

**DISCOVERY CREDIT UNION LTD.**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2025**

Firm Reference Number: 218839



Alexander Sloan LLP  
TC Group  
Business Advisors & Accountants  
180 St Vincent Street  
Glasgow  
G2 5SG

# DISCOVERY CREDIT UNION LTD.

## CREDIT UNION INFORMATION

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**FCA number** 218839

**Society number** 155CUS

**Directors** Julie Bruce  
Moriama Oduyemi  
Alexander Scott  
Carole Smith  
Sheriene Murphy  
Glen Alexander

**Secretary** Julie Bruce (Appointed 19 March 2020)

**Registered office** Central Library  
Wellgate Centre  
Dundee  
DD1 1DB

**Auditor** TC Group  
Business Advisors & Accountants  
180 St Vincent Street  
Glasgow  
G2 5SG

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# DISCOVERY CREDIT UNION LTD.

## CONTENTS

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	<b>Page</b>
Directors' report	1 - 2
Independent auditor's report	3 - 5
Revenue account	6
Balance sheet	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 24

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# DISCOVERY CREDIT UNION LTD.

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 SEPTEMBER 2025**

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The Directors present their annual report and financial statements for the year ended 30 September 2025.

### **Principal activity**

The principal activity of the credit union continues to be that defined in the Credit Union Act 1979. The Credit Union's common bond covers everyone living or working within a DD1 to DD11 postcode and employees or tenants of a number of local councils and housing associations and employees of a number of other local employers.

The credit union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

### **Results and dividends**

The results for the year are set out on page 6. Reserves continue to be healthy and are well above the required minimum level as a percentage of assets.

### **Directors**

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

Julie Bruce  
Moriama Oduyemi  
Alexander Scott  
Carole Smith  
Sheriene Murphy  
Glen Alexander

### **Compliance statement**

Under the Prudential Regulation Authority rulebook the Board of Directors must report to the members at the Annual General Meeting on certain areas of compliance within the credit union. The credit union is therefore pleased to report that during the year the credit union has been in compliance with:

- Depositor Protection Rules 11, 12, 14 and the requirements of rule 15 that relate to rule 11; and
- PRA Credit Union Rule 2.10 (fidelity bond insurance requirements).

### **Principal risks and uncertainties**

The main financial risks of the credit union are set out in note 21 to the financial statements.

# DISCOVERY CREDIT UNION LTD.

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

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### Statement of Directors responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Legislation requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the credit union and of the surplus or deficit of the credit union for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The Directors are responsible for keeping adequate 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 the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014. Directors 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.

### Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the credit union's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the credit union's auditor is aware of that information.

### Auditor

A resolution for the re-appointment of TC Group as auditors of the credit union is to be proposed at the forthcoming Annual General Meeting.

By order of the board



.....  
Julie Bruce  
**Secretary**

29/1/2026  
Date: .....

# DISCOVERY CREDIT UNION LTD.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DISCOVERY CREDIT UNION LTD.

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#### Opinion

We have audited the financial statements of Discovery Credit Union Ltd. (the 'credit union') for the year ended 30 September 2025 which comprise the revenue account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2025 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the credit union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The 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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

# DISCOVERY CREDIT UNION LTD.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DISCOVERY CREDIT UNION LTD.

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

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

- proper books of account have not been kept by the credit union in accordance with the requirements of the legislation; or
- a satisfactory system of control over transactions has not been kept by the credit union in accordance with the requirements of the legislation; or
- the Revenue Account and Balance Sheet are not in agreement with the books of account of the credit union; 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, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the credit union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the credit union or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the credit union through discussions with management, and from our wider knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the credit union, including Corporate and Community Benefit Society legislation and taxation legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the credit union's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

# DISCOVERY CREDIT UNION LTD.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DISCOVERY CREDIT UNION LTD.

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### ***Extent to which the audit was considered capable of detecting irregularities, including fraud***

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with the PRA, FCA and HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

### **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. 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.

*TC Group*

**TC Group**

29/1/2026

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**Business Advisors & Accountants**

**Statutory Auditor**

Business Advisors & Accountants  
180 St Vincent Street  
Glasgow  
G2 5SG

# DISCOVERY CREDIT UNION LTD.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2025

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	Notes	2025 £	2024 £
Loan interest receivable and similar income	3	215,722	223,868
Net interest receivable		<u>215,722</u>	<u>223,868</u>
Fees and commissions receivable	4	11,084	11,155
Fees and commissions payable	5	(8,306)	(7,615)
Net fees and commissions		<u>2,778</u>	<u>3,540</u>
Other operating income	6	44,063	42,464
Administrative expenses	7	(224,482)	(238,604)
Depreciation and amortisation		(5,010)	(5,043)
Other operating expenses	8	(27,850)	(28,881)
Impairment on loans for bad and doubtful debts	15	(7,326)	676
<b>(Deficit)/surplus before taxation</b>		<u>(2,105)</u>	<u>(1,980)</u>
Corporation tax	12	(11,672)	(13,226)
<b>Deficit for the year</b>		<u><u>(13,777)</u></u>	<u><u>(15,206)</u></u>

The Revenue Account has been prepared on the basis that all operations are continuing operations.

The notes on pages 10 to 24 form an integral part of these financial statements.

# DISCOVERY CREDIT UNION LTD.

## BALANCE SHEET

AS AT 30 SEPTEMBER 2025

	Notes	2025 £	2024 £
<b>Assets</b>			
Cash and balances at central banks	13	4,605	1,918
Loans and advances to banks	13	2,069,689	2,137,170
Loans and advances to customers	14	776,181	763,392
Intangible assets	16	11,357	13,237
Tangible assets	17	1,712	4,296
Other receivables	18	53,186	83,876
Prepayments		1,582	3,472
<b>Total assets</b>		<b>2,918,312</b>	<b>3,007,361</b>
<b>Liabilities and reserves</b>			
Customer accounts	19	2,449,453	2,490,283
Other liabilities	20	29,239	58,681
Deferred income	22	-	5,000
		2,478,692	2,553,964
General reserve	27	283,440	299,212
Other reserves	27	156,180	154,185
Total reserves		439,620	453,397
<b>Total liabilities and reserves</b>		<b>2,918,312</b>	<b>3,007,361</b>

29/1/2026

The financial statements were approved by the Board of Directors and authorised for issue on ..... and are signed on its behalf by:

*Alexander Scott*

.....  
Alexander Scott  
**Director**

*Glen Alexander*

.....  
Glen Alexander  
**Director**

*J Bruce*

.....  
Julie Bruce  
**Secretary**

The notes on pages 10 to 24 form an integral part of these financial statements.

# DISCOVERY CREDIT UNION LTD.

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2025

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	Dundee Loan Reserve £	Growth Fund Reserve £	General Reserve £	Total £
<b>Balance at 1 October 2023</b>	66,113	98,789	303,701	468,603
Year ended 30 September 2024:				
Deficit and total comprehensive income for the year	-	-	(15,206)	(15,206)
Other reserve movements	-	(10,717)	10,717	-
<b>Balance at 30 September 2024</b>	<b>66,113</b>	<b>88,072</b>	<b>299,212</b>	<b>453,397</b>
Year ended 30 September 2025:				
Deficit and total comprehensive income for the year	-	-	(13,777)	(13,777)
Other reserve movements	-	1,995	(1,995)	-
<b>Balance at 30 September 2025</b>	<b>66,113</b>	<b>90,067</b>	<b>283,440</b>	<b>439,620</b>

The notes on pages 10 to 24 form an integral part of these financial statements.

# DISCOVERY CREDIT UNION LTD.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Notes	£	2025 £	£	2024 £
<b>Cash flows from operating activities</b>					
(Deficit)/surplus for the period			(13,777)		(15,206)
Depreciation and amortisation		5,010		5,043	
Corporation tax expenses	12	11,672		13,226	
Provision movement	15	7,326		(676)	
Interest income on loans	3	(157,524)		(159,568)	
			(133,516)		(141,975)
<b>Working capital adjustments</b>					
Change in other receivables and prepayments		32,580		(16,649)	
Change in other liabilities		(27,888)		(1,026)	
Change in deferred income		(5,000)		5,000	
			(308)		(12,675)
<b>Cash flows from changes in operating assets and liabilities</b>					
Loan repayments less loans advanced	14	137,409		98,513	
Customer balance cash movement		(40,830)		(73,636)	
Movement on funds on deposit	13	264,448		(141,584)	
			361,027		(116,707)
Corporation tax paid			(13,226)		(8,448)
<b>Net cash flow from operating activities</b>			200,200		(295,011)
<b>Investing activities</b>					
Purchase of intangible assets	16	-		(2,400)	
Purchase of tangible fixed assets	17	(546)		(2,145)	
<b>Net cash used in investing activities</b>			(546)		(4,545)
<b>Net increase/(decrease) in cash and cash equivalents</b>			199,654		(299,556)
Cash and cash equivalents at beginning of year			968,045		1,267,601
<b>Cash and cash equivalents at end of year</b>			<b>1,167,699</b>		<b>968,045</b>

The notes on pages 10 to 24 form an integral part of these financial statements.

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

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### 1 Accounting policies

#### Background information

Discovery Credit Union Ltd. is registered in the UK as a society 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 Union Act 1979. The credit union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Co-operative and Community Benefit Societies Act 2014.

The financial statements are prepared in sterling, which is the functional currency of the credit union. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The credit union has prepared financial projections taking into account the expected impact that the current economic conditions may have on the Credit Union's financial reserves. While it is unknown how long the current economic conditions will last or the extent of the impact on the economy, at the time of approving the financial statements, the directors have a reasonable expectation that the credit union has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Income

Fees and charges receivable either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is complete.

Interest receivable on loans to members and bank interest are recognised using the effective interest rate basis and are calculated and accrued on a daily basis.

#### 1.4 Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	5 - 10 years
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#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	33% per annum straight line
Fixtures and fittings	25% per annum straight line

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2025

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#### 1 Accounting policies

(Continued)

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

#### 1.6 Impairment of fixed assets

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the revenue account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the revenue account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of less than 8 days.

#### 1.8 Financial instruments

The credit union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the credit union's balance sheet when the credit union becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include loans to members and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Other financial assets**

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the revenue account.

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

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### 1 Accounting policies

(Continued)

#### ***Impairment of financial assets***

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 expected cash flows.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the credit union transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

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

#### ***Basic financial liabilities***

Basic financial liabilities, including members deposits are classified as debt and are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Other financial liabilities***

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through the revenue account. Debt instruments may be designated as being measured at fair value through the revenue account to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the credit union's contractual obligations expire or are discharged or cancelled.

### 1.9 Taxation

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

#### ***Current tax***

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from the surplus as reported in the revenue account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The credit union's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

### 1 Accounting policies

(Continued)

#### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the credit union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.12 Grants

Grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Revenue grants are recognised as income over the periods when the related costs are incurred. Capital grants are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

### 2 Judgements and key sources of estimation uncertainty

In the application of the credit union's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### 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.

### 3 Interest receivable and similar income

	2025 £	2024 £
Interest income on loans	157,524	159,568
Interest income on bank deposits	58,198	64,300
	<u>215,722</u>	<u>223,868</u>

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

<b>4</b>	<b>Fees and commissions receivable</b>		<b>2025</b>	<b>2024</b>
			<b>£</b>	<b>£</b>
	Entrance fees		807	732
	Service charges		10,277	10,423
			<u>11,084</u>	<u>11,155</u>
<b>5</b>	<b>Fees and commissions payable</b>		<b>2025</b>	<b>2024</b>
			<b>£</b>	<b>£</b>
	Bank charges		8,306	7,615
			<u>8,306</u>	<u>7,615</u>
<b>6</b>	<b>Other operating income</b>		<b>2025</b>	<b>2024</b>
			<b>£</b>	<b>£</b>
	Other income		16,063	4,464
	Grant income		28,000	38,000
			<u>44,063</u>	<u>42,464</u>
<b>7</b>	<b>Administrative expenses</b>		<b>2025</b>	<b>2024</b>
		<b>Notes</b>	<b>£</b>	<b>£</b>
	Staff costs	<b>11</b>	140,349	151,935
	Auditor's remuneration	<b>9</b>	11,862	14,568
	Member communication and advertising		23,372	25,234
	Legal, professional and credit control costs		18,878	8,335
	Computer and software expenses		24,947	26,557
	General administration costs		5,074	11,975
			<u>224,482</u>	<u>238,604</u>

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

### 8 Other operating expenses

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Regulatory costs	26,377	27,437
Costs of occupying offices	1,473	1,444
	<u>27,850</u>	<u>28,881</u>

### 9 Auditor's remuneration

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Fees payable to the credit union's external auditors:		
Audit of the financial statements of the credit union	10,782	13,718
All other non-audit services	1,080	850
	<u>11,862</u>	<u>14,568</u>

### 10 Directors' remuneration

The average monthly number of Directors at the Credit Union during the year was:

	<b>2025</b>	<b>2024</b>
	<b>Number</b>	<b>Number</b>
Directors	<u>6</u>	<u>6</u>

The directors do not receive remuneration for their service to the Credit Union.

### 11 Employees

The average number of persons employed by the Credit Union (including key management) during the year and the number of Directors, analysed by category was as follows:

	<b>2025</b>	<b>2024</b>
	<b>Number</b>	<b>Number</b>
Directors	6	6
Administration and support	7	6
	<u>13</u>	<u>12</u>

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

### 11 Employees

(Continued)

Their aggregate remuneration comprised:

	2025 £	2024 £
Wages and salaries	135,766	135,180
Social security costs	142	11,451
Pension costs	4,441	5,304
	<u>140,349</u>	<u>151,935</u>

Directors of the Credit Union are reimbursed for expenses incurred on the Credit Union's behalf but are not remunerated by the Credit Union.

The Credit Union operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Credit Union in an independently administered fund.

### 12 Corporation tax

	2025 £	2024 £
<b>Current tax</b>		
UK corporation tax on taxable surplus for the current period	11,672	13,226
	<u>11,672</u>	<u>13,226</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the surplus or deficit and the standard rate of tax as follows:

	2025 £	2024 £
Deficit before taxation	(2,105)	(1,980)
	<u>(2,105)</u>	<u>(1,980)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2024: 25.00%)	(526)	(495)
Tax effect of income/expenditure not taxable in determining taxable surplus	12,198	13,721
	<u>11,672</u>	<u>13,226</u>
Taxation charge for the year	<u>11,672</u>	<u>13,226</u>

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

### 13 Loans and advances to banks

	2025 £	2024 £
Cash held at banks	1,163,094	966,127
Bank deposits	906,595	1,171,043
	<u>2,069,689</u>	<u>2,137,170</u>
Loans and advances to banks	2,069,689	2,137,170
Cash in hand	4,605	1,918
	<u>2,074,294</u>	<u>2,139,088</u>
	<u><u>2,074,294</u></u>	<u><u>2,139,088</u></u>
<b>Loans split by repayment period</b>		
Cash and cash equivalents	1,167,699	968,045
Amounts maturing in over 8 days	906,595	1,171,043
	<u>2,074,294</u>	<u>2,139,088</u>
	<u><u>2,074,294</u></u>	<u><u>2,139,088</u></u>

### 14 Loans and advances to customers

	Notes	2025 £	2024 £
<b>Loan movement</b>			
Opening balances		1,117,518	1,060,552
Interest on loans		157,524	159,568
Loans advanced during the period		1,463,122	1,484,479
Loans repaid during the period		(1,600,531)	(1,582,992)
Loans written off		(6,913)	(4,089)
		<u>1,130,720</u>	<u>1,117,518</u>
Loan impairment provisions	15	(354,539)	(354,126)
		<u>776,181</u>	<u>763,392</u>
		<u><u>776,181</u></u>	<u><u>763,392</u></u>
<b>Loans split by repayment period</b>			
Loans due within 1 year		717,416	712,621
Loans due after 1 year		413,304	404,897
Loan impairment provisions	15	(354,539)	(354,126)
		<u>776,181</u>	<u>763,392</u>
		<u><u>776,181</u></u>	<u><u>763,392</u></u>

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

### 15 Loan impairment

	Write off Provision £	Arrears Provision £	Total Provisions £
<b>Loan impairment provision</b>			
Opening balances	244,978	109,148	354,126
Provision movement	9,561	(9,148)	413
	<u>254,539</u>	<u>100,000</u>	<u>354,539</u>
Closing balances	<u>254,539</u>	<u>100,000</u>	<u>354,539</u>

Under Financial Reporting Standard 102 (FRS 102), the criteria for derecognising (writing off a loan) is different from when the credit union would write off the loan for internal purposes. Loans written off by the Board that do not meet the criteria in FRS 102 for being derecognised are not written off in these financial statements. The loans the credit union feel should be written off but which do not meet the criteria in FRS 102 for being derecognised are fully provided in the write off provision which is shown above. As a result there is no net effect on the surplus or net assets of the credit union from this requirement of FRS 102.

	Notes	2025 £	2024 £
<b>Impairment revenue account charge</b>			
Impairment provision movement		413	(4,765)
Bad debts derecognised	14	6,913	4,089
		<u>7,326</u>	<u>(676)</u>

### 16 Intangible fixed assets

	Software £
<b>Cost</b>	
At 1 October 2024 and 30 September 2025	18,000
<b>Amortisation and impairment</b>	
At 1 October 2024	4,763
Amortisation charged for the year	1,880
	<u>6,643</u>
At 30 September 2025	6,643
<b>Carrying amount</b>	
At 30 September 2025	11,357
	<u>13,237</u>
At 30 September 2024	<u>13,237</u>

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

### 17 Tangible fixed assets

	Furniture, fittings and equipment £
<b>Cost</b>	
At 1 October 2024	13,649
Additions	546
	<hr/>
At 30 September 2025	14,195
	<hr/>
<b>Depreciation and impairment</b>	
At 1 October 2024	9,353
Depreciation charged in the year	3,130
	<hr/>
At 30 September 2025	12,483
	<hr/>
<b>Carrying amount</b>	
At 30 September 2025	1,712
	<hr/> <hr/>
At 30 September 2024	4,296
	<hr/> <hr/>

### 18 Other receivables

	2025 £	2024 £
<b>Amounts falling due within one year:</b>		
Other debtors	53,186	83,876
	<hr/>	<hr/>
	53,186	83,876
	<hr/> <hr/>	<hr/> <hr/>

### 19 Customer accounts

	2025 £	2024 £
<b>Deposit movement</b>		
Opening balances	2,490,283	2,563,919
Deposited during the period	2,838,943	3,018,218
Withdrawn during the period	(2,879,773)	(3,091,854)
	<hr/>	<hr/>
	2,449,453	2,490,283
	<hr/> <hr/>	<hr/> <hr/>
<b>Deposits split by type</b>		
Standard dividend bearing member shares	2,272,859	2,311,752
Juvenile member deposits	176,594	178,531
	<hr/>	<hr/>
	2,449,453	2,490,283
	<hr/> <hr/>	<hr/> <hr/>

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

### 20 Other liabilities

	2025	2024
	£	£
Amounts falling due within one year:		
Corporation tax	11,672	13,226
Other creditors	5,102	33,718
Accrued expenses	12,465	11,737
	<u>29,239</u>	<u>58,681</u>

### 21 Financial risk management

The credit union manages its shares and loans 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 the credit union are credit risk, liquidity risk and market 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 repayment to the credit union, resulting in financial loss to the credit union. In order to manage this risk, the Board approves the lending policy 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 the credit union is to maintain sufficient funds in liquid form at any 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, foreign currency risk and other price risk. The main risks impacting the credit union are set out below:

Interest rate risk: The main interest rate risk for the credit union arises between the interest rate exposure on loans, bank deposits and shares that form an integral part of a credit union's operations. The credit union considers rates of interest receivable when deciding on proposed dividend rates. 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 positions.

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.

### 22 Deferred income

	2025	2024
	£	£
Opening balance	5,000	-
Received in period	23,000	43,000
Release in period	(28,000)	(38,000)
	<u>-</u>	<u>5,000</u>

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

### 23 Retirement benefit schemes

	2025	2024
	£	£
Defined contribution schemes		
Charge to revenue account in respect of defined contribution schemes	4,441	5,304

The Credit Union operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Credit Union in an independently administered fund.

### 24 Credit risk on lending

The credit union holds the following security against its loans to members:

	2025	2024
	£	£
<b>Security for loans</b>		
Attached shares	497,559	378,979

The carrying amount of the loans to members represents the credit union's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full. The status 'past due' includes any loan where payments are in arrears. The amount included is the entire loan amount and not just the overdue amount.

	2025	2024
	£	£
<b>Loans not individually impaired</b>		
Not past due	802,403	759,358
Up to 3 months past due	27,561	92,631
	<u>829,964</u>	<u>851,989</u>
<b>Loans individually impaired</b>		
Between 3 and 6 months past due	6,261	6,788
Between 6 months and 1 year past due	25,828	12,218
Over 1 year past due	14,128	1,545
Individually impaired and written off for internal purposes	254,539	244,978
	<u>300,756</u>	<u>265,529</u>
Total loans	1,130,720	1,117,518
Impairment allowance	(354,539)	(354,126)
	<u>776,181</u>	<u>763,392</u>

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

### 25 Credit risk on bank and investments

The credit union invests funds not yet actively deployed in the following investments:

	2025	2024
	£	£
Bank accounts	1,163,094	966,127
Bank term deposits	906,595	1,171,043
	<u>2,069,689</u>	<u>2,137,170</u>

The credit union believes the full amount of these investments is recoverable.

### 26 Interest rates on financial instruments

The following table shows the interest earned during the year divided by the average loan balance. The average balance is taken as the average of the opening and closing balances.

	2025		2024	
	Amount	Rates received in year	Amount	Rates received in year
	£	%	£	%
<b>Financial assets</b>				
Loans to members	1,130,720	14.01%	1,117,518	14.65%
Loans and advances to banks	2,069,689	2.77%	2,137,170	2.90%
	<u>3,200,409</u>		<u>3,254,688</u>	

### 27 Reserves

#### General Reserve

The general reserve represents the base capital of the credit union and is the retained surpluses and deficits which have not been allocated to another specific reserve.

The credit union has the following other reserves:

#### Dundee Loan Reserve

The Dundee Loan Fund reserve represents the balance of the loan funding provided by Dundee City Council / Dundee Partnership.

#### Growth Fund Reserve

The growth fund reserve represents surpluses and deficits on growth fund activities, including unused growth fund funding.

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

### 28 Capital

The credit union classes all of its reserves as capital. The credit union manages its reserves through its financial and budgeting policies and procedures. The Prudential Regulation Authority sets out requirements for regulatory capital that the credit union must maintain. The credit union's position with the requirements at the year end is set out below:

	2025 %	2024 %
Actual regulatory capital	15.06	15.08
<b>Regulatory requirement</b>		
Base capital requirement	3.00	3.00
Total capital requirement	3.00	3.00

### 29 Analysis of changes in net funds

	1 October 2024 £	Cash flows 30 September 2025 £	£
Cash and cash equivalents	968,045	199,654	1,167,699
Bank deposits maturing in over 8 days	1,171,043	(264,448)	906,595
	2,139,088	(64,794)	2,074,294

### 30 Financial commitments, guarantees and contingent liabilities

#### Contingent Liabilities

The credit union participates in the Financial Services Compensation Scheme (FSCS) which provides protection for its members up to the level of protection offered by the FSCS. As a result of the credit union's participation it has a contingent liability, which cannot be quantified, in respect of future contributions to the FSCS, as required by the Financial Services and Markets Act 2000.

### 31 Related party transactions

#### **Key management personnel**

The credit union classes the Directors and members of the senior management team as key management.

#### **Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	2025 £	2024 £
Wages and salaries	43,491	61,159
Pension expense	2,175	2,908
Aggregate compensation	45,666	64,067

# DISCOVERY CREDIT UNION LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

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### 31 Related party transactions

(Continued)

#### Transactions with key management

Balances held by members of key management and their close family members in the credit union are set out below. Loans to key management and their close family members are on standard terms and conditions.

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Loans to key management and their close family	3,375	3,375
Shares held by key management and their close family	14,163	17,690
	<u>          </u>	<u>          </u>

**The following page does not form part of the statutory accounts**

# DISCOVERY CREDIT UNION LTD.

## DETAILED REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

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		<b>2025</b>	<b>2024</b>
	Notes	£	£
<b>Income</b>			
Interest income on loans	3	157,524	159,568
Interest income on bank deposits	3	58,198	64,300
Fees and commissions receivable	4	11,084	11,155
Other income	6	44,063	42,464
		<u>270,869</u>	<u>277,487</u>
<b>Expenditure</b>			
Staff costs	11	140,349	151,935
Auditors remuneration	9	11,862	14,568
Member communication and advertising	7	23,372	25,234
Legal, professional and credit control costs	7	18,878	8,335
Computer and software expenses	7	24,947	26,557
Bank charges	5	8,306	7,615
General administration costs	7	5,074	11,975
Regulatory costs	8	26,377	27,437
Costs of occupying offices	8	1,473	1,444
Depreciation and amortisation		5,010	5,043
Impairment on loans for bad and doubtful debts	15	7,326	(676)
		<u>272,974</u>	<u>279,467</u>
Surplus before taxation		(2,105)	(1,980)
Corporation tax	12	(11,672)	(13,226)
		<u>(13,777)</u>	<u>(15,206)</u>
Distributions		-	-
Deficit for the year		<u>(13,777)</u>	<u>(15,206)</u>

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