wave community bank

EAST SUSSEX CREDIT UNION LIMITED
T/A WAVE COMMUNITY BANK

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2024

East Sussex Credit Union Ltd T/A Wave Community Bank
Annual Report and Accounts: Table of Contents

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East Sussex Credit Union Ltd T/A Wave Community Bank
Report of the Committee of Management

The Committee present their Annual Report on the affairs of Wave Community Bank, together with the Accounts and Auditors' Report for the year ended 31 March 2024.

Legal and Administrative Information

Principal Activities

The principal activities of Wave Community Bank are those of a Credit Union, accepting deposits from and lending sums to its members, with the objects of prompting thrift amongst its members and providing credit for their benefit at a fair and reasonable rate of interest.

Working Name	Wave Community Bank	
The Committee of Management (Directors)	R Priestman	
	J Taylor	
	A Hickey	
	J Marchant	
	R Sutton	
	J Turner	
	S Crawley	
	N Lecky	
	W Eason	
	J Stokes	Co-opted from Kent Savers Credit Union 21st February 2024
Registered Office	Tisbury Road Offices Hove Town Hall Tisbury Road Hove BN3 3BQ	
Main Bankers	Co-operative Bank Delf House Southway Skelmersdale Lancashire WN8 6NY	
Auditors	UHY Hacker Young (S.E.) Limited 168 Church Road Hove BN3 2DL	

East Sussex Credit Union Ltd T/A Wave Community Bank
Report of the Committee of Management

Results of Operations and Dividends

The results for the period are as shown in the attached accounts, as are movements in the Credit Union's assets.

Kent Savers Credit Union Acquisition

In the year the WCB board approved a merger with Kentsavers Credit Union with WCB being the acquiring credit union. The merger was completed in February 2024.The newly merged credit union now serves the whole of the south-east corner of England including Brighton & Hove, East Sussex and Kent and Medway with a population of 2.6 million. Both credit unions are community based with a focus on building financial resilience across East Sussex, Brighton & Hove & Kent. The WCB board believe that a merged, better resourced credit union will be able to serve more people across our whole area, achieve economies of scale and become financially sustainable sooner. The assets and liabilities acquired are shown in Note 20.

Volunteers

Despite less reliance on the use of volunteers in our office following the impact of Covid, they still remain a valuable part of our team.

Our directors have specialist skills, taking an active role in supporting the management team. They provide many hours of advice and support outside attendance at Board meetings, including acting as credit committee (approval of larger loans) and providing business development advice.

Auditors

The Auditors, UHY Hacker Young (S.E.) Ltd, are willing to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting under the Co-operative and Community Benefit Societies Act 2014.

Directors' Responsibilities

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

Co-operative and Community Benefit Society law requires the directors to prepare financial statements for each financial year. The directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102 and applicable law). Under that law 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 income and expenditure 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 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;
- 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 Co-operative and Community Benefit Societies Act 2014. 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.

East Sussex Credit Union Ltd T/A Wave Community Bank
Report of the Committee of Management

Corporate Governance

The Board keeps the governance arrangements under review to ensure that openness, accountability, and control by the Board is maintained.

Responsibilities for internal control

The Board acknowledges their ultimate responsibility for ensuring that the Credit Union has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

i) The reliability of financial information used within the Credit Union's publication;

ii) The safeguarding of assets against unauthorised use of disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial and mis-statement or loss. Key elements include ensuring that:

i) Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the authorised use of the Credit Union's assets;

ii) Financial budgets and outturns are prepared which allow the Board to monitor the Credit Union's performance and progress;

iii) All significant new initiatives, major commitments and investments are subject to formal authorisation procedures by the Board.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he/she is aware, there is no relevant audit information of which the Credit Union's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Credit Union's auditor is aware of that information.

Small Credit Union Provision

This report has been prepared in accordance with the special provisions for small credit unions under the Co-operative and Community Benefit Societies Act 2014.

Approved by the Directors on 9th September 2024

Richard Priestman
President

East Sussex Credit Union Ltd T/A Wave Community Bank
Independent Auditors' Report To The Members of Wave Community Bank

Opinion

We have audited the financial statements of East Sussex Credit Union Ltd T/A Wave Community Bank for the year ended 31 March 2024 which comprise the Revenue Account, the Balance Sheet, Statement of Changes in Reained Earnings, Cash Flow Statement and the related notes, 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 the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the credit union's members, as a body, in accordance with the Credit Unions Act 1979. Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and its members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 the 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 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 about the credit union's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report 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 where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- 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; or
- a satisfactory system of control over transactions has not been maintained.

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.

East Sussex Credit Union Ltd T/A Wave Community Bank
Independent Auditors' Report To The Members of Wave Community Bank

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the credit union and industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the credit union, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and surplus.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management, review of internal audit and finance committee and board minutes in so far as they related to the financial statements, and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

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

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.

UHY Hacker Young (S.E.) Limited
Chartered accountants & statutory auditor
168 Church Road
Hove
East Sussex
BN3 2DL

Date: 9th September 2024

East Sussex Credit Union Ltd T/A Wave Community Bank
Revenue Account
for the year ended 31 March 2024

	Note	2024 £	2023 £
Loan Interest Receivable and Similar Income	4	**642,231**	469,247
Interest Payable	5	**(2,470)**	(996)
Net Interest Income		**639,761**	468,251
Fees and commissions receivable	6	**4,050**	2,780
Fees and Commissions Payable	7b	**(6,891)**	(5,763)
Net Fees and Commissions Payable		**(2,841)**	(2,983)
Other Income	6	**124,365**	94,024
Administrative Expenses	7a	**(609,289)**	(531,786)
Depreciation and Amortisation	10	**(13,123)**	(15,222)
Other Operating Expenses	7b	**(41,545)**	(25,848)
Exceptional Item: Kent Savers Credit Union acquisition.	20	**(67,527)**	-
Surplus/(Deficit) Before Taxation		**29,801**	**(13,564)**
Taxation	9a	**(23,778)**	(7,565)
Surplus/(Deficit) for the Financial Year		**6,023**	**(21,129)**
Total Comprehensive Income		**6,023**	(21,129)

East Sussex Credit Union Ltd T/A Wave Community Bank

Balance Sheet

as at 31 March 2024

	Note	2024 £	2023 £
ASSETS			
Cash, cash equivalents and liquid deposits			
Cash at bank and in hand	15	**275,483**	179,754
Loans and advances to banks	15	**3,412,203**	2,836,917
Loans and advances to members	11b	**3,057,969**	2,238,248
Tangible fixed assets	10	**26,485**	21,558
Prepayments and accrued income		**206,034**	94,210
Totals assets		**6,978,174**	5,370,687
LIABILITIES			
Subscribed capital - repayable on demand	12a	**6,068,345**	4,590,803
Other payables	13	**762,360**	638,438
		6,830,705	5,229,241
Retained earnings			
Reserves	19	**147,469**	141,446
Total liabilities		**6,978,174**	5,370,687

The financial statements were approved, and authorised for issue, by the Board on 9th September 2024 and signed on its behalf by:

Richard Priestman, President

Wesley Eason, Secretary

Jim Taylor, Treasurer

East Sussex Credit Union Ltd T/A Wave Community Bank
Statement of changes in retained earnings
for the year ended 31 March 2024

	Note	2024	2023
		£	£
As at 1 April 2023		**141,446**	162,575
Total Comprehensive (Expenditure)/ Income for the year including Kent Savers Credit Union acquisition.		**6,023**	(21,129)
As at 31 March 2024	19	**147,469**	141,446

East Sussex Credit Union Ltd T/A Wave Community Bank

Cash flow statement

for the year ended 31 March 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Surplus/(Deficit) before taxation		**29,801**	(13,564)
Adjustments for non-cash items:			
Depreciation & loss on disposal of fixed assets		**13,468**	15,696
Kent Savers Losses		**67,527**	
Impairment losses		**92,987**	89,398
		203,783	91,530
Movements in:			
Other receivables		**(14,242)**	(3,630)
Other payables		**2,138**	8,508
		(12,104)	4,878
Cash flows from changes in operating assets and liabilities			
Cash inflow from subscribed capital		**4,302,812**	3,972,973
Cash outflow from repaid capital		**(4,439,906)**	(3,925,464)
New loans to members		**(1,964,647)**	(1,545,738)
Repayment of loans by members		**1,211,413**	1,092,881
		(890,328)	(405,348)
Taxation paid		**(7,565)**	(2,198)
Net cash flows from operating activities		**(706,214)**	(311,138)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(15,270)**	(129)
Net cash flow from managing liquid resources		**(284,703)**	(18,738)
Cash acquired from Kent on acquisition		**1,392,499**	
		1,092,526	**(18,867)**
Net (decrease)/ increase in cash and cash equivalents		**386,312**	(330,005)
Cash and cash equivalents at beginning of year	15	**1,214,818**	1,544,823
Cash and cash equivalents at end of year	15	**1,601,130**	1,214,818

East Sussex Credit Union Ltd T/A Wave Community Bank
Notes to the Financial Statements
for the year ended 31 March 2024

1. Legal and regulatory framework

Wave Community Bank is a society established under the Industrial and Provident Societies Act 1965, whose principal activity is to operate as a credit union, within the meaning of the Credit Unions Act 1979. Wave Community Bank is 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 Wave Community Bank has only issued redeemable shares.
Members must be over 16 years old and comply with the requirements of the common bond.

2. Accounting policies

Basis of preparation
These financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements are prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern
The financial statements are prepared on the going concern basis. The directors of Wave Community Bank believe this is appropriate because they have not identified any material uncertainties that may cast significant doubt about the ability of the credit union to continue as a going concern.

Income
Loan interest receivable and similar income: Interest on both loans to members and loans to banks (i.e. cash and cash equivalents held on deposit with other financial institutions) is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Fees and commissions receivable: Fees and charges 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 completed.

Other income: Other income is recognised when the transactions giving rise to such income have been completed.

Taxation
The tax charge for the year reflects current tax payable. Current tax is the expected corporation tax payable for the year, using tax rates in force for the year. Wave Community Bank is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income.

As a result of the limited activities of Wave Community Bank from which profits are chargeable to corporation tax, it is unlikely that deferred tax will arise.

East Sussex Credit Union Ltd T/A Wave Community Bank

Notes to the Financial Statements (Continued)
for the year ended 31 March 2024

2. Accounting policies (continued)

Tangible fixed assets
Tangible fixed assets comprises items of office and computer equipment, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost of each item of office and computer equipment, less its estimated residual value, on a straight line basis over its estimated useful life. The categories of the office and computer equipment are depreciated as follows:

Office equipment	15%
Computer equipment	25%

Grants receivable
Grants received to fund capital expenditure are treated as deferred income and are released to the credit of the revenue accounts over the expected useful lives of the assets concerned, paralleling the depreciation charged on those assets. Grants received to fund revenue expenditure are credited to the revenue account so as to match them with the expenditure to which they relate.

Provision for doubtful debts
The provision for doubtful debts is made in accordance with the Board's impairment policy, which is informed by the guidance issued by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA).

3. Use of estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying Wave Community Bank accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Impairment losses on loans to members
Impairment policy is discussed and agreed at least annually by the Board, and reviewed on a monthly basis, forming part of the Key performance data reported to the Board.
Impairment policy is informed by guidance issued by the PRA and FCA, and by the credit union's professional body, ABCUL.

4. Loan interest receivable and similar income

	2024	2023
	£	£
Loan interest receivable from members	**538,351**	429,430
Bank interest receivable on cash and liquid deposits	**103,880**	39,817
Total loan interest receivable and similar income	**642,231**	469,247

5. Interest and dividend expense

Interest paid during the year relates to interest payable on juvenile accounts.
Dividend expense is the dividend 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.
Interest and dividend payments are shown within interest payable in the accounts.

		2024	2023
Interest paid during the year		**£**	£
Interest rate:	1%		
		2,470	996

6. Fees and other income

	Note	2024 £	2023 £
Entrance Fees		**4,050**	2,780
UH Sussex Financial Wellbeing		**29,275**	-
Rent guarantee scheme income		**19,295**	15,561
Donations received		**207**	4,272
Bad debts recovered		**21,999**	24,284
Other income		**8,464**	6,616
Grants receivable	6a	**45,125**	43,291
Total fees and other income		**128,415**	96,804

6 a. Grants received and receivable

	Bfwd	Receivable	Utilised Revenue	**Grants Cfwd**
	£	£	£	£
Brighton and Hove City Council	-	4,900	(4,900)	-
Money Saving Expert Charity	2,586	646	(3,232)	-
Coast to Capital	13,125	-	(6,563)	6,562
Fair4All	-	30,000	(30,000)	-
Other	-	430	(430)	-
Total	**15,711**	**35,976**	**(45,125)**	**6,562**

7. Expenses

	2024 £	2023 £
Administrative expenses	**609,289**	531,786
Depreciation and amortisation	**13,123**	15,222
Other operating expenses	**48,436**	31,611
	670,848	578,619

7a. Administrative expenses

	2024 £	2023 £
Salaries and NIC	**351,590**	292,189
Rent	**21,748**	21,200
Staff training	**2,539**	1,236
Telephone	**10,225**	8,733
Legal and professional	**663**	563
Sundry expenses	**26,515**	22,588
Loss on disposal of fixed assets	**345**	474
Printing, postage and stationery	**1,420**	1,282
Advertising and Publicity	**58,931**	69,726
Travel and Subsistence	**6,009**	1,219
Accountancy and Audit	**13,375**	4,903
Bank charges	**19,478**	15,473
Provision for doubtful debt	**18,820**	21,232
Bad debts written off	**74,167**	68,166
Office insurance	**3,464**	2,802
Total administrative expenses	**609,289**	531,786

7b. Other operating expenses

Other operating expenses comprise the costs of occupying offices and regulatory and financial management costs:

	2024	2023
	£	£
Cost of occupying offices (excluding depreciation)		
Office Services	514	152
Computer consumables & costs	23,433	10,118
IT support costs	13,888	11,424
Debt collection expenses	473	1,063
	38,308	22,757
Regulatory and financial management costs		
Financial Conduct Authority and Prudential Regulation	790	763
Association of British Credit Unions Limited dues	6,101	5,000
Fidelity insurance	3,237	3,091
	10,128	8,854
	48,436	31,611

7c. Auditors' remuneration

Wave Community Bank voluntarily presents an analysis of its auditors' remuneration in accordance with the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.

	2024	2023
	£	£
Fees payable for the audit of Wave Community Bank 's annual accounts	7,668	3,983
Fees payable to Wave Community Bank 's auditor for other services:		
Services relating to taxation	401	389
Services relating to annual regulatory return	331	321
Total auditors' remuneration	8,400	4,693

8. Employees and employment costs

8a. Number of employees

The average monthly number of employees during the year were:	2024	2023
	Number	Number
Office staff	12	11

8b. Employment costs

	2024	2023
	£	£
Wages and salaries	317,153	264,791
Social security costs	23,718	18,485
Other employment costs	1,571	1,281
Payments to defined contribution pension schemes	9,148	7,632
Total employment costs	351,590	292,189

8c. Directors' remuneration

The Directors of Wave Community Bank together with the CEO were the key management personnel. Directors were unpaid , the costs below relate to the CEO. Regulatory changes have meant that the CEO and certain executive directors run the business and a supervisory committee provides oversight.

	2024	2023
	£	£
Short term employee benefits	47,007	41,020
Payments to defined contribution pension schemes	2,196	2,051
Total key management personnel compensation	49,203	43,071

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

9. Taxation

9a. Recognised in the Revenue Account

The taxation charge for the year, based on the small profits rate of Corporation Tax of 19% up to £50,000 26.5% over £50,000 (2023: 19%) comprised:

	2024	2023
	£	£
Current tax	**23,778**	7,565
UK Corporation tax		
Total current tax and total taxation expense recognised in the Revenue Account	**23,778**	7,565

9b. Reconciliation of taxation expense

Wave Community Bank is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income. As a result, the tax charge for the year differs from the standard rate of Corporation Tax. The differences are explained below:

	Taxable income bank interest	Non-taxable Deficit/(Surplus) on transactions with members	**2024**	2023
			£	£
Surplus/(Deficit) before taxation	103,880	(74,079)	**29,801**	(13,564)
Surplus/(Deficit) before taxation multiplied by small profits rate of corporation tax in the UK of 19% on £50,000 and 26.5% over £50,000 (2023: 19%	23,778	n/a	**23,778**	7,565
Total tax charge for the year	**23,778**	-	**23,778**	7,565

10. Tangible fixed assets

Tangible fixed assets comprise the following office and computer equipment:

	Office Equipment	Computer Equipment	Total
	£	£	£
Cost			
At 31 March 2023	1,367	82,983	84,350
Additions	234	15,036	15,270
NBV of assets acquired from KSCU	286	2,839	3,125
Disposals	-	(724)	(724)
At 31 March 2024	1,887	100,134	102,021
Depreciation			
At 31 March 2023	1,150	61,642	62,792
Charge for the year	94	12,026	12,120
KSCU Assets	9	994	1,003
Disposals	-	(379)	(379)
At 31 March 2024	1,253	74,283	75,536
Net book value			
At 31 March 2024	**634**	**25,851**	**26,485**
At 31 March 2023	217	21,341	21,558

11. Loans and advances to members - financial assets

11a. Loans and advances to members

	2024 £	2023 £
As at 1 April 2023	**2,505,934**	2,121,243
Advanced during the year	**1,964,647**	1,545,738
Repaid during the year	**(1,211,413)**	(1,092,881)
Impairment losses (loans written off)	**(74,167)**	(68,166)
Loans acquired	**817,460**	-
Gross loans and advances to members as at 31 March 2024	**4,002,461**	2,505,934

11b. Memorandum - Total loan assets for regulatory purposes

	2024 £	2023 £
Gross loans and advances to members	**4,002,461**	2,505,934
Impairment of individual financial assets	**(944,492)**	(267,686)
Total loan assets for regulatory purposes	**3,057,969**	2,238,248

11c. Credit risk disclosures

Wave Community Bank does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There is a limit of £35,000 net exposure on each individual loan.

The carrying amount of the loans to members represent Wave Community Bank'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.

	2024		2023	
	Amount £	**Proportion %**	Amount £	Proportion %
Not impaired:				
Neither past due not impaired	**2,843,455**	**71.0%**	2,092,311	85.7%
Sub-total: loans not impaired	**2,843,455**	**71.0%**	2,092,311	85.7%
Individually impaired:				
Not yet past due, but impaired	**143,480**	**3.6%**	21,513	0.7%
Up to 3 months past due	**68,817**	**1.7%**	66,009	2.3%
Between 3 and 6 months past due	**77,574**	**1.9%**	62,203	2.2%
Between 6 months and 1 year past due	**97,750**	**2.4%**	83,080	2.9%
Over 1 year past due	**771,385**	**19.3%**	180,818	6.3%
Total loans	**1,159,006**	**29.0%**	413,623	14.3%
Impairment allowance	**(944,492)**		(267,686)	
Total carrying value	**3,057,969**		2,238,248	

Factors that are considered in determining whether loans are impaired are discussed in Note 3.

East Sussex Credit Union Ltd T/A Wave Community Bank
Notes to the Financial Statements (Continued)
for the year ended 31 March 2024

11d. Allowance account for impairment losses

	2024	2023
	£	£
As at 1 April 2023	267,686	246,454
Acquired losses from KSCU	657,985	-
Allowance for losses made during the year	18,820	21,232
As at 31 March 2024	944,491	267,686

11e. Impairment losses recognised for the year

	2024	2023
	£	£
Impairment of individual financial assets	74,167	68,166
Reversal of impairment where debts recovered	(21,999)	(24,284)
Total impairment losses recognised for the year	52,168	43,882

12a. Subscribed capital - financial liabilities non interest bearing

	2024	2023
	£	£
As at 1 April 2023	4,590,803	4,543,294
Reclassification: Juveniles	15,317	4,813
Received during the year	4,287,495	3,968,160
Repaid during the year	(4,439,906)	(3,925,464)
Acquired from KSCU	1,614,636	-
As at 31 March 2024	6,068,345	4,590,803

Deposits from members may only be made by way of subscription for shares.

12b. Subscribed capital - financial liabilities interest bearing

	2024	2023
	£	£
As at 1 April 2023	104,031	92,304
Reclassification Juveniles	(15,317)	(4,813)
Received during the year	59,491	41,520
Repaid during the year	(49,513)	(24,980)
Acquired from KSCU	8,342	-
As at 31 March 2024	107,034	104,031

This represents juvenile accounts including interest per note 14b below.

13. Other payables

	2024	2023
	£	£
UK Corporation Tax	23,778	7,565
Juvenile deposits	107,034	104,031
Creditors and Accruals	64,562	30,741
Deferred income	50,305	56,101
Subordinated loans	516,681	440,000
	762,360	638,438

Subordinated loans are as analysed below:	2024	2,023	Repayment Dates
	£	£	
Ringmer Church	10,000	10,000	Nov-24
St Anne's Institute Trustees	30,000	30,000	Mar-26
Brighton and Hove City Council	250,000	250,000	May-36
East Sussex County Council	150,000	150,000	Sep-33
Kent Housing Group	15,181	-	Jun-30
Swale Borough Council	10,000	-	Oct-34
Maidstone Borough Counsil	26,500	-	Oct-32
London Borough of Bexley	25,000	-	Jun-28
	516,681	440,000	

14a. Financial risk management

Wave Community Bank manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable.

The main financial risks arising from Wave Community Bank's activities 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 the borrower will default on their contractual obligations relating to repayments to Wave Community Bank, resulting in financial loss to Wave Community Bank. In order to manage this risk the Board approves Wave Community Bank's 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 that the likelihood of repayment has changed.

Liquidity risk: Wave Community Bank's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of Wave Community Bank's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise, and to retain liquid funds at all times in line with regulatory limits i.e. not less than 10% of unattached adult member shares.

Market risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. Wave Community Bank conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore Wave Community Bank is not exposed to any form of currency risk or other price risk.

Interest rate risk: Wave Community Bank 's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a credit union's operations. Wave Community Bank considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. Wave Community Bank does not use interest rate options to hedge its own positions.
Interest rate risk is monitored monthly by the Board as part of its ongoing review of the business plan and key performance indicators. Wave Community Bank also monitors its banking arrangements and treasury operations closely in the light of the current banking situation.

14b. Interest rate risk disclosures

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

	2024		2023	
	Amount £	**Average Interest Rate**	Amount £	Average Interest Rate
Financial assets				
Loans to members	**4,002,461**	**16.5%**	2,505,934	17.1%
Subscribed capital				
Share accounts (Adults only)	**6,068,345**	**0.0%**	4,590,803	0.0%
Juvenile accounts	**107,034**	**1.00%**	104,031	1.00%
	6,175,379		4,694,834	

The interest rates applicable to loans to members during the year ended 31 March 2024 ranged from 4.9% to 36%. The interest payable on subscribed capital is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and interest payable. Therefore the result for the year is not sensitive to interest rate risk and no sensitivity analysis is presented.

14c. Liquidity risk disclosures

Excluding short-term other payables, as noted in the balance sheet, Wave Community Bank 's financial liabilities, the subscribed capital is repayable on demand, except that which is held as part security against individual loans. The share capital held as security in such a way was 21% on 31.3.2024 and 27% on 31.3.2023.

14d. Fair value of financial instruments

Wave Community Bank does not hold any financial instruments at fair value.

15. Cash and cash equivalents

	2024	2023
	£	£
Cash at bank and in hand	275,483	179,754
Loans and advances to banks	3,412,203	2,836,917
	3,687,686	3,016,671
Less: amounts maturing after 3 months	(2,086,556)	(1,801,853)
Total cash and cash equivalents	**1,601,130**	1,214,818

16. Post balance sheet events

There are no material events after the balance sheet date to disclose.

17. Contingent liabilities

Wave Community Bank 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) has 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 Wave Community Bank will have to pay.
Given the level of payments to the FSCS during the years ended 31 March 2023 and 31 March 2024, (Note 7b), this is unlikely to be material to the operation of the credit union.

18. Related party transactions

During the year, three members of the Board, staff and their close family members (2023: 4 members) had loans with Wave Community Bank . The Board agreed on 26th of March 2019 to issue loans to Wave Community Bank staff "at zero interest". These loans were approved as staff loans in accordance with this decision.

19. Reserves

	Voluntary Reserve	Statutory Reserve	Total
	£	£	£
General Reserve at 1 April 2023	123,625	17,821	141,446
Surplus for the year	6,023	-	6,023
Transfer to Statutory Reserve	(1,205)	1,205	-
General Reserve at 31 March 2024	**128,443**	**19,026**	**147,469**

20. Kent Savers Credit Union

Assets and liabilities acquired from Kent Savers Credit Union on 21st February 2024.

ASSETS		£
Cash, cash equivalents and liquid deposits		
Cash at bank and in hand		941,332
Loans and advances to banks		451,167
Loans and advances to members before provision	817,460	
Provision	(657,985)	
Loans and advances to members net of provision		159,475
Tangible fixed assets		3,124
Prepayments and accrued income		97,582
Totals assets		**1,652,680**
LIABILITIES		
Subscribed capital - repayable on demand		1,614,636
Other payables		105,571
Retained earnings		
Reserves		(67,527)
Total liabilities		**1,652,680**

East Sussex Credit Union Ltd T/A Wave Community Bank

Detailed Income and Expenditure Account for the year ended 31 March 2024

	2024		2023	
	£	£	£	£
Income				
Entrance fees	4,050		2,780	
Grants receivable	45,125		43,291	
Rent guarantee scheme income	19,295		15,561	
UHS FWSO	29,275		-	
Donation received	207		4,272	
Loan interest	538,351		429,430	
Bank interest receivable	103,880		39,817	
Bad debts recovered	21,999		24,284	
Other income	8,464		6,616	
		770,646		566,051
Expenditure				
Salaries, Employer Pension and N. I. Contributions	351,590		292,189	
Rent	21,748		21,200	
Insurance - Office	3,464		2,802	
- Fidelity Bond	3,237		3,091	
Office services	514		152	
Telephone	10,225		8,733	
Post and stationery	1,420		1,282	
Computer consumables & costs	23,433		10,118	
IT Support costs	13,888		11,424	
Advertising and publicity	58,931		69,726	
Travel and subsistence	6,009		1,219	
Training	2,539		1,236	
Accountancy and audit	13,375		4,903	
Bank charges	19,478		15,473	
Debt collection expenses	473		1,063	
Sundry expenses	26,515		22,588	
Depreciation	13,123		15,222	
Loss on disposal of fixed assets	345		474	
Legal and professional fees and consultancy	663		563	
Affiliation fees	6,891		5,763	
Provision for doubtful debts	18,820		21,232	
Bad debts written off	74,167		68,166	
Exceptional loss recognised on acquisition of Kent Savers Credit Union	67,527		-	
		738,375		578,619
Net Surplus/(Deficit) before taxation		32,271		(12,568)
Taxation		(23,778)		(7,565)
Net Surplus/(Deficit) for the period after taxation		8,493		(20,133)
Dividend/Interest		(2,470)		(996)
Net Surplus/(Deficit) for the year		6,023		(21,129)