DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2024

SHAREDINTEREST
INVESTING IN A FAIRER WORLD

SHARED INTEREST SOCIETY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Contents

REPORT OF THE DIRECTORS

Welcome to the financial statements of Shared Interest Society Limited for the year to 30 September 2024.

OBJECT AND PRINCIPAL ACTIVITIES

The Object of the Society is "to carry on the business of providing financial services, especially for production and trade, in a manner which reflects the principles of love, justice and stewardship which are fundamental to the faith of the Christian Church and are accepted by many other people of goodwill and compassion and in order to promote wholesome, dignified and sustainable employment for the benefit of people in need in any part of the world, particularly in poor countries".

Our mission is to provide financial services and business support to make livelihoods and living standards better for people as they trade their way out of poverty. We work collaboratively and innovatively with those who share our commitment to fair and just trade. With a community of investors and the support of donors and volunteers, we seek to contribute to a world where justice is at the heart of trade finance.

Shared Interest Society Limited provides loans and short-term working capital facilities to organisations in the fair trade supply chain, principally producers in the developing world. Recent strategic reviews have extended this to include some lending to organisations who conduct their businesses with similar values to fair trade. Shared Interest Foundation, the charitable subsidiary of the Society, works mainly through training and capacity building work with producer organisations in the developing world. The Board of Shared Interest Society selects the Board of the Foundation.

CORPORATE STATUS

The Society, founded in 1990, is incorporated with limited liability as a Registered Society under the Co-operative and Community Benefit Societies Act 2014, registration number 27093R. Net profits after interest on the share capital may ultimately be distributed, not to members, but either as a rebate on charges to customers or applied for charitable purposes.

MEMBERS AND CAPITAL

	2023/24	2022/23
New members	**135**	167
Accounts closed	**(312)**	(324)
Total membership accounts	**10,082**	10,259
Amount invested	**£2.9m**	£3.4m
Amount withdrawn	**(£3.6m)**	(£4.1m)
Net withdrawal	**(£0.7m)**	(£0.7m)
Total share capital	**£50.9m**	£51.6m
Average (mean) share account balance	**£5,050**	£5,030

At the 30 September 2024 year-end the Society has made a transfer of £154.5k from Share Capital to Profit and Loss Account reserve (this is shown in Note 16 to these accounts). This represents the final balance of unclaimed loan stock from former issues, all of which is now more than 14 years from the intended date of redemption. Every reasonable effort has been made to regain contact with investors from whom we have not heard but under the terms of the original bonds, the ownership of these funds can pass back to the Society in the eventuality of them being unclaimed for 12 years beyond redemption date. The Board received legal advice before making the decision to do this final switch of the funds that were originally held in long-term creditors. The sum of £154.5k does not show as a movement in the annual profit and loss account of the Society but does strengthen the cumulative reserves carried forward. In the table above this sum is included within withdrawals.

BUSINESS REVIEW

A full report on the Society's affairs and business during the year and its future prospects is contained in the Annual Review which is available on request in hard copy to all members of the Society and is published on the Society website. The Social Accounts of the Society for the same period covered by these financial statements are also available and give a comprehensive review of the social impact of the organisation. See https://www.shared-interest.com/gb/invest/about-us/publications for the documents mentioned here.

CHARITABLE DONATIONS

There are no charitable donations being proposed in this year's financial statements.

RESULTS AND APPROPRIATIONS

The financial statements of the Society for the year ended 30 September 2024 follow this report.

The profit for the year before doubtful debt provisions, tax and interest to members was £1.7m (2023: £1.4m). After charges for doubtful debts, tax and members' interest, the loss for the year was £392k (2023: loss £86k). More detail is provided below. The budgeted result for the year was a profit of £69k after interest to members.

The Directors set the rate of interest on share capital at 0.25% throughout the financial year. These results therefore include provision for interest on share capital for the financial year to 30 September 2024 amounting to £98k (2023: £40k). Share interest is calculated on the daily balance at a rate fixed in advance by the Directors and notified to members. [See the website (www.shared-interest.com) and the FAQ section under "INVEST" for the latest position on interest at any time].

The greater part of the Society's lending is in foreign currency, with about 72% on average across the year (2023: 72%) denominated in US dollars, about 26% (2023: 24.5%) in euros and the balance of 2% in pounds sterling (2023: 3.5%). Prime customer interest rates denominated in US dollars, euros and pounds sterling were unchanged in 2023/24 compared with the previous year.

Lending levels in aggregate have been close to budget across the year with income from credit charges therefore fairly close to the budgeted figure.

OUR BANKING RELATIONSHIPS

We continue to work with Santander UK plc as our principal banker but maintain a current account relationship with the Co-operative Bank and members can continue to invest through that route.

REPORT OF THE DIRECTORS

Deposit income for the Society has increased again, to £715k in 2024, as bank interest rates have remained high throughout the year. Taking account of all channels, and with an overall reduction in lending income due to lower lending levels on average compared to 2023, total income for the Society reduced by £64k compared with the year to September 2023.

We lend funds to our customers in foreign currency (we offer facilities in pounds sterling, US dollars and euros). During the year, we again converted part of our share capital into foreign currency (euro and US dollar) at a fixed rate using foreign exchange swap deals to convert back into pound sterling at the financial year-end. As well as carrying out large annual swaps in US dollars and euros this year, we also used a number of shorter-term swaps to avoid the overdraft borrowing costs of foreign currency. In combination this allowed us to fix a large element of our borrowing costs providing a saving compared to using larger currency overdrafts. We did also occasionally make use of the foreign currency overdrafts secured against the remaining share capital deposited at Santander. This overall approach means that we can avoid speculative gains and losses being created through exchange rate movements but is dependent on a borrowing facility from the Bank. Despite an overall reduction in total share capital during the year, £2.9m was invested by existing and new members, for which the Directors would like to thank all the Society's members. Your ongoing support and increased future investment remain very important as we seek to grow the work of the Society. Interest payable and similar charges include the cost of the temporary conversion of a proportion of capital discussed above.

ADMINISTRATIVE EXPENSES AND BAD DEBT PROVISIONS

A breakdown of Administrative expenses is shown at Note 4 on page 16, showing that these have reduced by £149k from the previous year. A number of staff vacancies at times during the year, rather less travel and reduced professional fees, are the main reasons for this reduction.

An explanation of the bad and doubtful debt charge in the Statement of Comprehensive Income, including an analysis of the movement in the provision, is shown in Note 11 on page 18. We have had to make a substantial charge for bad debts again this year. Whilst we have had some notable high spots in terms of recovering long-standing doubtful debts, we experienced the unprecedented occurrence of two formal overseas insolvencies – one affecting a business with which we had worked for 10 years and the other for more than 20 years. We have had to make almost 100% provision against these accounts (in other words treat the debts as irrecoverable and show the cost of this in our accounts). Together these two balances account for close to £1.4m of the annual charge for bad and doubtful debts and without either of these cases we would have posted a very strong financial result this year.

A case-by-case assessment of recoverability is made for all accounts in arrears. This looks at length of arrears, communication levels, whether a credible repayment plan has been agreed, the asset base of the customer and whether they are trading and at what level. It also takes into account payments received and whether the Society has any security (formal or informal) that can be used to negotiate or mitigate any provision for impairment. A judgement is made on the recoverable amount and can lead to an entry-level provision, typically around 15% of the amount due, through to full provision at 100% of the balance. It is not however the case that we will make a provision for every balance in arrears because there may be a plausible reason to believe that the full amount will be recovered without significant delay.

The charge for the year is high at £1,971k (2023: £1,446k), and around 90% higher than the budgeted level. As well as the two exceptional cases described above, the charge reflects the difficult trading circumstances for many of our customers and the fact that lending to fair trade businesses – especially those who are more marginalised – has its risks. It is important to note that many of the closing provisions are partial and against balances from businesses that are still trading and – often – working with us to find a solution and repay their facility. We will continue to work assiduously to recover as much of these debts as possible and we have sought the assistance of further local debt recovery agencies and lawyers, working to the high ethical standards that we would expect, to assist with this where possible.

RESERVES AND LENDING RISK

The result, including the loan stock transfer referred to above and in Note 16, leaves the Society with accumulated reserves of just under £900k over and above the share capital of £50.9m. In addition, specific bad debt provisions are in place in relation to debts where we do not believe that the full sum is recoverable, as explained in Note 11. The role of the Society, as it has stated over the years, is to "take and share risk", rather than pass on as much risk as possible to the borrower as many commercial lenders would try to do. This means that we must expect to experience some bad debts and indeed we know that our members see it as important that we are prepared to do so in order to achieve our mission. Whilst the provision for bad debts that we have made this year has been at a higher level again, as explained above, the Board continues to ensure that we learn and develop from bad debt experiences – seeking to manage the financial risk to the Society whilst staying true to our purpose of supporting vulnerable producer groups where possible. We use periodic member surveys to try to understand members' risk appetite. The Board is aware that some members are prepared to see greater risk for greater social impact but is also conscious that reserves are now well below the lower end of the optimum range set by the Board (see detail in the Reserves section on page 9).

INVESTMENT POLICY

The Society continues to deposit virtually all of its capital and reserves in cash deposits with its main banker, Santander UK plc. As noted above, during the year to 30 September 2024, a large proportion of this was used to temporarily purchase the currency required for our lending. Some of the deposit was also used to back the residual currency borrowing that was also needed. The balance remained on deposit at Santander and earned credit interest for the Society. The deposits referred to above are to be distinguished from our residual deposits with social banks, which directly further the Society's object (see Accounting Policies). Only one of these remains.

COUNCIL

The Council is appointed from members and may require the Directors to give a report to it on the progress of the Society's business and to answer questions on the Society's business. Four members are chosen randomly from the membership, with the remaining four places filled by contested elections.

REPORT OF THE DIRECTORS

The following members served on the Council during the year:

	Year first appointed
Stephen Thomas	2019
Anjum Misbahuddin	2020
Katherine Wyatt (retired AGM 2024)	2020
Shelagh Baird-Smith	2021
Theresa Black	2022
David Fellows (retired AGM 2024)	2022
Kathleen Hall (retired May 2024)	2023
Neville Hallam	2023
Denise Smith (elected AGM 2024)	2024
Ian Stewart (elected AGM 2024)	2024

Council has carried a vacancy in the randomly chosen group due to the early retirement of Kathleen Hall for personal reasons. At the 2025 AGM, Stephen Thomas' term of office will come to an end. Candidates are being sought for both the vacancies.

DIRECTORS

The following members served as Directors during the year and to the date of signing of these financial statements unless stated:

	£1 shares held 30/9/24	Year first appointed
Patricia Alexander	17,692	2006
Kerrey Baker*	287	2023
Tim Morgan	500	2010
Jo Powell (from September 2024)	1,000	2024
Yvonne Gale (Chair)	1,104	2019
Cristina Talens	2,669	2019
Richard Anderson	1,368	2020
Melissa Duncan	1,028	2021
Paul Valentin	4,117	2021
Jamie Miller	300	2022

* Kerrey Baker joined the staff team in 2011 but was co-opted to the Board as a new Executive Director at the July 2023 Board meeting.

Melissa Duncan and Paul Valentin are retiring by rotation from the Board and are willing and eligible to stand again for election at the AGM in 2025. Tim Morgan will retire from the Board and his role as Finance Director and Company Secretary at the end of 2024. His replacement, Jo Powell, was co-opted to the Board in September 2024, and will stand down at the 2025 AGM where she will offer herself for election by the members. Attendance at Board meetings has again been high with all Directors attending each of the Board meetings in person or virtually, other than the July 2024 meeting which Jamie Miller was unable to attend.

As permitted by the Rules of the Society, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

ELECTIONS

The elections will be by postal ballot. The results will be announced at the Annual General Meeting on 14 March 2025.

OTHER EXTERNAL APPOINTMENTS

Below are shown the external directorships/trusteeships of the members of the Board of Directors and Senior Management Team.

Patricia Alexander **	St Oswald's Primary School, South Shields (Chair of Governors), Newcastle Business School Advisory Board
Tim Morgan **	Northern Dance
Yvonne Gale	NEL Fund Managers Ltd, (Director) (The appointments below in italics are dormant or semi-dormant entities linked to the above appointment). NE Growth (ERDF) General Partner Ltd (Director), NE Growth (ERDF) Carried Interest Partner Ltd (Director), NE Debt Fund Carried Interest Partner Limited (Director), NE Debt Fund General Partner Limited (Director), NE Smaller Loans Fund Carried interest Partner Limited (Director), NE Smaller Loans Fund General Partner Limited (Director), NE Small Loan (ERDF) General Partner Ltd (Director), Northern Enterprise Limited (Director), Institute of Chartered Accountants in England and Wales, Members and Commercial Board (Member), Northern Society of Chartered Accountants (Trustee), Millfield House Foundation (Trustee and Chair of Investment Committee), North East Chamber of Commerce (Director and Chair of Investment Committee), Office of the Small Business Commissioner (Chair), Creative UK (Credit Committee Member), St Chad's College Durham (Director), Innovate UK Loans Limited (Audit and Risk Committee member).
Cristina Talens	Source Sustainable Supply Chains Ltd, Leek Gears Limited, University of Hull (Director of Business Risk Assessments at the Wilberforce Institute),
Richard Anderson	Marston Legal Services Limited, Engage Services (ESL) Limited
Melissa Duncan	Fairtrade International (Executive Director) Tallulah Love Limited (Director) Bondsteel Limited (Director)
Paul Valentin	None
Jamie Miller	Sidcot School (Chair of Board of Governors), Partner Konsortium LLC and Konsortium Partners LLP
Kerrey Baker **	Millin Trust
Jo Powell **	None

** Member of Senior Management Team and Board

REPORT OF THE DIRECTORS

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

The law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law). Under 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 Society and of the profit or loss of the Society for that year. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Directors are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014.

The Directors are responsible for the maintenance and integrity of the Society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Shared Interest Society Limited is a "small organisation" as defined within Company Law and is reporting under Section 1A of FRS 102 (small entities) meaning that no consolidation of the Society's results with those of the Shared Interest Foundation is included and we have also chosen not to present the cashflow statement because this was not useful to most readers of the Society's financial statements. The Directors have also taken advantage of the small company exemptions and have not prepared a strategic report.

Disclosure of information to auditors

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

- So far as the director is aware, there is no relevant audit information of which the Society's auditors are unaware; and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

GOING CONCERN

The Board has again prepared the financial statements on the basis that the Society is a going concern. In assessing this the Directors have looked beyond the simple criteria of holding adequate cash resources and have taken the following into account in determining that this assertion is robust: a three-year business plan and detailed one-year budget including provision for inflationary pressures, cashflow projections and agreed bank facilities, the risk management strategy of the organisation together with the long-standing support of members and the accumulated reserves of the Society.

CORPORATE GOVERNANCE

The Society has regard to an appropriate governance code, and has opted for the Charity Governance Code, as the most appropriate. Whilst this is aimed primarily at charities, the foreword notes: "Much of it will also apply to other not-for-profit organisations that deliver public or community benefit and those with a social purpose…". There are seven key provisions contained in the Code – all centred round the way in which an effective Board will provide good governance and leadership. After carefully reviewing the provisions of the Code we believe that we are compliant but recognise that we can always make improvements and see this as a continuing journey of better governance. We have reported against each of the seven provisions below:

Organisational purpose
The Board ensures that the organisation delivers its stated purpose by developing and agreeing a long-term strategy, agreeing and monitoring delivery of operational plans and budgets, evaluating results through financial and social accounts (available on our website) and by being subject to oversight by the Council of Shared Interest. The strategy was refreshed in early 2022, after our largest ever consultation with stakeholders. The next strategic review will commence in 2025.

Leadership
Members of the Board understand their role and responsibilities collectively and individually. They are assisted in this by training and induction, the Company Secretary, other work experience in areas relevant to the Society and through good governance processes such as a schedule of matters reserved to the Board. The Directors set and safeguard the mission, values and reputation of the organisation. During the financial year, they have benefited from presentations given by knowledgeable colleagues from within the organisation. During the year, the Directors received training and development from subject matter experts in fair trade and governance. Directors also undertake periodic online training in areas such as anti-money laundering.

Integrity
The Board guards and promotes the reputation of the organisation and acts according to high ethical standards. This area is carefully assessed in any recruitment process with the Nominations Committee testing the alignment of candidates to Shared Interest's approach as a community benefit society acting co-operatively. A register of Directors' interests is maintained and published in these financial statements to help ensure that any conflicts are managed properly and transparently. The Society has adopted a Code of Conduct and Safeguarding Policy to which all colleagues and Board members must subscribe and for which training is provided periodically.

REPORT OF THE DIRECTORS

Decision making, risk and control

The Board has established processes for seeking to ensure that the organisation understands and complies with all relevant legal requirements. A strong control environment is maintained and elements of this are subject to periodic internal audit (carried out through an outsourced arrangement as the Society is not large enough to support retaining its own internal auditors). The Board regularly identifies and reviews the major risks to which the organisation is exposed and has systems to manage those risks. Delegated authority to appropriate committees of the Board or the Management Team is carefully controlled. The Society maintains a schedule of matters reserved to the Board.

Board effectiveness

Each year Board members contribute to a self-assessed evaluation of the performance of the Board and the Chair and individual objectives are agreed for each member of the Board. An external assessment is also undertaken periodically and in 2022 such an exercise was carried out by Co-operatives UK (the trade body of Co-operative and Community Benefit Societies). The results of this were positive and highlighted in this report that year.

Diversity

The Board understands the value of diversity and that it is more effective if it includes a variety of backgrounds, perspectives, experiences and skills and ensures that the organisation follows principles of equality and diversity at all levels. The Society Board has succeeded in obtaining a good gender balance over recent years and comprised six women and four men at the 30 September 2024. We continue to focus on increasing the diversity of the Board where possible.

Openness and accountability

The process of choosing Directors for the Board is conducted openly with a search amongst members of the Society, in the first instance, based on a needs-assessment at the time. A member of Council is part of the Nominations Committee and any Director co-opted to the Board must retire and offer themselves for election (or rejection) by the entire membership at the next AGM. Accountability from the Board is in the form of annual financial statements and social accounts, both of which are subject to audit, the AGM and – normally – a series of further membership events held around the country and attended by the Managing Director, the Finance Director, the Membership Engagement Director and at least one other member of the Board and a member of Council. During 2024 three such meetings were held in Manchester, Durham and Bristol. Auditing arrangements are reviewed periodically to ensure that independence remains (see Audit Committee report below). The Society also undertook a Strategic Review in 2022, receiving a record number of input comments from members into this and distributing a short digital and physical report on the outcomes, to members, in the summer of 2022. Member feedback was influential in this process – for example the debate with members about whether to extend Shared Interest's lending to producers who are only Rainforest Alliance certified (but not also Fairtrade certified). Whilst there were differing opinions, there was a very strong concern expressed by a number of members that this would not fit with our mission and this was accepted by the Board of the Society.

THE MANAGEMENT OF RISK

The Directors are responsible for the management of risk and ensuring that the Society has a sound system of internal control to safeguard its assets and funds. The system of internal control is intended to manage rather than eliminate risks, and to give reasonable rather than absolute assurance. The Society operates a system of internal controls which are designed to mitigate these risks and employs a member of the Senior Management Team with a key risk focus (Head of Risk & Compliance). The procedures used by the Directors to monitor the Society and its internal control system include:

- A strategic plan covering a number of years, which is used as the basis for annual planning;
- Annual plans and budgets;
- Regular reporting of actual performance against these plans and budgets;
- Review of the major risks to which the Society is exposed and the steps taken by management to mitigate those risks;
- Compilation and publication of annual social accounts which are approved by the Directors;
- Review and discussion with the external auditors of their audit plans and of the findings arising from their audit;
- Periodic Internal Audit of elements of the control environment.

As noted above, at least twice a year the Directors review the major risks to which the organisation is exposed, and the measures taken to mitigate those risks. The Directors' most recent annual review of major business risks identified a total of 20 significant risks. Credit Risk remains ranked as the highest, followed by environmental and recessionary risk. More detail on these is provided below.

- **Serious lending loss, caused for instance by the failure of one or more major customers (Credit Risk)**
  A detailed credit proposal enables each new lending risk to be assessed and the credit policy sets prudential limits to spread risk by limiting exposure to certain commodities and countries. Subsequent reviews of each facility which has been granted then take place. Regular arrears' reviews take place and lead to appropriate support/recovery action. The process for assessing provisions is rigorous and is based on a monthly review of accounts involving the Head of Risk & Compliance, the Head of Lending and the Finance Director, with the Board taking a final decision as to year-end provisioning following detailed scrutiny by the Audit Committee. The Board continues to keep under review the appropriateness and effectiveness of taking security for lending in certain circumstances and with high visibility through Key Performance Indicator reporting is encouraging greater pro-active management of poor-performing accounts.
- **Environmental risk**
  As noted in our Social Accounts this year, the Society's customers are evermore exposed to the effects of climate change. Shared Interest and other social lenders, through their funding, are assisting producers in the fight against such negative impacts, and our payments' base is spread across almost 50 countries, but there is a risk that at least some customers will be hurt financially. This in turn could lead to a delay in repayment or even an inability to repay lending in full.

- **Recessionary risk**
  The widely documented cost of living crisis and high interest rate environment may yet lead to an economic recession or, at least, slowing of the economy across many areas of the globe. The impact on Shared Interest could be a reduction in availability of capital or an increase in credit risk (defaults on repayments from customers). At present, even with a small downturn in the total level of capital invested in the Society, we do have funds to lend, although the Society is looking to grow and continue to diversify its investment base to help underpin our long-term sustainability. Higher interest rates have also provided a welcome boost in income from surplus funds on deposit, which the Society holds for liquidity purposes and as reserves. Other important risk areas are Competition, Key personnel turnover and the risk of Failure of the fair trade market.

The Directors exercise their responsibilities for risk management primarily through receiving and considering at their regular Board meetings reports from management, together with the system of internal controls. Mitigants are in place where possible and the Directors discuss and challenge these regularly to try to improve risk management still further.

RESERVES POLICY

The Board has set a reserves policy for the Society, which it will report against at each year-end. This has been set as a range and reflects the fact that as a not-for-profit Society the aim should be to hold sufficient but not excess reserves (the “Profit and loss account” figure at the bottom of the Statement of Financial Position on page 14 of the document this year). The Management of Risk section above, refers to a six-monthly review of the top risks facing the Society, by the Board, and these are compiled in a Risk Register which applies a standard ‘likelihood multiplied by impact’, scoring system to rank these. It also assigns a potential value to each of the risks occurring and an aggregate total, which is not simply the addition of each of the risks because, statistically, they are unlikely all to occur at the same time. The Board has agreed to seek to hold reserves (that is a balance in the Profit & Loss account) with:

A minimum desired level of reserves as being three months running costs plus one and a half times the total risk cost on the latest Risk Register.

A maximum desired level of reserves as being six months running costs plus three times the total risk cost on the latest Risk Register.

At the time of these financial statements this would give a range of £1.9m to £3.8m, with the actual figure of £0.9m remaining clearly below this range due to having to call on reserves in 2024 following two unusual customer insolvencies together. Building reserves to be solidly within the desired range remains a key priority of the Board and both budgeting and the risk appetite of the Society are designed to support this going forward. The budget for the 2024/25 year is to make a net profit of £99k after interest to members, with larger surpluses in the following two years, as we seek to gradually build reserves and return to, at least, the lower end of the defined range.

AUDIT COMMITTEE

The Directors have established an Audit Committee. Membership of the Committee during the year comprised, Richard Anderson (Chair), Melissa Duncan and Jamie Miller, all independent Non-Executive Directors. The role and main responsibilities of the Audit Committee are set out in its terms of reference, which are available on request and on the Society’s website. They include:

- Monitoring the integrity of the financial statements;
- Reviewing the operation of the internal financial control and risk management systems including recommending whether to undertake specific internal audit work;
- Reviewing the independence of the internal and external auditors, and any provision of non-audit services by them;
- Overseeing the internal and external audit process and assessing its effectiveness; and
- Making recommendations to the Board on the appointment of auditors.

The Committee normally meets three times each year including space during one meeting with external auditors when management do not attend. During the year, all members of the Committee have attended its meetings other than the July 2024 meeting which Jamie Miller was unable to attend. The Committee has not recommended any new internal audit work this year, under its rotational focus on important areas of governance, but did consider a number of potential areas for consideration in the future.

The Committee keeps under review the appointment of external financial auditors, with a change last being made in 2021, following a full tender process.

To enable it to carry out its work, the Committee receives written reports from management, from the external auditors and, occasionally from internal audit work. These are considered by the Committee and discussed with management and the auditors as appropriate. During the year the Committee reviewed its Terms of Reference and recommended an update to these which was approved by the Board.

REMUNERATION COMMITTEE

The Directors have established a Remuneration Committee. Membership of the Committee during the year comprised Cristina Talens (Chair), Yvonne Gale and Paul Valentin, all independent Non-Executive Directors. (The Chair of the Board withdraws for any business considering their remuneration). The role of the Remuneration Committee is:

- To consider and recommend to the Board the policy for the remuneration of Executive Directors but it is not the remit of this Committee to set the remuneration for Non-Executive Directors other than for the Chair of the Board;
- To consider and determine all matters relating to the remuneration package, including terms and conditions of employment, of Executive Directors;
- To consider and determine the remuneration of the Chair of the Board in the light of policy for the remuneration of Non-Executive Directors;
- To monitor the level and structure of the remuneration package of senior staff below the level of Executive Directors;
- To discuss and recommend proposed average percentage increases for all staff in advance of the Business Plan being submitted to the Board;

- To approve the design of the parameters for performance related pay for Directors and senior management including the total annual payments made under such schemes. There is no such scheme at present;
- To consider any other appropriate matters referred to it by the Board;
- To periodically review the Remuneration Policy and recommend any changes it deems appropriate to the Board for approval.

The total remuneration of Executive Directors, including pension and national insurance payable by the Society, is set out in Note 6.

NOMINATIONS COMMITTEE

The Directors have established a Nominations Committee. Membership normally consists of the Chair of the Board, that is Yvonne Gale, Patricia Alexander (Managing Director), Richard Anderson (a Non-Executive Director and Vice-Chair), and one member of the Shared Interest Council, currently Stephen Thomas. Membership is temporarily varied if the work of the Committee renders involvement of any of the Directors inappropriate for a period of time. This Committee conducted the search for the replacement of Tim Morgan as Finance Director, following notification of his intention to retire at the end of 2024. After a thorough search and rigorous selection process, Jo Powell was appointed as Finance Director Designate and co-opted to the Board in September 2024.

INDEPENDENT AUDITORS

A resolution to reappoint Armstrong Watson Audit Limited as external auditors to the Society will be put before the AGM on 14 March 2025.

By Order of the Board 20 December 2024

Tim Morgan
Company Secretary

Registered Office:

Pearl Assurance House
7 New Bridge Street West
Newcastle upon Tyne
NE1 8AQ

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SHARED INTEREST SOCIETY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Shared Interest Society Limited (the 'Society') for the period ended 30 September 2024, which comprise the Statement of Comprehensive Income, the Statement of Financial Position 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 30 September 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; and
- have been prepared in accordance with the requirements of 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Society'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 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 Auditors' 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 in relation to which the Co operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 7, 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 Society'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 Society or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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:

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 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 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 or alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud (including the consideration of internal controls in place to mitigate the risk of the inappropriate distribution or lending of funds) and non-compliance with laws and regulations.

In addressing the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships; and
- tested journal entries to identify unusual transactions; and
- tested the operating effectiveness over quarterly reporting controls on the performance of the Society's loan book; and
- tested the operating effectiveness of due diligence work on loan recipients; and
- reviewed a sample of provisions against loans and advances to customers and supporting management information; and

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; and
- enquiring of management as to actual and potential litigation and claims

Due to inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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

Use of our report

This report is made solely to the Society, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society those matters we are required to state to it 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 Society, for our audit work, for this report, or for the opinions we have formed.

Simon Turner (Senior statutory auditor)

Armstrong Watson Audit Limited
Chartered Accountants
Statutory Auditors
Newcastle upon Tyne

Date: 20 December 2024

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Note	**2024**	2023
		£'000	*£'000*
Interest receivable and similar income	2	**3,907**	3,972
Interest payable and similar charges	3	**(18)**	(213)
Net interest income		**3,889**	3,759
Administrative expenses	4	**(2,212)**	(2,359)
Profit before provisions and interest		**1,677**	1,400
Charge for doubtful debts	11	**(1,971)**	(1,446)
Loss before taxation		**(294)**	(46)
Taxation	7	**-**	-
Loss for the financial year		**(294)**	(46)
Interest on share capital	8	**(98)**	(40)
Total comprehensive expense for the year		**(392)**	(86)

The Society's income and expenditure all relate to continuing operations.

The accompanying notes on pages 15 to 21 form an integral part of these financial statements.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2024

	Note	2024	2023
		£'000	*£'000*
Non-current assets			
Tangible assets	9	**34**	35
Investments	10	**6**	7
		40	42
Loans and advances to customers	11	**28,351**	31,793
(Including non-current assets of £4,284k (2023: £5,025k))			
Current assets			
Cash at bank and in hand		**5,585**	5,464
Deposits with credit institutions	12	**47,407**	15,648
Other debtors	13	**312**	164
		53,304	21,276
Creditors falling due within one year			
Amounts owed to credit institutions	14	**29,556**	-
Other creditors due within one year	15	**248**	312
		29,804	312
Net current assets		**23,500**	20,964
Total assets less current liabilities		**51,891**	52,799
Creditors falling due after one year		**-**	-
Net assets		**51,891**	52,799
Share capital and reserves			
Share capital	16	**50,914**	51,643
Proposed share interest	8	**97**	39
Profit and loss account	17	**880**	1,117
Total capital and reserves	18	**51,891**	52,799

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements on pages 13 to 21 were approved by the Board of Directors on 18 December 2024 and signed on its behalf by:

Yvonne Gale, Chair

Patricia Alexander, Managing Director

Tim Morgan, Company Secretary

The accompanying notes on pages 15 to 21 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

a. The financial statements have been prepared under the historic cost convention and under the UK accounting policies set out below. The financial statements have been prepared under the going concern basis using consistently applied accounting policies. The preparation of the financial statements requires the Society to make judgements estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates.
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Note 11 gives more detail of the area of greatest judgement; provisions against doubtful debts.

b. Recognition of income policy: interest on advances is recognised from the date each advance is drawn until the date it is repaid or until the Board of Directors decide that the loan and interest are likely to be, or at risk of being, irrecoverable. In practice this means that if a provision for bad debts has been made against a customer account in excess of 25% of the balance, further interest income will not be accrued in the Statement of Comprehensive Income. Whilst interest will normally still be added to the customer's account this will be taken straight to the Statement of Financial Position as an increase in the provision against that customer – meaning that there will be no effect on either the income or bad debt charge for the year in the Statement of Comprehensive Income. The Directors periodically review the provisions and especially at year-end and occasionally decide that a balance should be totally written off if there is conclusive evidence that it will not be recoverable.
Fee income charged for the arrangement of lending facilities is credited to the Statement of Comprehensive Income in the year in which the facility is granted. The effective interest rate for the facilities granted to customers is not adjusted to take account of such fees as 80% of our facilities are repayable within one year and the effect of such an adjustment would be immaterial. This ratio will be kept under review and the policy would be reconsidered in the event of this position changing.

c. Interest on loans and bank balances is credited to the Statement of Comprehensive Income as it accrues.

d. Producer rebates recognition policy: at the discretion of the Directors, any risk premium charged to producers may be refunded annually, if that producer has operated their account satisfactorily. If a decision is made to refund risk premium, a provision is made within the accounting period during which the refund accrued.

e. Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation has been provided to write off fixed assets on a straight-line basis over their anticipated useful life (3 to 5 years).

f. Functional and presentation currency: The Society's functional and presentation currency is the pound sterling.

g. Exchange rates: Monetary assets and liabilities denominated in foreign currencies are stated in the Statement of Financial Position at the equivalent value in sterling at the exchange rate prevailing at the date of the Statement of Financial Position. Transactions during the year denominated in foreign currencies are stated at their equivalent value in sterling at the exchange rate prevailing at the date of the transaction.

h. Derivatives, including forward foreign exchange and option-based contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in Interest receivable and similar income or Interest payable and similar charges as appropriate, where the amounts are material and to do so would mean that the accounts still give a true and fair view.

i. A "social bank" is a deposit-taking institution that employs monies deposited by the Society wholly or mainly in activities which are compatible with the Society's object, in addition to providing a return on investment.

j. Interest on share capital is treated as an appropriation of profits in accordance with the Society's rules.

k. Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

l. Pension contributions: The Society makes payments to a defined contribution pension scheme on behalf of each of its employees who opt to be in the scheme. The pension cost charged in the financial statements represents the contributions payable by the Society during the year.

m. Investments are stated at cost less provisions for any permanent diminution in value. Impairment reviews are performed where there has been an indication of impairment.

n. Exemptions for qualifying entities under FRS 102: FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with. The Society has taken advantage of two such exemptions and no cashflow statement or strategic report is included in these financial statements.

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2024	2023
	£'000	*£'000*
Credit charges and fees	**3,112**	3,242
Transmission charges	**16**	14
Deposit interest	**715**	574
Donations	**37**	113
Other income	**27**	29
	3,907	3,972

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2024	2023
	£'000	*£'000*
Bank interest payable	**6**	(193)
Transmission costs	**(23)**	(21)
Net exchange (losses) / gains	**(1)**	1
	(18)	(213)

The 2024 figure represents a net credit to the Society due of the effect of income hedging via the forward exchange contracts referred to in Note 22.

4. ADMINISTRATIVE EXPENSES

	2024	2023
	£'000	*£'000*
Wages and salaries	**1,220**	1,213
Social security costs	**130**	132
Pension costs	**99**	97
	1,449	1,442
Other administrative expenses:		
Other personnel costs *	**38**	39
Occupancy costs	**163**	156
Depreciation (see Note 9)	**26**	43
Directors' fees	**24**	25
Auditors' remuneration (Armstrong Watson Audit Limited as auditors)	**22**	22
Other professional fees	**65**	143
Marketing costs	**240**	243
Other operating expenses	**185**	246
	2,212	2,359

* Other personnel costs includes other associated costs such as training.

5. EMPLOYEE NUMBERS

The average monthly number of persons employed by the Society (including Executive Directors) during the year was:

	2024	2023
	Number	*Number*
Full-time	**31**	32
Part-time	**2**	2

6. DIRECTORS' REMUNERATION

	2024	2023
Executive:	***£'000***	*£'000*
Patricia Alexander	**95**	91
Tim Morgan (based on 4 days a week employment in 2024 and in 2023 3.5 days a week for 7 months and 4 days a week for 5 months)	**67**	59
Kerrey Baker (appointed July 2023)	**70**	13
Jo Powell (appointed September 2024)	**3**	-
Non-Executive:		
Mary Coyle (Chair) (retired March 2023)	**-**	3
Yvonne Gale (Chair) (appointed as Chair March 2023)	**6**	5
Cristina Talens	**4**	4
Richard Anderson	**4**	4
Melissa Duncan	**4**	4
Paul Valentin	**4**	4
Jameson Miller (appointed December 2022)	**4**	3
Total costs are as follows:		
Salaries (after recharge to Shared Interest Foundation for Company Secretarial, Finance and Marketing time)	**228**	155
Non-Executive Directors' fees (as detailed above) and after rounding	**24**	25
Social security costs	**28**	18
Pension costs	**21**	13
Total remuneration	**301**	211

The process for determining the amount of remuneration for Directors is explained in the Remuneration Committee section on page 9.

7. TAXATION

	2024	2023
UK Corporation Tax	**£'000**	*£'000*
Recovery of tax paid on prior period due to loss	**-**	-
Adjustment in respect of prior years	**-**	-
Tax	**-**	-

The tax assessed for the year is lower (2023: lower) than the standard rate of Corporation Tax in the UK (25%) (2023: 19%).

	2024	2023
Loss before taxation:	**(294)**	(46)
Loss before taxation multiplied by 25% (2023: 19%) during the year	**74**	(9)
Effects of:		
Differences between capital allowances for the year and depreciation	**-**	2
Interest allowable for Corporation Tax	**25**	(8)
Income not taxable	**9**	(21)
Disallowable costs	**1**	1
Losses carried forward to future years	**1**	35
Brought forward losses used this year	**107**	-
	-	-

From 1 April 2023 the main rate of corporation tax has been 25%. From the same date, a small profits rate of 19% applies to profits of up to £50,000. Prior to this the small profits rate of Corporation Tax in the UK has been 19% with effect from 1 April 2017.

8. INTEREST ON SHARE CAPITAL

A provision of £97k (2023: £40k) has been made for interest payable to members accrued at a rate of 0.25% (2023: 0.1%) for the full year on member balances, (after deducting the proportion for which we hold a declaration of waiver). Interest on the share capital of a Registered Society is deductible as an expense for the purposes of Corporation Tax.

	2024	2023
	£'000	*£'000*
Provision at 1 October	**39**	40
Interest paid in year	**(40)**	(41)
Charge for the year	**98**	40
Provision carried forward at 30 September	**97**	39

9. TANGIBLE ASSETS

	2024	2023
Cost	**£'000**	*£'000*
1 October	**204**	292
Additions	**25**	7
Disposals *	**(20)**	(95)
30 September	**209**	204
Accumulated depreciation		
1 October	**169**	221
Charge for year	**26**	43
Depreciation on disposals *	**(20)**	(95)
30 September	**175**	169
Net book value		
1 October	**35**	71
30 September	**34**	35

*Disposals and Depreciation on disposals represent the removal of £20k (2023: £95k) of fully written down assets with nil net book values.

10. INVESTMENTS

At 30 September 2024 the Society had share investments of £6k (2023: £7k). This represents a EUR investment in Social Bank Triodos. The movement in value of this investment is due to exhange differences arising from the revaluation of this currency asset. The Directors consider the value of the investments to be supported by underlying assets.

11. LOANS AND ADVANCES TO CUSTOMERS

	2024	2023
	£'000	*£'000*
Repayable:		
In not more than one year	**39,366**	40,712
In more than one year	**4,284**	5,025
Provisions for bad debts	**(15,299)**	(13,944)
	28,351	31,793

Bad debts

The following table explains the bad debt charge and provision for the financial year:

	2023/24	**Explanation (of 2023/24 charges and year-end position)**	**2022/23**
	£'000		***£'000***
Provision 1 October	**13,944**		12,519
Released during the year	**(966)**	Write-offs of brought forward provision	(274)
Year-end provisions (doubtful debts)	**1,461***	Year-end provisions include 70 producer (2023: 69) and 5 buyer (2023: 3) accounts. Newest customer is 3 years with the Society and longest is 28 years. 23 accounts are in America, 49 in Africa and 3 in Europe.	1,183*
Adjustment to previous provisions	**695***	Amounts added or no longer needed in relation to previous provisions due to a change of circumstances of the customer during the financial year.	263*
Income not recognised	**1,161**	Credited to provision rather than income, due to recovery of the customer accounts being doubtful	1,120
Effect of currency retranslation	**(996)**	Reflecting the changes in values of previous EUR and USD provisions	(867)
Provision 30 September	**15,299**	Total of 75 accounts represented (2023: 72 accounts)	13,944

* These figures, less a small gain relating to conversion of the currency provisions to GBP and recoveries comprise the charge of £1,971k (2023: £1,446k) in the Statement of Comprehensive Income on page 13.

Provisions are based on an assessment of the recoverability of customer accounts in arrears or with known cashflow problems. Where a provision is deemed to be necessary, because there is an expectation that the Society will not recover the full amount due, a specific impairment charge will be made based on the detail of the account in question. The Society works with customers in arrears and exercises forbearance where possible, seeking to find a resolution which gives time for a customer to trade successfully again. Even when a 100% provision has been allocated and/or a debt has been fully written off the books, efforts continue to recover due amounts until such point as the Society knows that no further recovery is possible.

12. DEPOSITS WITH CREDIT INSTITUTIONS

	2024	2023
	£'000	*£'000*
Repayable:		
In not more than three months	**37,597**	9,423
In not more than one year	**9,810**	6,225
	47,407	15,648

The explanation for the change in balances from 2023 to 2024 is shown in Note 22.

13. OTHER DEBTORS

	2024	2023
	£'000	*£'000*
Amounts due from Shared Interest Foundation	**7**	12
Taxation and social security	**21**	23
Accrued income	**219**	67
Prepayments	**65**	62
	312	164

14. AMOUNTS OWED TO CREDIT INSTITUTIONS

	2024	2023
	£'000	*£'000*
Foreign currency overdrafts, repayable:	**29,556**	-
In not more than three months	**29.556**	-

The Society has agreed a facility with its Bank under which it may draw money (as overdrafts) in certain major currencies at rates linked to inter-bank interest rates, in order to fund its foreign currency advances. The Society is required to maintain as security a cash deposit with the Bank of 100% of the facility amount. A Security Charge in favour of the Bank is in place over these deposits and this is registered at the FCA.

The explanation for the change in balances from 2023 to 2024 is shown in Note 22.

15. OTHER CREDITORS DUE WITHIN ONE YEAR

	2024	2023
	£'000	*£'000*
Taxation and social security	**2**	2
Trade creditors	**83**	86
Accruals	**147**	204
Other creditors	**16**	20
	248	312

16. SHARE CAPITAL

	2024	2023
	£'000	*£'000*
1 October	**51,643**	52,341
Receipts	**2,921**	3,368
Withdrawals	**(3,492)**	(4,066)
Transfer to profit and loss account reserve*	**(155)**	-
Revaluation of share capital held in Euros**	**(3)**	-
Net inflow	**(729)**	(698)
30 September	**50,914**	51,643

Shares are withdrawable at six months' notice. During the year Directors continued to exercise their discretion to allow withdrawal on demand. The entitlement of members to the assets of the Society is limited to the shares that they hold in the Society, together with any interest declared by Directors on those shares. The face value of each share is £1. All shares have been issued and fully paid.
*As explained on page 4 of the Report of the Directors, a sum of £155k representing unclaimed loanstock from former issues has been transfered from share capital to profit and loss account reserve.
**Representing the (loss)/gain on retranslation of share capital held in Euros.
Share capital includes £73k denominated in EUR (2023: £74k).

17. PROFIT AND LOSS ACCOUNT

	2024	2023
	£'000	*£'000*
Balance brought forward	**1,117**	1,203
Loss for the year	**(392)**	(86)
Reserves transfer (see Note 16 above)	**155**	-
Balance carried forward	**880**	1,117

18. TOTAL CAPITAL AND RESERVES

	2024	2023
	£'000	*£'000*
Increase / (decrease) in proposed share interest	**58**	(1)
Decrease in share capital	**(729)**	(698)
Loss for the year	**(392)**	(86)
Reserves transfer (see Note 16 above)	**155**	-
Net decrease in total reserves	**(908)**	(785)
Total capital and reserves at 1 October	**52,799**	53,584
Total capital and reserves at 30 September	**51,891**	52,799

19. CASH FLOW OF LENDING ACTIVITIES

	2024	2023
	£'000	*£'000*
Cash paid	**(49,585)**	(58,508)
Cash recovered	**51,056**	61,354
Net decrease / (increase) in funds loaned	**1,471**	2,846

20. FINANCIAL COMMITMENTS

Financial commitments at the year-end under non-cancellable leases will result in the following payments:

	2024	2023
Land and buildings	***£'000***	*£'000*
Annual commitment for leases expiring:		
One to five years	**54**	54
	54	54

The Society has a lease on its Head Office location for a 10-year period with a break at five years, which was removed by agreement in Oct 2020. The annual commitment shown in the table above reflects the average, annualised payment under the lease to the conclusion of the 10 year lease in Oct 2025. As of 30 Sept 2024 there is therefore a commitment to pay a total sum to the end of the lease of 57k (2023: 111k).

21. SUBSIDIARY

The Society is the only member of the charitable company Shared Interest Foundation (SIF). SIF is a company limited by guarantee and registered in England and Wales. SIF's objectives are to advance education and training; and to relieve poverty, sickness and distress in all parts of the world in all respects for the benefit of the public.

Consolidation of the Society and Foundation Financial Statements is not required under FRS 102 1A. In addition, the Directors believe that the scale of the result of the Foundation compared to the Society, means that consolidation would not provide useful information to a user of these financial statements. The financial statements of the Shared Interest Foundation are available on request to the Company Secretary at the Registered Office which is the same as that for the Society (see the back of this document) and also from the Registrar of Companies or the Charity Commission. In reaching the decision that consolidation would not provide useful information, the Directors have considered S98 and S99 of the Co-operative and Community Benefit Societies Act 2014.

During the year, a charge of £14k (2023: £13k) was paid by the Foundation to the Society in respect of rent and related attributable overheads and a sum of £54k (2023: £49k) was paid by the Foundation to the Society in respect of services to it provided by staff employed by the Society. Also, a sum of £1k (2023: £1k) was paid by the Society to the Foundation in respect of services provided by the Foundation's Project Manager to the Society for leading the Social Accounts process.

Income for the Foundation for the year ended 30 September 2024 was £523k (2022: £536k) and expenditure was £482k (2023: £351k) leaving the charity with total funds in the sum of £586k (2023: £545k) at the year-end.

22. FINANCIAL INSTRUMENTS

The Society has entered into contracts (known as "derivatives") to mitigate the exchange risk for certain foreign currency income during the year ended 30 September 2025. As in previous years, the Society has now entered into forward exchange contracts with a commitment to sell USD 1920k (2023: 900k) and EUR 540k (2023: 300k) and receive a fixed sterling amount. These monthly contracts expire evenly over the course of the year to 30 September 2025 USD 160k and EUR 45k per month). There are no option based contracts this year, where the Society may have to sell USD (2023: 900k) and EUR (2023: EUR 300k) depending on market exchange rates at four quarter ends as these have been replaced by the larger aforementioned forward exchange contracts.

The Society has also entered into forward foreign currency exchange contracts to the value of £26.7m (2024: about £35m) to provide (and fix the cost of) a proportion of the currency required for lending within 12 months of the year-end. This deal works as follows. The Society contracted before the year-end to buy on 1 October 2024, USD 29m and EUR 6m at pre-set rates. This reduces the need to borrow, and interest cost of borrowing, these currencies, which comprise much of the Society's lending for the financial year. The deal includes a commitment to re-sell this currency back to the Bank at agreed rates on 30 September 2025. The cost of this will be shown in the Statement of Comprehensive Income to which it relates in the 2024-25 year. This approach provides certainty before the financial year starts as to the value at which we can exchange our capital held in pounds sterling. It also fixes the cost of currency conversion for a large proportion of our requirements and, once booked, is not dependant on exchange or interest rates at the beginning or end of the financial year. The new deal took effect just after the year-end as opposed to just before, last year. As a result of this, last year the Society was temporarily holding USD and EUR at the year-end rather than the usual large currency overdrafts in these currencies (which is the situation as at 30 September 2024). This explains the much lower deposit balances for 2023 disclosed in Note 12 and the zero value for 2023 disclosed in Note 14.

The Society has also made use of short-term, simple forward exchange contracts throughout the year (usually monthly) to avoid costly overdrafts in USD and EUR. These are an overlay to the very large annual swap described above and although they do not appear in the Statement of Financial Position at the year-end nor is there any commitment to execute these again as of 30 September 2024, the effectiveness of these in the current interest rate environment can be seen in the saving in bank interest payable in Note 3.

The Society has no interest rate derivative financial instruments (2023: none).

SHARED INTEREST

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Front cover image:
CAYAT cocoa farmer members Anita Akaffou and Seka Sokou Rosalie, shelling the pods using wooden clubs.

WORLD FAIR TRADE ORGANIZATION

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