



Notes on completing the quarterly and annual returns ('CQ' and 'CY') for credit unions

Regulatory returns

1. These notes are intended to be read together with the Credit Unions Part of the PRA Rulebook. Where appropriate, the PRA has referenced the most applicable rules within the Rulebook Part. These references are not exhaustive and in certain situations, other rules will be relevant.
2. Credit unions should take steps to register on the Bank's system and to nominate a principal user of the system. Once registered, credit unions will receive instructions and reminders via email. Credit unions will not be required to provide static data each time they report to the PRA; this information - for example Firm Reference Number, credit union name, credit union address - will be recorded centrally. Should this information change, the credit union should contact the PRA via its usual supervisory contact.
3. All numerical entry fields throughout the return should have either a figure or a zero entered. All monetary figures should be recorded to two decimal places; all numerical values should be in units, and percentages given to two decimal places. Unless otherwise stated, all figures should be as at the end date of the period covered by the return.
4. If a credit union uses a software program to generate its return, it is expected that the credit union checks that the data in the return are correct. The software system used to submit returns to the PRA contains a number of validation and plausibility checks to ensure the data submitted are accurate. Where prompted to do so, explanations and/or further information on data should be provided. If errors are subsequently found within a return, the credit union may be contacted and asked to submit corrected data.
5. Credit unions should attach their audited accounts to their annual submission and should also attach a signed declaration from their auditors confirming that where relevant, the figures within their statutory balance sheet correspond to figures in their annual return. The system will allow credit unions, where they need to, to download or print off a validated copy of their submissions, which they may provide to their auditors if required.
6. The information and data input into the returns will usually, but not always, align with the credit union's statutory accounts. This is because the returns are designed for the provision of information required by the PRA in order that it may exercise its specific regulatory functions and they are not a version of the statutory accounts.

7. Careful consideration should be given to who is the most appropriate individual at the credit union to act as the principal user for the purposes of the reporting system. The PRA recognises that in many credit unions the preparation of accounts and financial information will be the responsibility of members of staff and that a member of staff may also be chosen as the principal user for the system. However, it is important that directors recognise their ultimate responsibility for the accuracy of this information. The PRA expects the individual with designated regulatory responsibility for 'managing the firm's financial resources' to ensure the accuracy of the return even if they do not act as the credit union's principal user.
8. Owing to differences between legislation in Northern Ireland and Great Britain some sections of the form do not apply to Northern Ireland credit unions. Additionally, some fields will not apply to particular credit unions, for example, there are sections on deferred shares and corporate members that will not apply to many credit unions. Where a section does not apply, credit unions should enter zeroes - the relevant box should not be left blank.
9. Where the term 'corporate' is used, it refers to members that are incorporated and also to partnerships and other organisations that are represented by a named individual.
10. As part of the assets, liabilities, income and expenditure sections, the PRA requires credit unions to provide data with respect to 'other' items not covered elsewhere in the return. In these instances, credit unions should report the total amount and then use the applicable free text boxes to list significant items contributing towards the figure. 'Significant' in this context means anything that amounts to more than 5% of the total (for example, should the credit union's expenditure on consultancy fees exceed 5% of total expenditure for the reporting period, it should specify this).
11. The return is divided into three main sections: i) credit union details; ii) balance sheet; and iii) profit and loss (P&L) and liquidity. Each section is described separately below.

Section one – Credit union details

12. This section should be completed quarterly and annually. It requires credit unions to provide certain basic details about themselves.
13. Most parts of this section will apply to all credit unions although there are sections that only apply to those that can grant membership to corporates. Where the term 'corporate' is used, it refers to members that are incorporated and also to partnerships and other organisations that are represented by a named individual. If not applicable, credit unions should enter zeroes in these fields.

14. This section asks credit unions to record whether or not they are undertaking additional activities. Credit unions should consider the Credit Unions Part, particularly the definitions set out in Credit Unions 1.2, when responding on this point. Credit unions are not required to provide any further information with respect to the activities in the return.

Fidelity bond

15. In the annual return, section one also requires all credit unions to provide details of the fidelity bond insurance they have in place.

16. When completing details on their fidelity bond insurance, credit unions should consider Credit Unions 2.9 to 2.12 inclusive.

Section two – Balance sheet

17. This section should be completed both quarterly and annually.

18. Most parts of this section will apply to all credit unions although there are sections that only apply to those that can grant membership to corporates. Where the term 'corporate' is used, it refers to members that are incorporated and also to partnerships and other organisations that are represented by a named individual. If not applicable, credit unions should enter zeroes in these fields.

19. In completing this part, credit unions should refer to definitions in Credit Unions 1.

20. For the purposes of the return, a credit union should insert balances in current or deposit accounts with banks and/or building societies into the field marked 'banks and building societies'. Other products held with banks and/or building societies or with other authorised deposit takers should be inserted in 'other investments'.

21. As far as is possible, balances with banks and/or building societies and other investments should be valued as at the end date of the period covered by the return.

22. For the purposes of the returns a secured loan is a loan secured by a readily-realizable asset whose market is ascertainable and verifiable.

23. In the liabilities section, overdraft balances should only be reported if drawn upon.

24. In the liabilities section, grants should be reported in line with agreements with the funder. In most cases, credit unions should only report grants not yet drawn upon.

Capital

25. This section should be completed both quarterly and annually.
26. Most parts of this section will apply to all credit unions although there are sections that only apply to those credit unions whose capital is made up of qualifying subordinated debt and/or deferred share reserves and/or qualifying revaluation reserves. If not applicable, credit unions should enter zeroes in these fields.
27. Where a credit union has subordinated debt comprised of more than one subordinated loan, in the return, it should amalgamate those loans and report the total subordinated debt, counting, and not counting, towards its capital. The initial repayment date to be reported should be of the loan due to mature soonest.
28. In completing this part, credit unions should consider Credit Unions 8.2 to 8.3 inclusive.

Members' shares

29. This section should be completed both quarterly and annually.
30. Most parts of this section will apply to all credit unions although there are sections that only apply to those which can grant membership to corporates. Where the term "corporate" is used, it refers to members that are incorporated and also to partnerships and other organisations that are represented by a named individual. If not applicable, credit unions should simply enter zeroes in these fields.

Arrears

31. This section should be completed both quarterly and annually.
32. This section applies to all credit unions.
33. In this section credit unions should report on the split of their loans in arrears by more than three months. They should report the number of loans in arrears for different categories of arrears periods and the total net liabilities of those loans.
34. In completing this section, credit unions should take account of Credit Unions 3.12.

Section three – P&L and liquidity

Income and expenditure

- 35. This section should be completed both quarterly and annually.
- 36. This section applies to all credit unions.
- 37. When completing its quarterly return, a credit union should report on a financial year-to-date basis.

P&L - other

- 38. This section should be completed annually only.
- 39. This section applies to all credit unions.
- 40. In this section, credit unions should set out their profit or loss for the year and how it has been accounted for. In completing this section, the credit union should take account of Credit Unions 2.5, 8.8 and 8.9 respectively.
- 41. Where appropriate, figures should correspond to the credit union's audited accounts.
- 42. If a credit union has paid more than one rate of dividend, it should report the rate paid as a weighted average.

Reserves

- 43. This section should be completed annually only.
- 44. This section applies to all credit unions.
- 45. In this section, credit unions should set out the movement in their general and other reserves. In completing this section, credit unions should take account of Credit Unions 8.8 and 8.9 respectively.
- 46. Where appropriate, figures should correspond to the credit union's audited accounts.

Large exposures

- 47. This section should be completed both quarterly and annually basis.
- 48. This section applies to all credit unions.
- 49. The section requires credit unions to report their largest net liability. In completing this section, credit unions should take account of the definitions of 'net liability' and 'large exposure' as set out in Credit Unions 1.2. Credit

unions should also more generally take account of Credit Unions 3.6 and 3.7.

Surplus Funds and Liquidity

50. This section should be completed both quarterly and annually.

51. This section applies to all credit unions.

52. In this section, credit unions should account for any and all surplus funds (both deposits and investments) held with counterparties. Credit unions should set out each holding, confirming the counterparty, the value of the holding, the original term in months and the amount that can be readily realised by the credit union within eight days.

53. For the purpose of this section, the reference to an authorised overdraft refers to unused but committed facilities.

54. In completing this section, credit unions should take account of Credit Unions 6 and 9 respectively.

January 2017