



## ANNUAL REPORT

2011/12 21<sup>st</sup> Year

Lewisham Plus is a community co-operative encouraging saving and providing fair access to credit for people living or working in Lewisham, Bromley or SE19.

**Credit Union No. 295C FSA 213588 Reg. 2 March 1992**

Authorised and Regulated by the FSA

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### Summary of the Year

Lewisham Plus Credit Union had another busy and successful year providing savings, current accounts and affordable loans. In figures:

- ❖ Membership grew to 7,132 adults (up 493) and 1,573 juniors (up 44).
- ❖ Savings increased by over £600,000 to £2,517,646 for adults and £198,513 for juniors, an increase of over 30% in the year.
- ❖ 1,965 members were using Credit Union Current Account by year end, an increase of 600 accounts, up 44% in the year.
- ❖ Over £1.7m in loans were granted, an increase of £200,000 for the year.
- ❖ Dividend of 1% for adults (1% 2011) and 2.0% for juniors (1.5% 2011).

We significantly increased the business through our St Paul's Cray shop opened in 2011 and have now added a payroll scheme for Bromley Council employees.

Working with Lewisham Homes we provided tenancy sustainment loans to assist with small rent arrears and to promote community financial services. The success of this was particularly noticeable at our Deptford and New Cross Branch, which is now much busier than before the DNX CU merger.

Our main Sydenham Branch has continued to be very busy and we added staff to improve our services, especially for telephone enquiries. We also launched a popular balances by SMS service and put CUCA transaction details onto the web.

For the year ahead we are looking forward to opening a new branch in the site of the former Green Man pub on Bromley Road, in partnership with Phoenix Community Housing Association and as part of their new community hub.

We are also working with Lewisham Council and Phoenix to develop Credit Union Budget Account services to assist with the changes to the benefits system.

## President's Report

I am pleased to be able to once again introduce the Lewisham Plus Annual Report for the year 2011-2012. You will see from the contents this has been another very busy year for the organisation.

New legislation in 2012 designed to help credit unions compete and grow more effectively, together with the imminent arrival of the Universal Credit scheme in 2013, indicate there is likely to be no let up in activity during the coming year.

We should celebrate the increased freedom and expansion of services now possible under the new legislation, while being mindful of the need for growth to be financially sustainable and true to our mission. Maintaining this balance in the current financial climate, during a time of increasing financial hardship for many, is not at all easy. The experience gained by the credit union over 21 years, and particularly through the DWP Growth Fund project, should stand us in good stead to develop in a sound way in the years ahead.

Against this background, Lewisham Plus has been in discussion with Phoenix Community Housing Association on creating a branch office in their new HQ under construction on the Green Man site on Bromley Road. The Phoenix CEO, Jim Ripley, has a vision for the site as having an important social influence/impact on the local area. In line with this vision Phoenix have set aside a substantial area of the ground floor as a community "hub" for a variety of local organisations. We hope to work closely with Phoenix residents to make this mutually beneficial.

Opening a branch in SE6 will help us to improve services to members in Bellingham, Catford and Downham. It is in a central location with good transport links for Lewisham and Bromley centres. The new branch will also provide much needed back office space, which will be used as a focus for developing projects with a number of organisations to help with the transition to Universal Credits, and to take advantage of the new legislative opportunities.

I would like to thank all of our hardworking staff & volunteers for their hard work and effort on behalf of this credit union during a very busy year. Also I would like to thank our very supportive partnering organisations for their continued support – we are fortunate to have such support.

Finally I would like to thank my fellow directors for their support and dedication to this organisation.

*John McCarthy, President 2011/12*



## Manager's Report

I am delighted to once again be writing this report for our Credit Union.

One of our key priorities this year was to improve the service provided to our members. As a result, we recruited a dedicated telephonist and receptionist at Sydenham and increased the number of volunteers on duty at the weekends.

Plans to introduce an automated telephone system will further reduce waiting time and another branch is due to open on the "Green Man" site in Bellingham in 2013, with help from Phoenix Housing.

We also simplified our loans procedure to avoid waiting for a booked appointment and introduced a more effective way to obtain a top up loan.

Our Bromley office has seen a steady increase in membership, including the "payroll scheme" and we now have a group of local volunteers to help us deliver a good service to the community. This would not have been possible without initial support from the Cotmandene Community Centre staff, Bromley Council and Affinity Sutton.

We are grateful for the continued support of all our partners, especially Lewisham Council, Phoenix and Lewisham Homes. Working together will be even more important with the introduction of welfare reform.

It has been challenging to meet the increased demands for our services with the level of resources available. However, I am particularly proud of the way staff have adapted to all the changes and grateful for our members' continued loyalty.



One great sadness for the year was that we lost our long standing and loyal part time Sydenham cashier Kathy Dent, who died in August, having lost her battle with cancer. Kathy was always a quiet and patient member of staff, who told us that serving in the credit union was one of the best things she had ever done.

Our thoughts stay with Tony Dent and Kathy's children and extended family. She is missed by us all.

We are fortunate to have such a special group of people involved in the running of the Credit Union. Their efforts will ensure that it continues to flourish.

*Janet Greenwood, Credit Union Manager 2011/12*

## Treasurer's Report

Income for the year was up 2%, which was a good outcome as increased income from lending and CUCA services replaced declining grant funding and DWP Growth Fund support.

After six years, from October 2006, the credit union's DWP contract for delivery the Growth Fund ended in September 2012. Modernisation & Expansion targets contracted for the last year were to add 770 new adult members and to provide at least 1,500 loans to financially excluded people living in the boroughs. Both targets were significantly exceeded.



Overall Lewisham Plus reduced its dependence on external funding from 50% of income in 2011 to 35% of income in 2012. Income from member services and investments met 74% of expenses (including dividends) for the year. The credit union's business plan aims to improve this to 100% by 2015.

The increased income was generated through higher lending overall and a change to the loan policy which increased the interest rate charged, to offset the higher relative costs for small loans and ongoing loan delinquency. A national study by DWP/Experian demonstrated that a 3% pm interest rate is needed to cover the full cost of small loans. This is likely to become permitted by law later in 2013.

It was also necessary to increase the CUCA weekly fee to £1.25 in October 2012, to catch up 4 years of inflation and to address the discrepancy that had built up between the income from CUCA and the cost to operate the service. The accounts show a £10,075 loss on CUCA in 2012, but this does not reflect all cost.

Expenses increased due to additional staffing for telephone and CUCA work and with the full annual cost for the Bromley branch. The £95,850 fit-out costs for the Bromley branch are being depreciated over five years, with three years to go.

Bad debts and provisions increased by 40% compared with 2011. This represents 8.13% of loans, up from 6.34% of loans in 2011. Excluding lending underwritten by local homeless prevention funds, bad debt and provisions were just over £100,000, up 21% and equivalent to 7.28% of the outstanding loan balance.

Profit for the year was £107,547, up 10% on 2011. £60,000 of this was due to use of Growth Fund Legacy funds to strengthen capital reserves, which overall were increased to 8.2% of assets (up from 6.8% in 2011). 8% capital is the level required for a credit union with over 10,000 members, so we are getting prepared.

The credit union also improved IT reliability and contingency arrangements, updated security policies and added a popular new SMS balance enquiry service.

*Paul Treece, Treasurer 2011/12*

## Supervisory Committee Report

The Supervisory Committee is satisfied with the performance of the Directors and staff of Lewisham Plus Credit Union during the year 2011/2012.

The Supervisory Committee is "the eyes and ears of the membership" of a credit union. Its responsibilities are discharged by monitoring the actions of the Board of Directors and by undertaking reviews of specific areas of the organisation's work. For most of this year, the Committee has comprised Laurene Brooks, James Macdonald, David Smith (current Chair) and Edel Stewart, although James Macdonald has now stood down and there is now a vacancy.



The Committee met six times in the year, and one of its members was present at most of Board meetings. Decisions made by the Board were all in accordance with the rules and policies of the Credit Union. All loans made to Directors, staff and volunteers were reported to the Committee. The members reviewed the accounts and financial returns to the FSA each quarter against the bank records with satisfactory results. The records of members' investments and loans were independently verified with members in January 2012.

Following comments we made in last years' report, we are pleased to be able to highlight this year two aspects of the running of Lewisham Plus:

The first concerns the improvements in the administration of the offices and the effectiveness of services to members, and congratulations are due to the Manager, staff and volunteers for what has been achieved given the only modest additional income available to the Credit Union. Of course, we would like to see a serious reduction in bad debts in order to free up more resources, but we know that the management is tackling this issue with energy and that a degree of bad debt is inevitable in our sector;

The second concerns the Board's work to improve the effectiveness of its own decision-making. This has been vital given the pressures, and indeed necessity, for the credit union to grow and diversify its activities. We believe that as well as checking on routine operations, we have a responsibility to assure ourselves on your behalf that the Board of Directors goes about its work so as to ensure that its decisions are always likely to be in the best interests of the members. A notable example this year has been the work on the 'Green Man' project. We welcome the constructive way in which the Board responds to our input in this area, and indeed are grateful to the directors and staff for their cooperation in enabling us to carry out all our work.

*David Smith, Chair of Supervisory 2011/12*

# The Directors' Report

The directors have pleasure in presenting their report and the financial statements of the credit union for the year ended 30th September 2012.

## Principal Activities and Business Review

The principal activities of the Credit Union are the promotion and encouragement of regular saving and prudent borrowing by its members.

## Results and Dividends

The profit for the year, after taxation, amounted to £107,547. Particulars of dividends paid and proposed are detailed in note 5 to the financial statements.

## Board of Directors

The directors who served the credit union during the year were as follows:

John McCarthy (President), David Frederick (Secretary, appointed 9/7/12), Keith Wiley (Secretary, retired 1/5/12), Paul Treece (Treasurer), Liz Ballaster (appointed 12/10/11), Geoffrey Cave, Michael Deane, James Gardner, Ben Smith (resigned 10/10/11), Helen Smart (appointed 28/11/11), Edel Stewart (resigned 1/11/11), Paul Thompson and Mike Vance (appointed 29/8/12).

## Review of the year

The Board of Directors is responsible for safeguarding and managing members' money invested in your Credit Union. Thirteen directors, all unpaid and voluntary, served on the Board in the year covered by this report, as noted above.

Directors met regularly, usually monthly, as well as holding additional meetings to discuss issues in more depth. The directors agreed a business plan and have monitored its progress to ensure the Credit Union continues to grow, remains financial sound, and provides a good service to the community.

A joint directors and staff meeting was held in October to discuss plans and concerns. This served to highlight a number of actions, carried out later in the year, and to improve communication both ways.

In December 2011 we said goodbye to Jason Herbert, our Credit Union Manager since November 2008. Jason had moved on to a position with London & Quadrant Housing. He was presented with a number of suitable thank-you gifts, and the staff team assembled to wish him every success in his new role.



Three strategy meetings were held to improve and extend services, discuss work with partners and plan for the years ahead. Among other topics these covered preparations for the new branch in the former Green Man site on Bromley Road,

being developed with Phoenix Community Housing Association, and a new service to support members who with Universal Credits in 2013.



In June the directors held a dinner in honour of our retiring Secretary, Keith Wiley, with his wife Jane, who were returning to the north of the country. Keith had served the credit union as a director since 2002. The dinner was held at the Dulwich Golf Club and was an excellent evening for all able to be present.

The volume of business puts great pressure on the staff, volunteers and premises. We have employed more staff to improve services, but have also improved our IT systems. The SMS balance service is very popular, and members with a Credit Union Current Account now have their recent transactions available, securely, on our web site. We have also begun scanning loan paperwork to improve filing, providing faster and more reliable access to this information and to make it available at all branches.

The last annual report commented on the increasing complexity of the issues the Board was having to address. We were delighted to welcome several talented new directors, not only to fill in the gaps left by directors leaving the Board this year, but also to bring in a renewed level of enthusiasm and a wider range of expertise.

Directors are pleased that this year has again been successful. The Credit Union has served a growing membership, returned a positive financial balance sheet in difficult financial times and helped members and their families with their finances.

We look very positively forward to next year.

Signed by order of the directors

*David Frederick, Secretary 2011/12*

Approved by the Directors on 9 January 2013.

DAVID FREDRICK  
Credit Union Secretary

Director	Attended	%	Director	Attended	%
Liz Ballaster	12/16	75%	Ben Smith	0/1	0%
Geoffrey Cave	15/16	94%	Edel Stewart	2/2	100%
Michael Deane	7/16	44%	Paul Thompson	6/16	38%
David Frederick	3/3	100%	Paul Treece	15/16	94%
James Gardner	12/16	75%	Mike Vance	2/2	100%
John McCarthy	16/16	100%	Keith Wiley	9/11	82%
Helen Smart	7/15	47%			

## **Statement of Directors' Responsibilities**

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

Industrial & Provident Society law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Industrial & Provident Society 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 profit or loss of the credit union for that period. In preparing those 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;
- 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 Industrial and Provident Society law. 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. In so far as the directors are aware:

- there is no relevant audit information of which the credit union's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## **Independent Auditors' Report to the Shareholders of Lewisham Plus Credit Union Limited**

### Year Ended 30th September 2012

We have audited the financial statements of LEWISHAM PLUS CREDIT UNION LIMITED for the year ended 30th September 2012. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the credit union's shareholders, as a body, in accordance with Section 9 of the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Union

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

### Respective responsibilities of the Directors and the Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the credit union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting entries made by directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Union Act 1979.

### Opinion on Other Matters

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Union Act 1979 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns;  
or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

*Mohammed Saleemi*

**MOHAMMAD SALEEMI (Senior Statutory Auditor)**

For and on behalf of  
**SALEEMI ASSOCIATES**

Chartered Accountants  
& Statutory Auditor  
Tel: 020 8777 3055

792 Wickham Road  
Croydon CR0 8EA  
12 February 2013

## Income and Expenditure Account for year ended 30th September 2012

	Notes	2012 £	2011 £
<b>INCOME</b>	2	633,735	623,849
<i>less</i> Administrative expenses		<u>547,567</u>	<u>541,854</u>
<i>Operating Profit(Loss)</i>	3	86,168	81,995
Bank/Investments interest receivable		<u>23,117</u>	<u>16,454</u>
<b><i>Profit(Loss) on ordinary activities before taxation</i></b>		109,285	98,449
<i>less</i> Tax on profit on ordinary activities	4	1,738	-
<b><i>Profit(Loss) on ordinary activities after taxation</i></b>		107,547	98,449
Dividends proposed	5	<u>21,842</u>	<u>18,750</u>
<b><i>Retained profit for the financial year</i></b>		85,705	79,699
Transfer (to)/from General reserves	15	(25,075)	(39,699)
Transfer (to)/from Other reserves	16	<u>(60,000)</u>	<u>(40,000)</u>
Balance carried forwards		-	-

The notes on pages 13 to 15 form part of these financial statements

## Balance Sheet at 30th September 2012

	Notes	£	2012 £	2011 £
<b>FIXED ASSETS</b>				
Investments at valuation	6		1,047,954	882,537
Juvenile investments	7		198,513	195,825
Premises and equipment	8		65,060	87,230
Loans to members	9		<u>1,336,157</u>	<u>1,212,831</u>
			<u>2,647,684</u>	<u>2,378,423</u>
<b>CURRENT ASSETS</b>				
Debtors	10	25,104		20,810
Cash at bank on deposit and in hand			<u>993,869</u>	<u>660,805</u>
		1,018,973		681,615
<b><i>Creditors (Due within one year)</i></b>	11		<u>215,059</u>	<u>168,275</u>
<b><i>Net Current Assets</i></b>			<u>803,914</u>	<u>513,340</u>
<b><i>Total Assets less Current Liabilities</i></b>			<u>3,451,598</u>	<u>2,891,763</u>
<b>CAPITAL AND RESERVES</b>				
Member shares	13		2,517,646	1,912,797
Juvenile deposits			184,413	191,943
Growth Fund Legacy	14		466,923	590,112
General Reserves	15		112,776	87,071
Other Reserves	16		169,840	109,840
<b>MEMBERS' FUNDS</b>			<u>3,451,598</u>	<u>2,891,763</u>

These financial statements were approved by the directors on 9 January 2013 and are signed on their behalf by:

John McCarthy -President

Paul Treece -Treasurer

David Frederick - Secretary

*John McCarthy*  
Paul Treece  
*David Frederick*

Credit Union 295C: The notes on pages 13 to 15 form part of these financial statements

# Notes to the Financial Statements

## 1. Accounting Policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

**Fixed assets** : All fixed assets are initially recorded at cost.

**Depreciation** : Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows: Office furniture and equipment – 33% straight line.

### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

## 2. Income

The income and profit before tax are attributable to the one principal activity of the credit union. An analysis of income is given below:

	<b>2012</b>	<b>2011</b>
United Kingdom (£):	<u>633,735</u>	<u>623,849</u>
Income in each year includes a payment of £5,655 from the BIG Lottery Community Fund, used solely for the delivery of the Money Matters project.		

## 3. Operating Profit/(Loss)

	<b>2012</b>	<b>2011</b>
Operating profit/(loss) is stated after charging:		
Directors' remuneration	-	-
Depreciation of owned fixed assets	27,806	27,786
Auditors' remuneration – as auditor	<u>3,000</u>	<u>2,414</u>

## 4. Tax on interest on investments less capital allowance

	<b>2012</b>	<b>2011</b>
UK Corporation tax based on the interest on investments at 20% (2011: 20%):	1,749	-
(Over)/under provision for previous years:	<u>(11)</u>	<u>-</u>
Total current tax due in accounts	<u><u>1,738</u></u>	<u><u>-</u></u>

## 5. Dividends

	<b>2012</b>	<b>2011</b>
Proposed at the year end (recognised as a liability):		
Juvenile depositors 2.0% (2011: 1.5%)	3,636	2,730
Proposed dividend 1.0% (2011: 1.0%)	18,836	<u>16,020</u>
Over/(under) payment carried forward	<u>(630)</u>	<u>(46)</u>
Dividends proposed	<u><u>21,842</u></u>	<u><u>18,704</u></u>

## 6. Investments

	<b>2012</b>	<b>2011</b>
Investments at valuation:		
At 1st October 2011 (2010)	882,537	836,329
Additions	1,297,172	1,228,108
Disposals	<u>(1,131,755)</u>	<u>(1,181,900)</u>
At 30th September 2012 (2011)	<u><u>1,047,954</u></u>	<u><u>882,537</u></u>

## 7. Juvenile Investments

	<b>2012</b>	<b>2011</b>
Investments at valuation:		
At 1st October 2012 (2011)	195,825	154,496
Additions	174,339	171,651
Disposals	<u>(171,651)</u>	<u>(130,322)</u>
At 30th September 2012 (2011)	<u><u>198,513</u></u>	<u><u>195,825</u></u>

## 8. Tangible Fixed Assets

	<b>2012</b>	<b>2011</b>
Cost or Valuation:		
At 1st October 2011 (2010)	123,524	16,867
Additions – premises fit-out	-	95,853
Additions – office equipment	<u>5,637</u>	<u>10,804</u>
	5,637	106,657

Less disposals – office equipment	(1,013)	-
At 30th September 2012 (2011)	<u><u>128,148</u></u>	<u><u>123,524</u></u>

### Depreciation:

At 1st October 2011 (2010)	36,294	8,508
Charge for year – premises fit-out	19,170	19,170
Charge for year – office equipment	<u>8,636</u>	<u>8,616</u>
	27,806	27,786

Less disposals – office equipment	(1,012)	-
At 30th September 2012 (2011)	<u><u>63,088</u></u>	<u><u>36,294</u></u>

### Net Book Value:

Premises fit-out	57,513	76,683
Office equipment	<u>7,547</u>	<u>10,547</u>
At 30th September 2012 (2011)	<u><u>65,060</u></u>	<u><u>87,230</u></u>

## 9. Loans to members

	<b>2012</b>	<b>2011</b>
Balance at 30th September 2012 (2011)	1,420,101	1,305,520
Provision for bad debts		
At 1st October 2011 (2010)	92,689	91,653
Written off in year	(124,203)	(99,525)
Increase in provision	<u>115,458</u>	<u>100,561</u>
At 30th September 2012 (2011)	83,944	92,689
Book value at 30th Sept 2012 (2011)	<u><u>1,336,157</u></u>	<u><u>1,212,831</u></u>

<b>10. Debtors</b>	<b>2012</b>	<b>2011</b>
Prepayments and accrued income	<u>25,104</u>	<u>20,810</u>
<b>11. Creditors: Amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
Tax payable	1,738	-
Dividends payable	21,842	18,704
Accruals and deferred income	<u>191,479</u>	<u>149,571</u>
At 30th September 2012 (2011)	<u><u>215,059</u></u>	<u><u>168,275</u></u>

**12. Related Party Transactions**

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

**13. Member Shares**

	<b>2012</b>	<b>2011</b>
Share deposits	2,269,192	1,770,986
Credit Union Current Account balances	<u>248,454</u>	<u>141,811</u>
Balance at 30 September 2012 (2011)	<u><u>2,517,646</u></u>	<u><u>1,912,797</u></u>

**14. Growth Fund Capital Legacy**

	<b>2012</b>	<b>2011</b>
At 1st October 2011 (2010)	590,112	593,687
Capital released to Revenue	(63,189)	(74,614)
Capital released to Other Reserves	(60,000)	(24,000)
GF1 Interest released to Income	(-)	(5,585)
Transfer from(to) income & expenditure account	-	<u>100,624</u>
Balance at 30 September 2012 (2011)	<u><u>466,923</u></u>	<u><u>590,112</u></u>

**15. General Reserves**

General reserve:	<b>2012</b>	<b>2011</b>
Balance brought forward	87,071	46,556
Additional from DNX CU Ltd Transfer	-	816
Transfer from(to) income & expenditure account	<u>25,705</u>	<u>39,699</u>
Balance at 30 September 2012 (2011)	<u><u>112,776</u></u>	<u><u>87,071</u></u>

**16. Other Reserves**

Other reserves:	<b>2012</b>	<b>2011</b>
Balance brought forward	109,840	69,840
Transfer from(to) income & expenditure account	<u>60,000</u>	<u>40,000</u>
Balance at 30 September 2012 (2011)	<u><u>169,840</u></u>	<u><u>109,840</u></u>

The following pages do not form part of the statutory financial statements which are subject to the independent auditor's report on pages 10-11.

## Detailed Income and Expenditure Account to 30th September 2012

	<b>2012</b>	<b>2011</b>
	£	£
<b>Income</b>		
Interest on loans to members	275,189	219,598
Membership fees	4,045	3,892
Bad debts recovered	23,881	21,005
Other income (PayPoint, commission, dormant a/cs)	3,164	5,530
CUCA fees and charges	94,602	53,920
Income from grants and homeless prevention	53,024	65,640
Growth Fund to revenue and M&E lending	<u>179,830</u>	<u>254,264</u>
	633,735	623,849
<b>Interest receivable</b>		
Interest on investments & bank deposits	19,628	14,764
Interest on Junior accounts	<u>3,489</u>	<u>1,690</u>
<b>Total Income</b>	<b><u>656,852</u></b>	<b><u>640,303</u></b>
<b>Expenditure</b>	£	£
Staff: Salaries, NIC & training	196,458	174,571
Premises: Rent	32,480	22,696
Premises: Business rates and utilities	13,372	9,756
Premises: Office equipment & maint	9,664	5,975
Premises: Telephone & Internet	6,083	5,385
Leaflets, stationery and printing	14,324	8,097
Postage	6,807	4,079
Other admin costs inc fraudulent transactions	4,576	5,552
ABCUL membership dues	7,967	5,516
Fidelity bond / General insurance	3,921	2,760
Loan and share protection insurance	17,575	14,429
Bank charges including CUCA	57,068	33,602
CUCA services & other costs	14,717	20,436
Legal & professional fees	4,702	6,640
Auditors' remuneration	3,000	2,414
Depreciation of Bromley premises	19,170	19,170
Depreciation of office equipment	8,636	8,616
Bad debts written off	124,203	99,525
Provision for doubtful debts	(8,745)	(16,804)
Share and CUCA balance write-offs	11,589	8,815
Net contribution to Growth Fund	-	<u>100,624</u>
<b>Total Expenditure</b>	<b><u>547,567</u></b>	<b><u>541,854</u></b>
<b>Profit/(Loss) before Taxation</b>	<b><u>109,285</u></b>	<b><u>98,449</u></b>

## Analysis of Income and Expenditure to 30th September 2012

<b>CREDIT UNION SUMMARY</b>	<b>2012</b>	<b>2011</b>
	£	£
<i>Income (excluding interest on investments)</i>		
Credit Union Core	186,016	160,677
Growth Fund Legacy / M&E	353,117	404,252
Credit Union Current Account	<u>94,602</u>	<u>58,920</u>
	633,735	623,849
<i>Expenses</i>		
Credit Union Core	187,059	141,377
Growth Fund	255,831	341,988
Credit Union Current Account	<u>104,677</u>	<u>58,489</u>
	547,567	541,854
<i>Operating Profit(Loss)</i>	<u>86,168</u>	<u>81,995</u>
Credit Union Core	(1,043)	19,300
Growth Fund	97,286	62,264
Credit Union Current Account	<u>(10,075)</u>	<u>431</u>
 <b>CREDIT UNION CORE</b>	 <b>2012</b>	 <b>2011</b>
	£	£
<i>Credit Union Core Income</i>		
Interest on loans	119,085	84,462
Membership fees	4,045	3,892
Recovery of bad debts	6,699	6,153
Other income (PayPoint, commission, dormant a/cs)	3,163	5,530
Grants – LBL/LBB/HAs/DNX BIG/NDC	<u>53,024</u>	<u>60,640</u>
	186,016	160,677
<i>Credit Union Core Expenses</i>		
Staff costs for core operations	64,459	63,571
Premises, equipment & depreciation	42,691	26,255
Other administrative expenses	40,421	30,079
Less GF2 business dev contribution	(24,000)	(20,700)
Bad debts written off	68,845	43,538
Provision for doubtful debts	(11,218)	(10,181)
Share balance write-offs	<u>5,861</u>	<u>8,815</u>
	187,059	141,377
<i>Operating Profit(Loss)</i>	<u>(1,043)</u>	<u>19,300</u>

<b>GROWTH FUND LEGACY/ M&amp;E</b>	<b>2012</b>	<b>2011</b>
	£	£
<i>Growth Fund Income</i>		
Interest on loans	156,104	135,136
Recovery of bad debts	17,183	14,852
Modernisation & Expansion contract	56,640	111,900
Release of GF1 Interest	-	5,585
GF2 Phase5 for Bromley expansion	-	22,779
GF2 Growth Fund Revenue	-	15,386
Growth Fund Capital Release	<u>123,190</u>	<u>98,614</u>
	353,117	404,252
<i>Growth Fund Expenses</i>		
Staff costs contribution	96,000	96,000
Premises contribution	48,000	48,000
Business development contribution	24,000	20,700
Other administrative expenses	30,000	27,300
Bad debts written off	55,358	55,987
Provision for doubtful debts	2,473	(6,623)
Net Contribution to GF Capital	<u>-</u>	<u>100,624</u>
	255,831	341,988
<i>Operating Profit(Loss)</i>	<u>97,286</u>	<u>62,264</u>
 <b>CREDIT UNION CURRENT ACCOUNT</b>	 <b>2012</b>	 <b>2011</b>
	£	£
<i>CUCA Income</i>		
Account 95p per week fees	88,051	50,536
Other charges and VISA income	6,551	3,384
Grant – London Borough of Lewisham	-	5,000
	<u>94,602</u>	<u>58,920</u>
<i>CUCA Expenses</i>		
Bank transaction fees (ATMs, etc.)	46,410	23,053
Staff expenses for CUCA service	36,000	15,000
Bank charges, PO costs & Experian	5,984	5,108
Printing for CUCA service	500	1,840
IT / ADSL for CUCA service	1,567	1,941
Shared banking services costs	8,491	8,574
CUCA balance write-offs	<u>5,725</u>	<u>2,973</u>
	104,677	58,489
<i>Operating Profit(Loss)</i>	<u>(10,075)</u>	<u>431</u>

# Officers and Staff January 2013

## Board of Directors

President	John McCarthy
Secretary	David Frederick
Treasurer	Paul Treece
Directors	Liz Ballaster, Geoffrey Cave, Michael Deane James Gardner, Helen Smart, Paul Thompson and Mike Vance.

## Supervisory Committee

Chairperson	David Smith
Members	Laurene Brooks, James Macdonald, Edel Stewart

## Other Volunteers

Joseph Ball, Eulalie Bamona-Mambouenie, Ruth Brannigan, Peter Carlisle, Stephen Dent, Sheila Gardner, Pamela Griffin, Helen Govier, Sriena Ilyas, Vivienne Jones, Barbara Kazmierska, Susan Kurn, Stella Morris, Janice Murray, Caroline Onobache, John Ryall, Deborah Treece and Frank Whittle.

Lewisham College students, Twin students, and others involved in schools collection points and administrative support for filing and mailings.

## Staff

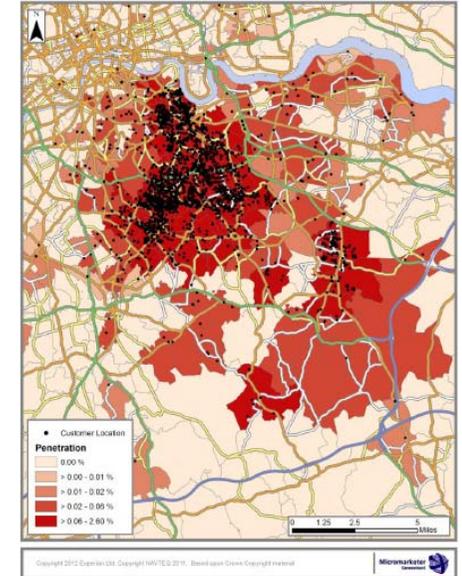
Credit Union & Bromley Manager	Janet Greenwood
Sydenham & Finance Manager	Lisa Treece
Deptford & New Cross Manager	Maria Drury
Senior Loans Officer	Ingrid Brown
Senior CUCA Administrator	Patricia Niamalo
Senior Credit Control Officer	Liam Carlisle
Administrative staff:	Amy Clark, Vibeke Edwards, Michelle Happer, Joanne Naraine, Janice Nelson-Iye, Antoine Simpson-Clarke and Louise Tingey.



# Who are We? – Lewisham Plus members

A 50% sample of members from Lewisham Plus was analysed by Experian on behalf of the Association of British Credit Unions Limited. This provides an interesting insight into the distribution of our members, both where we live and our age and income groups.

FSS Group	Credit Union 2	%	Index
A - Bright Futures	428	12.6	201
B - Single Endeavours	1,824	53.6	598
C - Young Essentials	34	1.0	23
D - Growing Rewards	103	3.0	51
E - Family Interest	5	0.1	3
F - Accumulated Wealth	7	0.2	5
G - Consolidating Assets	97	2.8	39
H - Balancing Budgets	256	7.5	59
I - Stretched Finances	287	8.4	114
J - Established Reserves	90	2.6	29
K - Seasoned Economy	126	3.7	61
L - Platinum Pensions	19	0.6	12
M - Sunset Security	89	2.6	24
N - Traditional Thrift	40	1.2	15



The Financial Strategy Segments used by Experian provide insight into:

- Socio-economic characteristics - age, location, household make-up, ethnicity, behaviour, finances and lifestyle;
- Financial needs - including financial preferences, influencers and behaviours.
- Transactional behaviour - how members use products and services.
- Preferences - channels members prefer for inbound and outbound communications.

The largest group, by far, are what Experian call “Single Endeavours”. 54% of Lewisham Plus members compares with just 12.4% for credit unions nationally. We will be seeking to understand and use this data to improve Lewisham Plus services in the years ahead.

## Credit Union 2

### Group B: Single Endeavours

Young singles and sharers who are working to establish themselves while enjoying low commitments

54% of CU members

#### Key Features

- Singles and sharers
- Aged in 20s and early 30s
- Renting from private landlords
- Older terraces and flats
- Regular use of overdrafts
- Low financial commitments
- Below average income
- Includes students
- Student loans
- Low savings

#### Rankings

Affluence	11/14
Income	9/14
Savings and Investments	12/14
Short Term Credit	4/14
Equity in Property	12/14
Age	12/14



- Heavy use of overdrafts
- Savings not yet a priority
- Student loans & unsecured loans for big ticket items
- Heavy users of the internet
- Busy lifestyle means often best contacted via mobile phones