

LEWISHAM EMPLOYEES CREDIT UNION LIMITED

FINANCIAL STATEMENTS

FOR THE

YEAR ENDED 30TH SEPTEMBER 2014

**LEWISHAM EMPLOYEES CREDIT UNION LIMITED**

**REPORT OF THE BOARD OF MANAGEMENT**

**FOR THE YEAR ENDED 30TH SEPTEMBER 2014**

The Board present their annual report on the affairs of the Credit Union, together with the accounts and auditors' report for the year.

**Principal Activities**

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

**Results of Operations and Dividends**

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

**Board of Management**

The Board during the year were:

Joy Burnett	President
Fresia Campbell	Vice-President
Barbara Cole	Secretary
Laurence Abu	Treasurer
Paul Parkinson	Assistant Treasurer
Carole Corrodus	Money Laundering Reporting Officer
Graham Nugent	Complaints Officer
Dawn Lindo-Morgan	Compliance Officer
Janet Holness	Director
Chandra Edgar-Josephs	Director
Glenda Omogbai	Director
Grace Rodney	Director

**Stood Down**

Samual Taiwo-Brown  
Cynthia Gaynor-Bailey  
Denise Hayden-Hawkins

**Directors' Responsibilities**

Legislation requires the Board to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the profit or loss for that period. In preparing those accounts, the committee are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The Board are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the credit union and to enable them to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. 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.

**Auditors**

The auditors, Messrs Appleby & Wood, have indicated their willingness to accept re-appointment under the provisions of the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

Signed on behalf of the Board of management

Date

**LEWISHAM EMPLOYEES CREDIT UNION LIMITED**

**REVENUE ACCOUNT**

**FOR THE YEAR ENDED 30TH SEPTEMBER 2014**

	Notes	2014		2013	
		£	£	£	£
<b>Income</b>					
Loan Interest	1©		134,991		128,101
Bank Interest	1©		1,501		998
Entrance Fees			635		595
Energy Loan Administration			1,139		1,487
Bad Debts Recovered			8,987		7,989
Commission			-		260
Other Income			838		-
			<u>148,091</u>		<u>139,430</u>
<b>Less Expenses</b>					
FSCS Defaults Levy			1,617		1,491
Legal Fees			4,869		3,939
Advertising and Publicity			273		1,200
Credit Agency Fees			3,510		1,088
Staff Costs			432		757
Provision for Bad Debts			25,783		18,261
Depreciation	1 (b)		7,189		5,392
Office Rent			3,698		1,560
Salary Costs and NIC			74,369		60,462
Directors' Expenses			96		216
Telephone and Internet			581		461
Postage			2,015		2,861
Travel & Meetings			4,338		4,811
Computer Expenses			5,598		3,896
Registration and Affiliation Fees			936		775
Training and Education			3,893		890
ABCUL Fees			1,753		1,654
CUNA Mutual Insurance			7,780		13,088
Fidelity Insurance			2,265		2,040
Audit and Accountancy			3,840		3,360
Printing & Stationery			9,188		11,960
Bank Charges			1,127		1,055
Office Expenses			2,157		2,704
			<u>(167,307)</u>		<u>(143,921)</u>
Net (Loss)/Surplus before taxation			(19,216)		(4,491)
Corporation Tax	I(d)		(300)		(200)
Net (Loss)/Surplus for the year after taxation			<u>(19,516)</u>		<u>(4,691)</u>
Appropriated/Allocated to:					
General Reserve/Statutory	5		-		-
General Reserve/Voluntary	5		(19,516)		(4,691)
			<u>(19,516)</u>		<u>(4,691)</u>

**LEWISHAM EMPLOYEES CREDIT UNION LIMITED**

**BALANCE SHEET AS AT 30TH SEPTEMBER 2014**

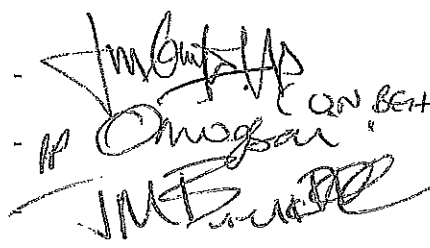
	Notes	2014 £	2013 £
Fixed Assets - Computer Equipment	4	22,192	10,818
<b>Loans to Members</b>			
Energy Loans		15,225	22,438
Other Loans		1,416,705	1,121,334
Less Provision for Bad Debts		( 18,564 )	( 20,151 )
		1,413,366	1,123,621
<b>Current Assets</b>			
Debtors and Prepayments		12,498	8,043
Cash at Bank		788,046	880,795
Cash at bank - Energy Loans		25,303	15,932
Cash in Hand		274	250
		<u>826,121</u>	<u>905,020</u>
<b>Less Current Liabilities</b>			
PAYE & NIC		70	556
Corporation Tax		300	200
Creditors and Accruals		11,185	17,735
		<u>11,555</u>	<u>18,491</u>
Net Current Assets		<u>814,566</u>	<u>886,529</u>
		<u>2,250,124</u>	<u>2,020,968</u>
<b>Represented By:</b>			
Members Share Capital		2,195,311	1,946,639
Voluntary Reserve	5	18,533	38,049
Statutory Reserve	5	36,280	36,280
		<u>2,250,124</u>	<u>2,020,968</u>

Approved by the Board on the

Treasurer

Secretary

Committee Member


  
 ( ON BEHALF OF THE SECRETARY )

**LEWISHAM EMPLOYEES CREDIT UNION LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30TH SEPTEMBER 2014**

	Notes	2014		2013	
		£	£	£	£
Net Cash (Outflow)/Inflow	1		( 26,606 )		1,126
<b>Returns on Investments</b>					
Interest Received		1,501		998	
Dividends Paid		<u>-</u>		<u>-</u>	
			1,501		998
Fixed Assets Additions			( 18,563 )		( 1,130 )
Taxation Paid			<u>( 200 )</u>		<u>( 181 )</u>
Net Cash (Outflow)/Inflow before Financing			( 43,868 )		813
<b>Financing</b>					
Grant Repaid			-	( 10,000 )	
(Increase)/Decrease in Loans		( 288,158 )		97,140	
Increase in Shares		<u>248,672</u>		<u>97,317</u>	
Net Cash (Outflow)/Inflow from Financing			<u>( 39,486 )</u>		<u>184,457</u>
(Decrease)/increase in Cash and at Bank and in Hand	2		<u>( 83,354 )</u>		<u>185,270</u>

**LEWISHAM EMPLOYEES CREDIT UNION LIMITED**

**NOTES TO THE CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30TH SEPTEMBER 2014**

	2014		2013	
	£	£	£	£
<b>1. Reconciliation of Net Surplus before Tax to Net Cash Inflow</b>				
(Deficit)/Surplus before Taxation		( 19,516 )		( 4,491 )
Add Depreciation		7,189		5,392
Provision for Bad Debts		21,261		18,261
Less				
Bad Debts Written Off	27,370		15,298	
(Decrease)/Increase in Debtors and Prepayments	( 367 )		( 2,105 )	
Interest	1,501		998	
Decrease/(Increase) in Creditors	7,036		3,845	
		<u>( 35,540 )</u>		<u>( 18,036 )</u>
Net Cash (Outflow)/Inflow		<u>( 26,606 )</u>		<u>1,126</u>
<b>2. Analysis of Changes in Cash at Bank and in Hand during the year</b>				
Balance as at 1st October 2013		896,977		711,707
(Decrease)/Increase		<u>( 83,354 )</u>		<u>185,270</u>
Balance as at 30th September 2014		<u>813,623</u>		<u>896,977</u>
<b>3. Analysis of the Balances of Cash at Bank and in Hand as shown in the Balance Sheet</b>				
Bank Accounts		813,349		896,727
Cash in Hand		<u>274</u>		<u>250</u>
		<u>813,623</u>		<u>896,977</u>

# LEWISHAM EMPLOYEES CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30TH SEPTEMBER 2014

#### 1. Accounting Policies

##### a) Basis of Accounting

The financial statements have been prepared under the historical cost convention.

##### b) Fixed Assets

Depreciation has been provided at the rate of 33 1/3% p.a. on the cost of computer equipment and 20% on the cost of computer software. Depreciation on the property has been provided at the rate of 20% pa on the cost over the term of the lease.

##### c) Interest

Interest is accounted for on a receivable basis.

##### d) Corporation Tax

The provision for Corporation Tax is based on bank interest receivable at the rate of 20% (2013 20%).

##### e) Comparative Figures

The comparative figures are for the year ended 30th September 2013.

#### 2. Statement of Total Recognised Gains and Losses

The retained deficit for the period was the only recognised gain or loss in the period.

#### 3. Historical Cost Profit and Loss

All assets are stated in the financial statements at historical cost. Therefore no adjustments are required to the reported deficit which is stated on an unmodified historical cost basis.

4. Fixed Assets	Computer	Short	Total
	Equipment	Leasehold Property	
	£	£	£
Cost b/f 1.10.13	26,178	-	26,178
Additions	5,020	13,543	18,563
Cost c/f 30.9.14	<u>31,198</u>	<u>13,543</u>	<u>44,741</u>
Depreciation b/f 1.10.13	15,360	-	15,360
Provided as Revenue Account	6,738	451	7,189
Depreciation c/f 30.9.14	<u>22,098</u>	<u>451</u>	<u>22,549</u>
Net Book Value 30.9.14	<u>9,100</u>	<u>13,092</u>	<u>22,192</u>

#### 5. Reconciliation of Movements in Reserves

	Voluntary Reserve	Statutory Reserve
	£	£
Balance at 1st October 2013	38,049	36,280
(Deficit) for the year	<u>( 19,516 )</u>	<u>-</u>
General Reserve at 30th September 2014	<u>18,533</u>	<u>36,280</u>

#### 6. Related Party Transactions

Loans are issued to directors and staff on the same terms as those on offer to other members.

#### 7. Contingent Liability

When the Energy Loan scheme comes to an end, the Credit Union will have to repay Lewisham Council the original grant less the balance of the Energy Loans and any bad debts. At 30th September 2014, this was £28,132 (2013 £20,919).

#### 8. Operating lease commitments for office buildings

The annual total commitments are as follows:-

Leases expiring within 5 years

Page 5

£12,000

**LEWISHAM EMPLOYEES CREDIT UNION LIMITED**

**REPORT OF THE AUDITORS**

Independent Auditor's Report to the Members of Lewisham Employees Credit Union Ltd.

We have audited the financial statements of Lewisham Employees Credit Union Limited for the year ended 30th September 2014 which comprise of the income and expenditure account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 1 the directors are responsible for the preparation of financial statements which 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 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 estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statement and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

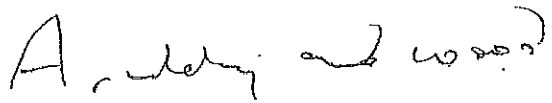
In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30th September 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and with the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979; and
- the information provided in the Directors' Report 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 Friendly and Industrial and Provident Societies Acts 1965 to 2002 require us to report to you if, in our opinion:

- proper books of account have not been kept by the credit union in accordance with the requirements of the legislation,
- a satisfactory system of control over transactions has not been maintained by the credit union in accordance with the requirements of the legislation,
- the revenue account or the other accounts (if any) to which our report relates, and the balance sheet are not in agreement with the books of account of the credit union.
- we have not obtained all the information and explanations necessary for the purposes of our audit.

  
Appleby & Wood  
Statutory Auditors  
40 The Lock Building  
72 High Street  
London E15 2QB

Date

31.3.15