

**LEWISHAM EMPLOYEES CREDIT UNION LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE**

**YEAR ENDED 30TH SEPTEMBER 2013**

**LEWISHAM EMPLOYEES CREDIT UNION LIMITED**

**REPORT OF THE BOARD OF MANAGEMENT**

**FOR THE YEAR ENDED 30TH SEPTEMBER 2013**

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 Industrial and Provident Societies Act 1965 to 2002 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 Friendly & Industrial and Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979.

Signed on behalf of the Board of management

Director

Date

**LEWISHAM EMPLOYEES CREDIT UNION LIMITED**

**REVENUE ACCOUNT**

**FOR THE YEAR ENDED 30TH SEPTEMBER 2013**

	Notes	2013		2012	
		£	£	£	£
<b>Income</b>					
Loan Interest	1©		128,101		140,780
Bank Interest	1©		998		903
Entrance Fees			595		720
Energy Loan Administration			1,487		2,630
Bad Debts Recovered			7,989		8,143
Commission			260		1,109
			<u>139,430</u>		<u>154,285</u>
<b>Less Expenses</b>					
FSCS Defaults Levy		1,491		642	
Legal Fees		3,939		6,704	
Advertising and Publicity		1,200		2,649	
Credit Agency Fees		1,088		1,982	
Staff Costs		757		203	
Provision for Bad Debts		18,261		16,668	
Depreciation	1 (b)	5,392		5,379	
Office Rent		1,560		1,560	
Salary Costs and NIC		60,462		57,537	
Directors' Expenses		216		531	
Telephone and Internet		461		395	
Postage		2,861		2,528	
Travel & Meetings		4,811		6,186	
Computer Expenses		3,896		4,438	
Registration and Affiliation Fees		775		1,040	
Training and Education		890		1,220	
ABCUL Fees		1,654		1,540	
CUNA Mutual Insurance		13,088		15,399	
Fidelity Insurance		2,040		2,040	
Audit and Accountancy		3,360		2,760	
Printing & Stationery		11,960		11,113	
Bank Charges		1,055		1,015	
Office Expenses		2,704		429	
			<u>(143,921)</u>		<u>(143,958)</u>
Net (Loss)/Surplus before taxation			( 4,491 )		10,327
Corporation Tax	I(d)		( 200 )		( 181 )
Net (Loss)/Surplus for the year after taxation			( 4,691 )		10,146
Donation			-		( 200 )
Net (Loss)/Surplus after dividend and donation			( 4,691 )		9,946
<b>Appropriated/Allocated to:</b>					
General Reserve/Statutory	5			2,029	
General Reserve/Voluntary	5	( 4,691 )		7,917	
			<u>( 4,691 )</u>		<u>9,946</u>

**LEWISHAM EMPLOYEES CREDIT UNION LIMITED**

**BALANCE SHEET AS AT 30TH SEPTEMBER 2013**

	Notes	2013		2012	
		£	£	£	£
<b>Fixed Assets - Computer Equipment</b>	<b>4</b>		10,818		15,080
<b>Loans to Members</b>					
Energy Loans		22,438		29,570	
Other Loans		1,121,334		1,211,342	
<b>Less Provision for Bad Debts</b>		<u>( 20,151 )</u>		<u>( 17,188 )</u>	
			1,123,621		1,223,724
<b>Current Assets</b>					
Debtors and Prepayments		8,043		10,148	
Cash at Bank		880,795		691,086	
Cash at bank - Energy Loans		15,932		20,371	
Cash in Hand		<u>250</u>		<u>250</u>	
		<u>905,020</u>		<u>721,855</u>	
<b>Less Current Liabilities</b>					
Capital Grants		-		10,000	
PAYE & NIC		556		1,872	
Corporation Tax		200		181	
Creditors and Accruals		<u>17,735</u>		<u>20,264</u>	
		<u>18,491</u>		<u>32,317</u>	
<b>Net Current Assets</b>			<u>886,529</u>		<u>689,538</u>
			<u>2,020,968</u>		<u>1,928,342</u>
<b>Represented By:</b>					
Members Share Capital			1,946,639		1,849,322
Voluntary Reserve	<b>5</b>		38,049		42,740
Statutory Reserve	<b>5</b>		<u>36,280</u>		<u>36,280</u>
			<u>2,020,968</u>		<u>1,928,342</u>

**Approved by the Board on the**

**Treasurer** -

**Secretary** -

**Committee Member** -

**LEWISHAM EMPLOYEES CREDIT UNION LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30TH SEPTEMBER 2013**

	Notes	2013		2012	
		£	£	£	£
Net Cash Inflow/(Outflow)	1		1,126		8,050
<b>Returns on Investments</b>					
Interest Received		998		903	
Dividends Paid		-		-	
			998		903
Fixed Assets Additions		( 1,130 )		( 19,440 )	
Taxation Paid		( 181 )		( 164 )	
Net Cash (Outflow)/Inflow before Financing			813		( 10,651 )
<b>Financing</b>					
Grant Repaid		( 10,000 )		( 10,000 )	
(Increase)/Decrease in Loans		97,140		( 5,494 )	
Increase in Shares		97,317		118,467	
Net Cash Inflow/(Outflow) from Financing			184,457		102,973
Increase/(Decrease) in Cash and at Bank and in Hand	2		185,270		92,322

**LEWISHAM EMPLOYEES CREDIT UNION LIMITED**

**NOTES TO THE CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30TH SEPTEMBER 2013**

	2013		2012	
	£	£	£	£
<b>1. Reconciliation of Net Surplus before Tax to Net Cash Inflow</b>				
(Deficit)/Surplus before Taxation		( 4,491 )		10,327
Add Depreciation		5,392		5,379
Provision for Bad Debts		18,261		16,668
Less Donations		-		200
Bad Debts Written Off		15,298		30,153
(Decrease)/Increase in Debtors and Prepayments		( 2,105 )		( 263 )
Interest		998		903
Decrease/(Increase) in Creditors		<u>3,845</u>		<u>( 6,669 )</u>
		<u>( 18,036 )</u>		<u>( 24,324 )</u>
Net Cash Inflow/(Outflow)		<u>1,126</u>		<u>8,050</u>

**2. Analysis of Changes in Cash at Bank and in Hand during the year**

Balance as at 1st October 2012	711,707	619,385
Increase/(Decrease)	<u>185,270</u>	<u>92,322</u>
Balance as at 30th September 2013	<u>896,977</u>	<u>711,707</u>

**3. Analysis of the Balances of Cash at Bank and in Hand as shown in the Balance Sheet**

Bank Accounts	896,727	711,457
Cash in Hand	<u>250</u>	<u>250</u>
	<u>896,977</u>	<u>711,707</u>

# LEWISHAM EMPLOYEES CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30TH SEPTEMBER 2013

#### **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.

##### 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% (2012 20%).

##### e) Comparative Figures

The comparative figures are for the year ended 30th September 2012.

#### **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. Computer Equipment**

	£	£
Cost b/f 1.10.12	25,048	5,608
Additions	1,130	19,440
Cost c/f 30.9.13	<u>26,178</u>	<u>25,048</u>
Depreciation b/f 1.10.12	9,968	4,589
Provided as Revenue Account	5,392	5,379
Depreciation c/f 30.9.13	<u>15,360</u>	<u>9,968</u>
Net Book Value 30.9.13	<u>10,818</u>	<u>15,080</u>

#### **5. Reconciliation of Movements in Reserves**

	<b>Voluntary Reserve</b>	<b>Statutory Reserve</b>
	£	£
Balance at 1st October 2012	42,740	36,280
(Deficit) for the year	<u>( 4,691 )</u>	-
General Reserve at 30th September 2013	<u>38,049</u>	<u>35,280</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 2013, this was £20,919 (2012 £13,787).

# 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 2013 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 2013 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