years, to 2030, to improve the financial wellbeing of our members.

Accompanying this strategy is an independently commissioned customer survey, which is being undertaken by researchers from the University of East London. This will provide the benchmarks for us to measure change over the seven-year period. This will be a completely anonymous enquiry.

If you are PCU member and you are invited to take part in the survey, please contribute and assist us in developing and delivering improved products and services to meet your specific needs, and to ensure that your wellbeing is assured.

Why do we need a financial wellbeing strategy at PCU?

The recent series of UK (and international) financial crises has brought home the importance of all institutions like our own (banks, building societies, community banks and credit unions) in providing help and guidance to our members to assist them to navigate the stress and uncertainty created by the current world economic trauma.

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.

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 that we do. So, we are pleased to report that in July 2023, a new Financial Conduct Authority (FCA) consumer duty comes 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.

This financial wellbeing strategy – along with the customer survey that accompanies it – will help us to excel in delivering this new duty.

For more information and to view the full strategy go to:
https://www.pcuuk.com/Financial_Wellbeing_1

Highlights from the year 2021-22



Charis Loans

During Talk Money Week, in November 2021, we launched Charis Loans. Charis Loans are available to members who are in receipt of state benefits, but who are struggling to fund essential one-off purchases, such as replacing or repairing household appliances, or buying school uniforms. A Charis Loan can also help to build financial wellbeing through saving whilst repaying the loan.

Financial Abuse Code of Conduct

One in five adults in the UK have experienced financial abuse from a current or former partner. Domestic abuse may take many forms and financial abuse is just one of them. A partner may restrict, exploit and sabotage their partner's access to money in many different ways.

At PCU, we have adopted the Financial Abuse Code of Conduct, which was developed by UK Finance in 2018 and is used by many banks, building societies and credit unions. If you are experiencing financial abuse, you can speak safely and confidentially to us, or your bank or building society, for help to protect you and your money.

GiftBOX! powered by PCU

We are delighted to announce the successful launch/progress of GiftBOX! during 2022. GiftBOX! is a fully integrated brand extension of PCU that serves as a platform or space from which millennials and entrepreneurial members can engage with us in a way that best suits them.

We are building a vibrant community of financially astute young people in our Pentecostal Church family, who are becoming more structured in their financial planning and more fluent with their finances. At Giftbox, we are developing the entrepreneurial spirit so necessary for our economic empowerment. We believe that the route to true equality is an economic one. GiftBOX! has had a great start and is growing in number and impact.



Conferences and exhibitions

With the success of our foray into the conferences and exhibitions world during 2020, we expanded our work here in 2021-22, by exhibiting at the first Black Entrepreneurs Conference (which we jointly sponsored) and also at the UK Black Business Show, for the second year running. We also jointly sponsored, and exhibited at, the Horniman's Original Jerk Cookout in August, where our Youth Shadow Board performed on stage. A great day out, which greatly enhanced our profile and raised awareness of PCU to our communities.





Visit from Coop-Aspire

In July, we welcomed some of the members of the management team from Coop-Aspire – the largest credit union in the Dominican Republic, with over 200,000 members. Coop-Aspire is also a Christian credit union and we were keen to share fellowship and our experiences.

PCU Business Plan 2022-2027

As mentioned in the opening paragraph of this report, we embarked upon a new five-year business planning cycle in 2022, with PCU Business Plan 2022-2027. The three strategic objectives are **Growth**, **Transformation** and **Leadership**. Our business plan is grounded in PCU's six economic development principles:

- **Systems thinking** enables a continuous flow of thinking, throughout all aspects of the business, and links us to the wider socio-economic system we are a part of.
- **Protection** – to protect the business and maintain high levels of performance throughout all operations.
- **Identity** – to protect and promote our identity, which will also drive the way we do business.
- **Reducing inequality** – remembering from whence we came and the key issues for our communities, as well as using our power and influence to address issues of inequality.
- **Group economics** – being part of a bigger system of business partnerships and deal flow between other agencies, where there is mutuality in complementing or contributing to/supporting any aspect of our relative businesses.
- **Legacy** – promoting and building on our significant legacy, and ensuring that this remains indelible and cannot be diluted or lost for generations.

Customer satisfaction

You have given us most valuable insight into how well our services are meeting your needs. Every month, a specialist firm of researchers called Acuity carries out an independent survey of all new members and new lenders. In the year 2021-22, we maintained our high levels of achievement.

Net promoter score	75%
Professional and courteous	96%
Would use our services again	95%

A Net Promoter Score of 75% is world class and the fact that 95% of all those surveyed would use our services again is a tremendous vote of confidence in us. So, we thank you for your faith and belief in us.

The future

Consistent and remarkable growth has been a staple feature of PCU since its inception. The trajectory of all graphs detailing the same is persistently upwards. We are a spirited and ambitious credit union, irritatingly conscious of our tremendous potential. Whilst growth will always be an ambition, we need to provide a more facilitative and enabling base from which the PCU can fulfil its promise and attain its true capacities. We will shortly be talking to you, our members, about our plans in this area. When you hear from us, please give us your attention and participate in this important work for the future of your credit union.

And finally...

We are very proud of the Ministry of Finance that is the Pentecostal Credit Union, and the incredible impact that this organisation has made on the lives of thousands of members past and present.

So, we want to thank the CEO – Shane Bowes and his team, Ellie Majdoub and Elaine Bowes – for their tremendous efforts and achievements in what has been a very difficult few years 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.

NOTE: 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



Members will know that the PCU Youth Shadow Board (YSB) is a leadership development programme for PCU Junior Savers aged 11-18 years. The YSB was birthed in 2016 and there have been substantial changes for those of us that joined seven years ago. Many of us are now beyond the 18-year age cut-off point. You may recall that we told you last year we would create another arm of the YSB, so an Alumni of original YSB members is now operational – who continue to meet and remain as active as the original programme, despite many of us being at college and university now.

Clearly, our development needs have changed and the YSB Alumni programme is assisting us to navigate the changes in our lives as we move into adulthood. But what has not changed is our core purpose and we continue to develop our financial acumen, as well as to grow in confidence and leadership.

We also continue on our recruitment drive to bring younger members into the YSB family. Last year, we created a video to help with this (<https://youtu.be/W2PHBrzNtKE>) and want to encourage our Junior Savers to join us. Please go to the YSB page on the PCU website (www.pcuuk.com/youthshadowboard) to see what we do and how the programme can help our Junior Savers develop into future leaders – in our churches, our communities and at the PCU. Please also contact info@pcuuk.com for more information.



Summer programme 2022

The 2022 Summer programme of leadership development activities and fun was really successful. Many of us are quite talented singers and creatives, and we focused on our talents during the summer to create new music and to perform. We performed at the Horniman Museum Jerk Cookout in August, in front of 5,000 people, and it was such a great success. The confidence that this has built in us is tremendous, and it was great to see so many people engage with us and enjoy what we had to offer. It also raised awareness of us and the work of the PCU.

We have also spent some time in the music studio making new songs for PCU, which you will be hearing about shortly. Another important addition to the programme has been a focus on our health and wellbeing. We have thoroughly enjoyed and benefited, both physically and mentally, from exercise and wellbeing sessions at WizFit Studios in Croydon. This has been so important as the pandemic lockdown took its toll emotionally on all of us.



Giving back

Some of you may recall that, 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. This was during the height of the pandemic and we raised over £1,600 thanks to your generosity.

Well, unfortunately, the Supplementary School did not survive the pandemic and was unable to re-open. So, after much consideration, we decided to donate the funds that we raised to two other, very similar, projects to our own, working to increase the educational and leadership capacities of young black people. Ultra Education and Symphony Schools were chosen. We wish the very best to Ultra Education and Symphony Schools and know that they will continue with the great work that they deliver for young people. We would also like to thank all of you who supported us and who donated.

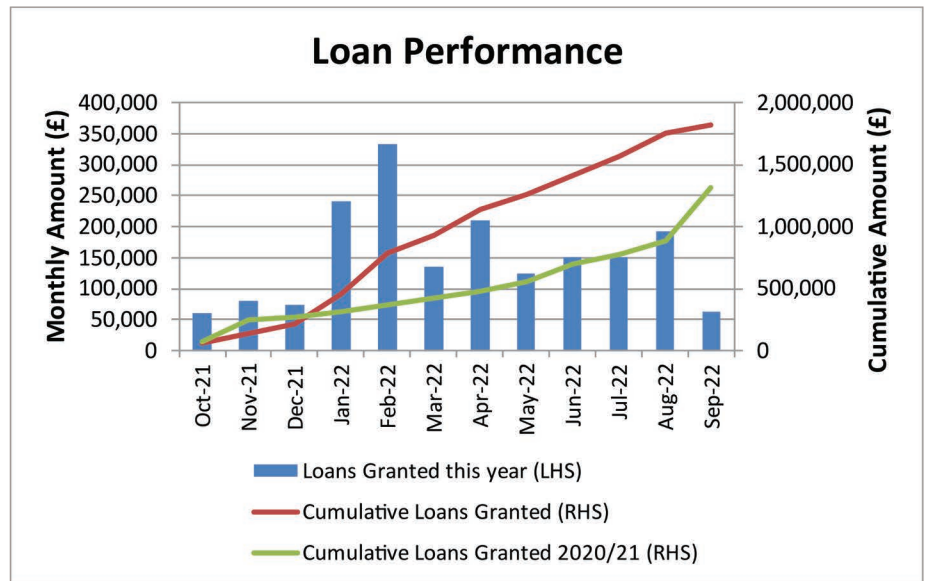
Future plans

We are delighted to be able to contribute to the PCU financial wellbeing strategy. There are five 'pillars' of change in this strategy and the first concerns young people and their financial education. We will be gearing up and revamping our Moneywise financial capability training programmes that we deliver to young people, to focus on PCU Junior Savers particularly (though not exclusively). So, in the next few months you will see us advertise and promote these financial workshops for PCU Junior Savers delivered by the PCU Youth Shadow Board.

Finally, despite the changes and any challenges, we will continue to be ambitious in our leadership aspirations. Thank you again for your support, without which we would not be here.

Loans report

1 October 2021 to 30 September 2022



Month	Loans granted (£)	Total (£)
October 2021	61,200	61,200
November 2021	81,315	142,515
December 2021	73,100	215,615
January 2022	241,700	457,315
February 2022	333,779	791,094
March 2022	135,700	926,794
April 2022	209,885	1,136,679
May 2022	125,220	1,261,899
June 2022	150,500	1,412,399
July 2022	150,950	1,563,349
August 2022	193,695	1,757,044
September 2022	64,000	1,821,044
Total	1,821,044	1,821,044

Audit Committee report to the AGM

1 October 2021 to 30 September 2022



The purpose of this report is to describe how the Committee has carried out its responsibilities during the year. As Chair of the Audit Committee, I am pleased to report on the Audit Committee’s responsibilities and activities during the year ending September 2022.

Our overarching objectives include ensuring that the Pentecostal Credit Union 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 identifying policy violations and encouraging compliance with regulations through internal audits. We aim also to be forward-looking, in that we help to assess the risks:

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

The Audit Committee provided regular internal audits reports in line with the agreed audit schedule. These reports are an independent review of the design and effectiveness of PCU’s business processes, controls procedures and resilience in this disruptive continually changing economic climate. For each report, the management team at PCU provided updates on the steps being taken to address internal audit findings and recommendations, if any.

In respect of its own performance, the Committee considers that it has taken methodological approach in directing our internal auditors to areas relevant to the risks facing the PCU. It has also constructively challenged management and the outsourced internal auditor Alexander Sloan. It has received a high level of cooperation and support from all concerned. Responses to audit recommendations from management are positive and the Committee is satisfied that the Board and management are committed to maintaining an appropriate level of internal control and prudent use of resources.

The result of internal audits during 2021-22

During the year ended 30 September 2022, the Committee ensured that it had oversight in the main areas of the business that are shown in the table below; with particular focus on a range of current and emerging risks.

Figure 1

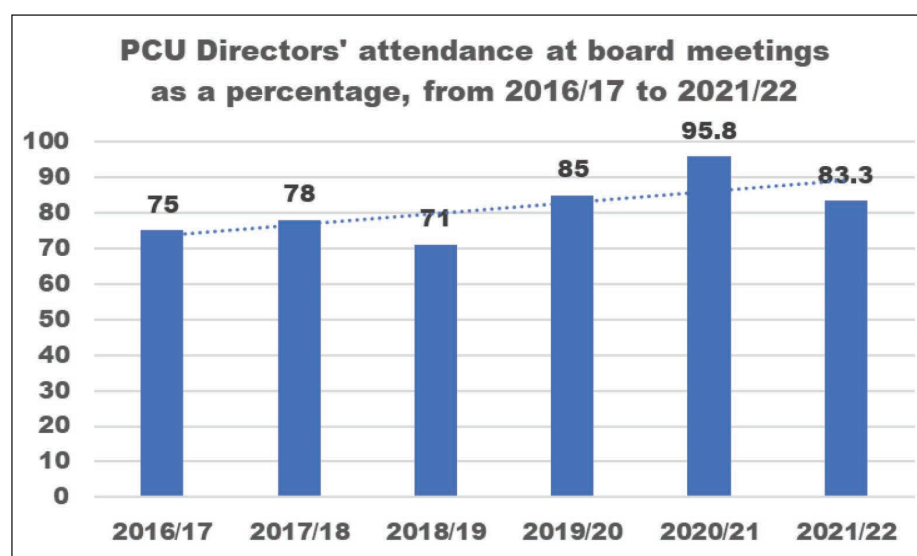
Schedule of internal audits for 2021-2022	Quarter
Lending and loans process	Q1
Arrears and bad debts	Q1
Operational resilience and building continuity	Q2
Governance	Q3
Financial management and controls	Q4

Overall, the Committee judged operational effectiveness to be generally reasonable, while design effectiveness was found to be reasonable or substantial.

Given the opinion of the internal auditors and external auditors, as expressed in their annual report, and the other information available to it from its work during the year, the Audit Committee can therefore provide the members with reasonable assurance that the PCU's control mechanisms are working satisfactorily.

Board attendance

One critical area of a director's responsibilities is the necessity to attend Board meetings – whether physically or electronically. Directors need to prepare for, attend and participate in meetings in order to make a genuine contribution that really counts. For 2021-22, I'm pleased to report that directors' attendance was an average of 83.3%.



The PRA's *Business Plan 2021-22* has, as a priority, the development of the supervision of operational resilience. The FCA priorities, in their *Business Plan 2021-22*, identified: Environmental, social and governance attributes of investment products; and Consumer outcomes – on issues such as fair value in a digital age.

During the year ending 30 September 2023, the Audit Committee will ensure that it has oversight on the areas in the table below, with a particular focus on a range of principal and emerging risks such as: Environmental, social and governance (ESG); Digital and cloud operations; and Consumer duty, as below.

Figure 2:

Schedule of internal audits for 2022-2023	Quarter
Lending and loans process	Q1
Digital and cloud operations, security and resilience, incl. human risks	Q2
Marketing and member satisfaction	Q2
Treasury management	Q3
Resilience (inc. future operating model)	Q3
Environmental, social and governance	Q4
Consumer duty	Q4

Conclusion

The Audit Committee will continue to keep abreast of 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
LIMITED**

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 SEPTEMBER 2022**

**FCA/PRA REGISTRATION
NUMBER 213242**

**COMPANY NUMBER
IP00006C**

DRAFT FINANCIAL STATEMENTS 27 January 2023 09:48:10 DATASET 30 September 2022
PENTECOSTAL CREDIT UNION LIMITED
FCA/PRA REGISTRATION NUMBER 213242
COMPANY NUMBER IP00006C

Chief Executive Officer	Mr S Bowes	
Directors	Mr G L Laniyan Ms P M Toussainte Miss L Lynch Ms M Jones Mr D Frederick Rev G Folkes Mr M Williamson	Chairman
Audit committee members	Miss A Waugh	
Treasurer	Mr S Bowes	
Secretary	Ms P M Toussainte	
General manager & loan officer	Miss E Majdoub	
Regulators	Financial Conduct Authority Prudential Regulatory Authority	
FCA/PRA registration number	213242	
Company number	IP00006C	
Registered office and Business address	15 Oldridge Road Balham London SW12 8PZ	
Auditors	Westcotts (SW) LLP 47 Boutport Street Barnstaple Devon EX31 1SQ	

DRAFT FINANCIAL STATEMENTS 27 January 2023 DATASET 30 September 2022
PENTECOSTAL CREDIT UNION LIMITED
FCA/PRA REGISTRATION NUMBER 213242
COMPANY NUMBER IP00006C

CONTENTS

	Page
Directors' report	1 - 2
Independent Auditors' report	3 - 7
Revenue account	8 - 9
Balance sheet	10 - 11
Statement of changes in Retained Earnings	12
Cash flow statement	13 - 14
Notes to the financial statements	15 - 26

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

Directors

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.

The directors who served during the year are as stated below:

Mr G L Laniyan - Chair
Ms P M Toussainte - Secretary
Miss L Lynch - Director
Ms M Jones
Mr D Frederick
Rev G Folkes
Mr M Williamson

Non- Executive Directors:

Miss A Waugh - Chair of Audit Committee

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Societies 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 estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

..... continued

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

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.

This report was approved by the Board on and signed on its behalf by

.....
Ms Patricia Toussainte
Secretary

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PENTECOSTAL CREDIT UNION LIMITED
FCA/PRA REGISTRATION NUMBER 213242
COMPANY NUMBER IP00006C**

Opinion

We have audited the financial statements of Pentecostal Credit Union Limited (the 'credit union') for the year ended 30 September 2022 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, 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) incorporating the requirements of Section 1A.

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 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

Basis of 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PENTECOSTAL CREDIT UNION LIMITED
FCA/PRA REGISTRATION NUMBER 213242
COMPANY NUMBER IP00006C**

.....continued

Other information

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

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

We have nothing to report in this regard.

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' Responsibilities statement on pages 1 to 2, 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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PENTECOSTAL CREDIT UNION LIMITED
FCA/PRA REGISTRATION NUMBER 213242
COMPANY NUMBER IP00006C**

.....continued

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.

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

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.
- 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 judgment and maintain professional scepticism throughout the audit. we also:

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PENTECOSTAL CREDIT UNION LIMITED
FCA/PRA REGISTRATION NUMBER 213242
COMPANY NUMBER IP00006C**

.....continued

- 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 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 credit union'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 credit union 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.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PENTECOSTAL CREDIT UNION LIMITED
FCA/PRA REGISTRATION NUMBER 213242
COMPANY NUMBER IP00006C**

.....continued

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 auditors' 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.

**Catherine Williams FCA DChA (senior statutory auditor)
For and on behalf of Westcotts (SW) LLP
Chartered Accountants and Statutory Auditors
47 Boutport Street
Barnstaple
Devon
EX31 1SQ**

DRAFT FINANCIAL STATEMENTS 27 January 2023 09:48:12 DATASET 30 September 2022
PENTECOSTAL CREDIT UNION LIMITED
FCA/PRA REGISTRATION NUMBER 213242
COMPANY NUMBER IP00006C

REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022		2021	
	£	£	£	£
Income				
Entrance fees		2,402		1,830
Income from loans to members		374,078		393,641
Interest received on investments		57,162		58,619
Sundry income		4,608		41,879
Total income for the year		<u>438,250</u>		<u>495,969</u>
Administrative expenses				
Wages and salaries	86,249		85,002	
Employer's NI contributions	4,860		5,297	
Staff pension costs	2,559		2,548	
Administration expenses	40,882		49,444	
Data processing expenses	10,244		10,242	
Fidelity bond insurance	6,487		4,817	
Consultancy fees	7,800		10,898	
FCA fees	2,118		1,300	
Auditors remuneration	17,312		16,763	
Other legal and professional	59,582		66,623	
Affiliation fees	10,997		5,166	
Bank charges	3,683		1,923	
Investment management charges	12		9,167	
Bad debts written off	-		1,577	
Bad debt provision	(28,048)		(291,765)	
General expenses	48		331	
Depreciation on intangible assets	172		230	
Depreciation of assets	13,085		14,295	
Profits/losses on disposal of investments	79		(10,135)	
Revaluation movement on investments	-		24,445	
Total expenditure for the year		<u>(238,121)</u>		<u>(8,168)</u>
Surplus/ (Deficit) for the year before taxation		<u>200,129</u>		<u>487,801</u>
Taxation		(10,861)		(11,138)
Surplus/ (Deficit) for year before appropriations		<u><u>189,268</u></u>		<u><u>476,663</u></u>

DRAFT FINANCIAL STATEMENTS 27 January 2023 09:48:12 DATASET 30 September 2022
PENTECOSTAL CREDIT UNION LIMITED
FCA/PRA REGISTRATION NUMBER 213242
COMPANY NUMBER IP00006C

REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Appropriations:

Revenue reserve	189,268	476,663
Dividend	(45,618)	(42,548)
Total applied	<u>143,650</u>	<u>434,115</u>

There are no recognised gains or losses other than those included above.
All figures included in the revenue account relate to continuing activities.

DRAFT FINANCIAL STATEMENTS 27 January 2023 09:48:12 DATASET 30 September 2022
PENTECOSTAL CREDIT UNION LIMITED
FCA/PRA REGISTRATION NUMBER 213242
COMPANY NUMBER IP00006C

BALANCE SHEET

AS AT 30 SEPTEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Intangible assets	6		517		689
Tangible assets	7		502,417		515,502
			<u>502,934</u>		<u>516,191</u>
Members loans	8	6,687,594		6,126,735	
Less: provision for underperforming loans		<u>(732,737)</u>		<u>(760,785)</u>	
			5,954,857		5,365,950
			<u>6,457,791</u>		<u>5,882,141</u>
Current assets					
Other receivables	9	59,762		41,985	
Investments	10	5,892,777		6,402,037	
Cash at bank and in hand	11	<u>399,570</u>		<u>44,530</u>	
		6,352,109		6,488,552	
Total current assets			<u>6,352,109</u>		<u>6,488,552</u>
Total assets			<u>12,809,900</u>		<u>12,370,693</u>
Liabilities					
Subscribed share capital					
Ordinary members shares	13	9,821,046		9,491,207	
Junior members shares	13	109,198		143,265	
Hold shares	13	<u>190</u>		<u>190</u>	
			9,930,434		9,634,662
Other payables	12		24,557		24,772
Revaluation reserve			297,124		297,124
Social and educational reserve			115,409		115,409
Revenue reserve			961,782		918,132
General reserve			<u>1,480,594</u>		<u>1,380,594</u>
Total liabilities			<u>12,809,900</u>		<u>12,370,693</u>

The notes on pages 15 to 26 form an integral part of these financial statements.

BALANCE SHEET

AS AT 30 SEPTEMBER 2022

The financial statements were approved by the directors on and signed on its behalf by

.....
Ms P M Toussainte - Secretary

.....
Mr G L Laniyan - Director

.....
Mr D Frederick - Director

STATEMENT OF CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Revaluation reserve £	General reserve £	Revenue reserve £	Social and educational £	Total £
At 1 October 2019	297,124	1,280,594	584,017	115,409	2,277,144
Dividends paid	-	-	(42,548)	-	(42,548)
Appropriation of surplus	-	-	476,663	-	476,663
Transfer		100,000	(100,000)		
At 30 September 2020	<u>297,124</u>	<u>1,380,594</u>	<u>918,132</u>	<u>115,409</u>	<u>2,711,259</u>
Dividends paid	-	-	(45,618)	-	(45,618)
Appropriation of surplus	-	-	189,268	-	189,268
Transfer	-	100,000	(100,000)		-
At 30 September 2022	<u><u>297,124</u></u>	<u><u>1,480,594</u></u>	<u><u>961,782</u></u>	<u><u>115,409</u></u>	<u><u>2,854,909</u></u>

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Profit/loss for the financial year		179,974	476,663
<i>Adjustments for:</i>			
Revaluation on investments		-	24,445
Depreciation of tangible assets		13,085	14,295
Amortisation of intangible assets		172	230
Cash inflow from subscribed capital		3,331,505	2,988,514
Cash outflow from repaid capital		(3,035,733)	(2,334,569)
Loans issued to members		(1,821,046)	(1,311,339)
Tax on profit		10,861	11,138
Repayment of loans by members		1,260,187	1,969,309
Member loan account write off		-	1,577
Increase/(Decrease) in loan provision		(28,048)	(291,765)
(Increase)/Decrease in other receivables		(8,777)	(10,602)
Increase/(Decrease) in other payables		62	(100)
Tax paid		(11,138)	(13,230)
Net cash outflow from operating activities		<u>(108,602)</u>	<u>1,524,566</u>
Cash flows from investing activities			
Purchase of tangible assets		-	(629)
Investment additions		-	(173,774)
Decrease in investments		-	1,771,606
Net cash (used in)/from investing activities		<u>-</u>	<u>1,597,203</u>
Cash flows from financing activities			
Equity dividends paid		(45,618)	(42,548)
Net cash (used in)/from financing activities		<u>(45,618)</u>	<u>(42,548)</u>
Increase/(Decrease) in cash in the year		(154,220)	3,079,221

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Cash and cash equivalents at beginning of year	6,446,567	3,367,346
Cash and cash equivalents at end of year	<u>6,292,347</u>	<u>6,446,567</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. Accounting policies

1.1. 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.

1.2. Going Concern

The financial statements are prepared on the 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.

1.3. Interest

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

1.4. Taxation

Corporation tax payable is provided on investment income at the current rate which for the year ended 19.00% (2021: 19.00%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

..... continued

1.5. Judgements and key sources of estimation uncertainty

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.

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.

1.6. Government grants

Government grants received in the period were recognised using the accrual model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

1.7. Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Patents	- 25% reducing balance
---------	------------------------

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

..... continued

1.8. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	2% reducing balance
Fixtures, fittings and equipment	-	25% reducing balance

Tangible fixed assets are stated at cost less accumulated depreciation.

1.9. Investments

Current asset investments are taken at the lower of cost and net realisable value.

1.10. 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.

1.11. 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.

1.12. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.13. Financial liabilities - 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

..... continued

1.14. Juvenile depositors

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

1.15. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash and loans and advances to banks with maturity of less than or equal to three months.

2. Dividends paid during the period	2022	2021
	£	£
Dividends paid during the year	45,618	42,548
Dividend rate:		
Balances less than £10,000	0.5%	0.5%
Balances greater than £10,000	0.5%	0.5%

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.

3. Employees

Number of employees	2022	2021
The average monthly numbers of employees (including the directors) during the year were:		
Office staff	2	2
Employment costs	2022	2021
	£	£
Wages and salaries	86,249	85,002
Social security costs	4,860	5,297
Pension costs	2,559	2,548
	93,668	92,847

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

..... continued

4. Auditors' remuneration

	2022	2021
	£	£
External auditors' remuneration - audit of the financial statements	6,180	6,120
Internal auditors' remuneration - internal audit services	10,862	10,643
	<u>17,042</u>	<u>16,763</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.

5. Tax on profit on ordinary activities

Analysis of charge in period	2022	2021
	£	£
Current tax		
UK corporation tax	10,861	11,138
	<u>200,129</u>	<u>487,801</u>
	2022	2021
	£	£
(Loss)/Surplus before taxation	200,129	487,801
Surplus before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	38,025	92,682
Effects of:		
Expenses not deductible for tax purposes	(15)	(1,925)
Non-taxable surplus/(deficit) on transactions with members	(25,444)	(79,619)
Current tax charge for period	<u>11,155</u>	<u>11,138</u>

Failed validation -

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

..... continued

6. Intangible fixed assets

	Patents	Total
	£	£
Cost		
At 1 October 2021	2,178	2,178
At 30 September 2022	<u>2,178</u>	<u>2,178</u>
Amortisation		
At 1 October 2021	1,489	1,489
Charge for year	172	172
At 30 September 2022	<u>1,661</u>	<u>1,661</u>
Net book values		
At 30 September 2022	<u>517</u>	<u>517</u>
At 30 September 2021	<u>689</u>	<u>689</u>

7. Tangible fixed assets

	Land and buildings freehold	Fixtures, fittings equipment	Total
	£	£	£
Cost			
At 1 October 2021	690,771	75,065	765,836
At 30 September 2022	<u>690,771</u>	<u>75,065</u>	<u>765,836</u>
Depreciation			
At 1 October 2021	187,331	63,003	250,334
Charge for the year	10,069	3,016	13,085
At 30 September 2022	<u>197,400</u>	<u>66,019</u>	<u>263,419</u>
Net book values			
At 30 September 2022	<u>493,371</u>	<u>9,046</u>	<u>502,417</u>
At 30 September 2021	<u>503,440</u>	<u>12,062</u>	<u>515,502</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

..... continued

8. Members loans	2022	2021
	£	£
At 1 October 2021	6,126,735	6,786,281
Repaid	(1,634,265)	(2,364,526)
Granted	1,821,046	1,311,339
Interest charged	374,078	393,641
Loans written off	-	-
	<u>6,687,594</u>	<u>6,126,735</u>
Gross loans and advances to members		
Provision for underperforming loans	(732,737)	(760,785)
At 30 September 2022	<u>5,954,857</u>	<u>5,365,950</u>
9. Receivables	2021	2020
	£	£
Sundry receivables	30,000	30,000
Prepayments	29,762	11,985
	<u>59,762</u>	<u>41,985</u>
10. Current asset investments	2022	2021
	£	£
Other unlisted investments	1,657,833	1,651,625
Cash held in investments	4,234,944	4,750,412
	<u>5,892,777</u>	<u>6,402,037</u>
11. Cash and cash equivalents	2022	2021
	£	£
Cash at bank and in hand	<u>399,570</u>	<u>44,505</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

..... continued

12. Payables: amounts falling due within one year	2022	2021
	£	£
Trade payables	13,696	13,634
Corporation tax	10,861	11,138
	<u>24,557</u>	<u>24,772</u>
	<u><u>24,557</u></u>	<u><u>24,772</u></u>
13. Subscribed capital - financial liabilities (including Juniors)	2022	2021
	£	£
Balance brought forward from last year	9,634,662	8,980,717
Shares saved and loans repaid	3,319,954	2,934,418
Dividends paid	45,618	42,548
Shares withdrawn	(3,069,800)	(2,323,021)
	<u>9,930,434</u>	<u>9,634,662</u>
	<u><u>9,930,434</u></u>	<u><u>9,634,662</u></u>
Analysed as:		
Ordinary members shares	9,821,046	9,491,207
Hold shares	190	190
Junior members shares	109,198	143,265
	<u>9,930,434</u>	<u>9,634,662</u>
	<u><u>9,930,434</u></u>	<u><u>9,634,662</u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

..... continued

14. 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:

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 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, bank deposits and shares that form an integral part of a Credit Union's operations. Dividend rates are based on the historical results of the Credit Union and the Credit Union's strategic plans. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

..... continued

15. Interest Rate Disclosure

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

	2022		2021	
	Average	Average	Average	Average
	interest	interest	interest	interest
	rate	rate	rate	rate
	Amount	Amount	Amount	Amount
	£	£	£	£
	%	%	%	%
Financial assets				
Loans to members	6,687,594	5.59	6,126,735	6.42

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

16. Liquidity Risk Disclosure

Excluding short-term other payables, as noted in the balance sheet, Pentecostal Credit Union Limited's financial liabilities, the subscribed capital, are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

..... continued

17. 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.

	2022	2021
	£	£
Loans analysis		
Not past due	5,665,422	5,047,196
Up to 3 months past due	126,226	338,731
Between 3 months and 6 months due	94,370	68,884
Between 6 months and 1 year past due	360,877	35,712
Over 1 year past due	440,699	636,212
Total loans	6,687,594	6,126,735
General provision	(165,446)	(172,553)
Specific provision	(567,291)	(588,232)
Total carrying value	5,954,857	5,365,950

18. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

..... continued

19. 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 requirements of the Financial Conduct Authority. During the year, 4 members of the Board, staff and their close family members (2021: 2 members) had loans with the Credit Union. These loans were approved on the same basis as loans to other members of the Credit Union.

During the year £63,289 (2021: £63,202) including Employers National Insurance was paid to key management personnel in respect of remuneration.

During the year, Pentecostal Credit Union paid £46,727 (2021: £49,700) in consultancy fees to the mother of a member of key management personnel.



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

The Pentecostal Credit Union Limited

15 Oldridge Road, Balham, London SW12 8PL

Phone: 020 8673 2542

Email: info@pcuuk.com

Web: www.pcuuk.com

 [/pentecostalcreditunion](https://www.facebook.com/pentecostalcreditunion)

 [@PentecostalCU](https://twitter.com/PentecostalCU)