

LEWISHAM EMPLOYEES CREDIT UNION LIMITED

FINANCIAL STATEMENTS

FOR THE

YEAR ENDED 30TH SEPTEMBER 2015

LEWISHAM EMPLOYEES CREDIT UNION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER 2015

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
Jane Mensah	Secretary
Lawrence Abu	Treasurer
	Assistant Treasurer
Fresia Campbell	Money Laundering Reporting Officer
Glenda Omogbai	Complaints Officer
Eunice Fekarurhobo	Compliance Officer
	Director
	Director
	Director
	Director

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 2015

	Notes	2015		2014	
		£	£	£	£
Income					
Loan Interest	1©		182,959		134,991
Bank Interest	1©		2,350		1,501
Entrance Fees			725		635
Energy Loan Administration			-		1,139
Bad Debts Recovered			12,832		8,987
Other Income			729		838
			<u>199,595</u>		<u>148,091</u>
Less Expenses					
Consultants Fees		8,640		-	
FSCS Defaults Levy		1,515		1,617	
Legal Fees		10,367		4,869	
Advertising and Publicity		6,329		273	
Credit Agency Fees		3,106		3,510	
Staff Costs		365		432	
Provision for Bad Debts		24,539		25,783	
Depreciation	1 (b)	9,404		7,189	
Office Rent		12,000		3,698	
Salary Costs and NIC		83,039		74,369	
Directors' Expenses		127		96	
Telephone and Internet		4,450		581	
Postage		2,339		2,015	
Travel & Meetings		4,670		4,338	
Computer Expenses		9,714		5,598	
Registration and Affiliation Fees		535		936	
Training and Education		676		3,893	
ABCUL Fees		2,093		1,753	
CUNA Mutual Insurance		7,391		7,780	
Fidelity Insurance		2,298		2,265	
Audit and Accountancy		4,200		3,840	
Printing & Stationery		6,064		9,188	
Bank Charges including World Pay		2,392		1,127	
Office Expenses		5,518		2,157	
			<u>(211,771)</u>		<u>(167,307)</u>
Net (Loss)/Surplus before taxation			(12,176)		(19,216)
Corporation Tax	I(d)		(470)		(300)
Net (Loss)/Surplus for the year after taxation			<u>(12,646)</u>		<u>(19,516)</u>
Appropriated/Allocated to:					
General Reserve/Statutory	5	-		-	
General Reserve/Voluntary	5	(12,646)		(19,516)	
			<u>(12,646)</u>		<u>(19,516)</u>

LEWISHAM EMPLOYEES CREDIT UNION LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER 2015

	Notes	2015		2014	
		£	£	£	£
Fixed Assets - Computer Equipment	4		20,012		22,192
Loans to Members					
Energy Loans		6,699		15,225	
Other Loans		1,779,640		1,416,705	
Less Provision for Bad Debts		<u>(36,460)</u>		<u>(18,564)</u>	
			1,749,879		1,413,366
Current Assets					
Debtors and Prepayments		15,277		12,498	
Cash at Bank		740,265		788,046	
Cash at bank - Energy Loans		-		25,303	
Cash in Hand		<u>250</u>		<u>274</u>	
		<u>755,792</u>		<u>826,121</u>	
Less Current Liabilities					
PAYE & NIC		601		70	
Corporation Tax		470		300	
Creditors and Accruals		<u>35,709</u>		<u>11,185</u>	
		<u>36,780</u>		<u>11,555</u>	
Net Current Assets			<u>719,012</u>		<u>814,566</u>
			<u>2,488,903</u>		<u>2,250,124</u>
Represented By:					
Members Share Capital			2,446,736		2,195,311
Voluntary Reserve	5		5,887		18,533
Statutory Reserve	5		<u>36,280</u>		<u>36,280</u>
			<u>2,488,903</u>		<u>2,250,124</u>

Approved by the Board on the

Treasurer -
Lawrence Abu
Secretary -
Jane Mensah
Committee Member -

LEWISHAM EMPLOYEES CREDIT UNION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER 2015

	Notes	2015		2014	
		£	£	£	£
Net Cash (Outflow)/Inflow	1		35,050		(26,606)
Returns on Investments					
Interest Received		2,350		1,501	
Dividends Paid		-		-	
		<u>2,350</u>		<u>1,501</u>	
Fixed Assets Additions		(7,224)		(18,563)	
Taxation Paid		(300)		(200)	
Net Cash (Outflow)/Inflow before Financing			<u>29,876</u>		<u>(43,868)</u>
Financing					
(Increase)/Decrease in Loans		(354,409)		(288,158)	
Increase in Shares		251,425		248,672	
			<u>251,425</u>		<u>248,672</u>
Net Cash (Outflow)/Inflow from Financing			<u>(103,984)</u>		<u>(39,486)</u>
(Decrease)/increase in Cash and at Bank and in Hand	2		<u>73,108</u>		<u>83,354</u>

LEWISHAM EMPLOYEES CREDIT UNION LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER 2015

	2015		2014	
	£	£	£	£
1. Reconciliation of Net Surplus before Tax to Net Cash Inflow				
(Deficit) before Taxation		(12,176)		(19,216)
Add Depreciation		9,404		7,189
Provision for Bad Debts		24,539		25,783
Less				
Bad Debts Written Off	6,643		27,370	
(Decrease)/Increase in Debtors and Prepayments		2,779		4,455
Interest		2,350		1,501
(Increase)/Decrease in Creditors		<u>(25,055)</u>		<u>7,036</u>
Net Cash Inflow/(Outflow)		<u>13,283</u>		<u>(40,362)</u>
		35,050		(26,606)
2. Analysis of Changes in Cash at Bank and in Hand during the year				
Balance as at 1st October 2014		813,623		896,977
(Decrease)		<u>(73,108)</u>		<u>(83,354)</u>
Balance as at 30th September 2015		<u>740,515</u>		<u>813,623</u>
3. Analysis of the Balances of Cash at Bank and in Hand as shown in the Balance Sheet				
Bank Accounts		740,265		813,349
Cash in Hand		250		274
		<u>740,515</u>		<u>813,623</u>

LEWISHAM EMPLOYEES CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2015

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% (2014 20%).

e)Comparative Figures

The comparative figures are for the year ended 30th September 2014.

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 1.10.14	31,198	13,543	44,741
Additions	3,850	3,374	7,224
Cost c/f 30.9.15	<u>35,048</u>	<u>16,917</u>	<u>51,965</u>
Depreciationb/f 1.10.14	22,098	451	22,549
Provided as Revenue Account	6,021	383	9,404
Depreciation c/f 30.9.15	<u>28,119</u>	<u>3,834</u>	<u>31,953</u>
Net Book Value 30.9.15	<u>6,929</u>	<u>13,083</u>	<u>20,012</u>

5. Reconciliation of Movements in Reserves

	Voluntary	Statutory
	Reserve	Reserve
	£	£
Balance at 1st October 2014	18,533	36,280
(Deficit) for the year	<u>(12,646)</u>	<u>-</u>
General Reserve at 30th September 2015	<u>5,887</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. Operating lease commitments for office buildings

The annual total commitments are as follows:-

Leases expiring within 5 years

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 2015 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).

This report is made solely to the Credit Union's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities 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 statements 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.

Fundamental Uncertainty

In forming our opinion we have considered the adequacy of the disclosure made in the financial statements concerning the possible outcome of the Credit Union being unable to continue trading due to the fact that the Credit Union's overall reserves only stood at £42,167 at 30th September 2015 and do not meet PRA capital requirements. However, since 30th September 2015, the Credit Union is trading profitably. Therefore our opinion is not qualified in this respect and we consider that it is appropriate for the Directors to prepare the financial statements drawn on the going concern basis.

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 2015 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 Co-operative and Community Benefit Societies Act 2014 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 Co-operative and Community Benefit Societies Act 2014 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