

London Mutual
Credit Union

Annual Report and Audited Accounts of

London Mutual Credit Union Limited

Annual Report and Financial Statements for the Year Ended 30th September 2019



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London Mutual Credit Union Limited

Credit Union Information

FCA Number: 213248

Society Number: 64C

Directors:

R Cooper

L. R. McLeod OBE

H Harris

Lord R Kennedy

S Wingrove

A Marshall

J Thomas

Dr F Millen

M Lynch (*Appointed 15 February 2019*)

B Vaughan (*Appointed 15 February 2019*)

Secretary:

Heather Harris

Registered office:

4 Heaton Road

Peckham

London

SE15 3TH

Auditor:

Alexander Sloan

180 St Vincent Street

Glasgow

G2 5SG

London Mutual Credit Union Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

38th Annual General Meeting

Our Annual General Meeting (AGM) is one of the key ways in which members can participate in the democracy of their credit union. The 2020 AGM will take place at Southwark Council Offices at 160 Tooley St on 6th March 2020.

Key business of the AGM

At the AGM, members have the opportunity to receive updates on the work and future plans of the credit union, and to have their say on some key decisions. The AGM will include:

- Reports from the Board of Directors and Treasurer
- An update on our strategy and plans for the coming year from the CEO
- A vote on the payment of any dividend which may be proposed by the Board
- The opportunity to ask questions to the Board of Directors on their reports or any other aspects of the credit union's work
- Refreshments and the opportunity to informally meet the Directors and the staff team

Having a say

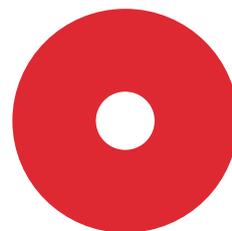
All members are entitled to attend and participate in the AGM, and we hope that the central location and timing will enable as many members as possible to attend. For those unable to attend in person, there is also an opportunity to submit questions to the CEO and Board of Directors via email in advance.

Voting at the AGM

London Mutual Credit Union welcomes anyone to attend and observe the Annual General Meeting. To participate in votes, attendees must be a current active member of the credit union on the date the AGM is held. Voting on resolutions will ordinarily be on a show of hands, unless a ballot is required. If a ballot vote is required, instructions on the process will be provided by the Chair during the AGM.

Minutes and Annual Report

Hard copies of the 2018 Annual Report and minutes from the 2018 annual general meeting were available at the 21 June AGM. You can also download these via our website at www.creditunion.co.uk/agm.



Standing orders

Motions

- 1** Member shall address all comments through the Chair.
- 2** A Member shall only address the Meeting when called upon by the Chair to do so and should raise their hand to indicate that they wish to address the floor.
- 3** Speeches are to be clear and relevant to the subject before the Meeting.
- 4** The person proposing the motion shall be allowed a maximum of five minutes to speak on the motion.
- 5** The person seconding the motion shall be allowed a maximum of three minutes to speak in support.
- 6** Members who wish to speak for or against the motions shall be allowed a maximum of three minutes to speak.
- 7** A Member may not speak twice on the same subject except he/she:
 - (a) Is the Mover of a motion with the right of reply.
 - (b) Wishes to object or to explain (with permission of the Chair).
- 8** The Mover of a "Procedural Motion" (Adjournment, Lay on the Table, Motion to postpone) shall have no right of reply. The "Procedural Motion" should be seconded and put to the vote without debate. The result of the vote will determine whether the ruling is upheld or reversed.
- 9** Debate shall cease when the Chair decides sufficient debate has taken place.
- 10** No speeches or amendments are to be made after the "Motion" has been put and carried or negated.
- 11** A Member speaking on a "Point of Order" is to state the point clearly and concisely. (A "Point of Order" must have relevance to the "Standing Order".)
- 12** (a) Member shall not "Call another Member to order" but may draw the attention of the Chair to a "Breach of Order".
(b) In no event can a Member call the Chair to Order.
- 13** A "Question" shall not be put to the vote if a Member desires to speak on it or move an amendment to it, however the following may be moved at any time: a "Procedural Motion: The Previous Question" "Proceed to the Next Business" or the Closure: "That the Question be now Put."
- 14** Only one amendment should be before the meeting at one and the same time.
- 15** When a motion is withdrawn, any amendment to it fails.
- 16** The Chair shall have the right to a "Casting Vote".
- 17** If there is equality of voting on an amendment and if the Chair does not exercise a Casting Vote, the amendment is lost.
- 18** Provision is to be made for protection of the Chair from vilification.
- 19** No Member shall impute improper motives against another Member.

Conduct at General meetings

Any person in breach of these Standing Orders, who interrupts the person speaking, who uses rude or abusive language, or disrupts the conduct of the meeting, shall be warned that any repeat of such misconduct will result in his/her expulsion from the meeting.

Elections

If the Chair is a candidate standing for election she/he shall hand over the chairing of the meeting to another officer or member of staff for that item.

AGM agenda

Southwark Council, 160 Tooley St, London SE1 2HZ
Friday 6th March 2020 at 6.00PM

Annual General Meeting Agenda

1	Welcome and Introductions
2	Standing Orders
3	Minutes of the AGM held on 1st March 2019
4	Report of the Board Directors
5	Treasurer's Report
6	Consideration of Accounts
7	Auditor's Report
8	Declaration and Recommendation of Dividend
9	Audit Committee Report
10	Appointment of Auditors
11	Honorarium for the Treasurer
12	Election of Officers

Details of nominations and minutes of the previous meeting will be available at the AGM.

Entry to the meeting will be on production of proof of membership. You may be asked for proof of identity.



Our credit union

London Mutual Credit Union (LMCU) is one of the UK's leading credit unions, serving over 30,000 members who live and work in Central London and in the armed forces nationwide.

Our mission is to improve financial well-being within the communities we serve, by providing high-quality and affordable financial services which are accessible and relevant to all.

Nationally, we are recognised as an example of best practice in tackling financial exclusion and widening access to retail banking services. As the ninth largest credit union in the UK in terms of assets, we have consistently led innovation in the sector, and remain one of only a small number of credit unions to offer a full-service current account, physical branches and ATM facilities.

Now in our 37th year, our ambition is to continue developing London Mutual into a full-service community bank, helping to increase prosperity and inclusion in the communities we serve.

Our track record

- 1982** First credit union in UK to offer salary deduction
- 1985** First credit union in UK to employ paid staff
- 1996** First industrial credit union in the UK to own its own premises
- 1999** First credit union to expand its common bond for a whole borough
- 2006** First credit union to partner with the DWP to deliver Growth Fund loans to financially disadvantaged members
- 2007** The first credit union in London to offer credit union current accounts
- 2013** One of three credit unions selected to offer credit union services to UK armed forces

Our purpose

London Mutual Credit Union is a co-operative owned by our members, and we exist for their benefit rather than for profit. In 2019 the Board of Directors agreed a new mission statement which aims to reflect the social purpose of London Mutual Credit Union. As well as helping to inform our strategic priorities, this statement also forms the basis of our latest business plan.

Mission: To promote financial well-being within the communities we serve, by providing high-quality and affordable financial services which are accessible and relevant to all.

Values

Accountability

As a member-owned organisation, our strength lies in being directly accountable to our members and responsive to their needs and priorities. Our members elect the Board of Directors, who provide strategic oversight and ensure that we adhere to the highest standards of governance and conduct.

Community

We are a business with a social purpose, and responsibilities beyond our own membership. We seek to be an active and valued participant in the life of our communities. We will do this by building strong and mutually-beneficial partnerships that inform our work and maximise our impact.

Education

Through our own services and outreach work in schools and the community, we work to promote financial literacy. We provide our members with tools and products that support the development of good financial habits, as well as guidance to enable them to manage their money with confidence.

Integrity

We take our fiduciary responsibilities and legal and regulatory obligations seriously. The trust of our members and the security of their assets are paramount, and all business activities are undertaken with the understanding that conduct and financial prudence are the basis of everything that we do.

Inclusion

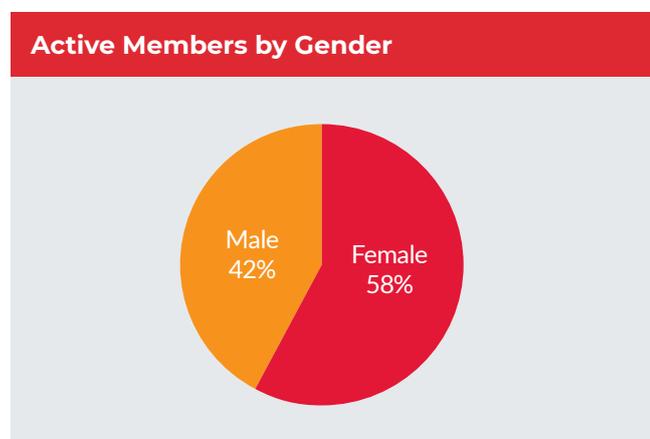
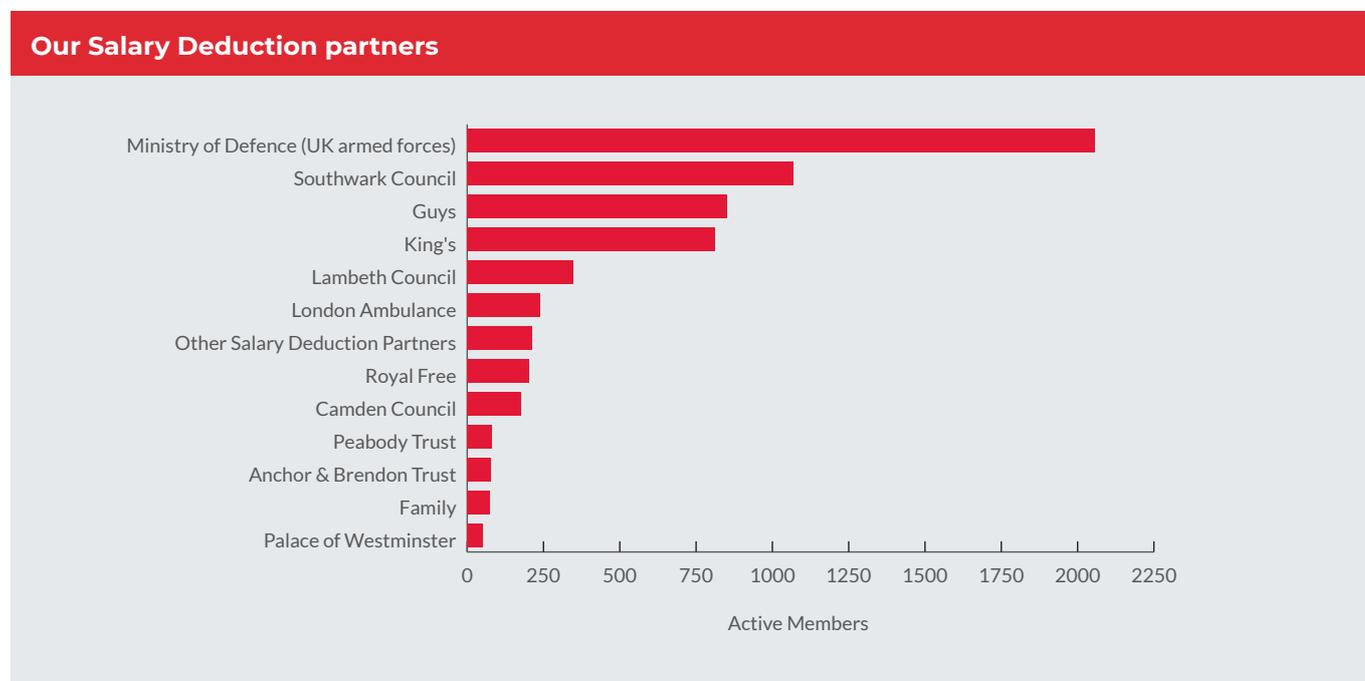
We are strongest when our membership is diverse, open, and representative of a broad section of our community. We seek to address the underlying causes of problem debt, financial exclusion and lack of access to credit, doing so in a way that promotes social cohesion and reduces stigma.

Quality

We are committed to delivering products that contribute to long-term financial wellbeing and which lead the market in affordability, ethics and ease of use. Operationally, we seek to work to the highest professional standards, delivering exceptional member experiences and exceeding our regulatory commitments.

Our members

In the past year, the credit union's membership has continued to grow, passing the milestone of 30,000 members in June. This growth has been driven by a significant increase in members from the UK armed forces, which now account for over 6% of our membership. Among other credit unions of its size, London Mutual is relatively unique in having both a community and workplace-based membership. We believe that this diversity is a source of strength. A membership drawn from across a geographical areas, employment and income groups helps us to manage risk across the business, and ensures that we maintain a good mix of borrowers and savers.



Our people

Board of Directors

Richard Cooper - President

Richard brings a wealth of legal and financial auditing skills and experience, with over 15 years' experience working for, or within, financial institutions. He has been a member of London Mutual Credit Union since 2013.

Roy McLeod OBE - Treasurer & Risk / Audit Committee

Roy has extensive experience in senior management and as a Director of a large national charity. He brings over 30 years' expertise in Accounts and Finance, Asset Management & Administration including a Master's in Business Administration. He also has over 27 years' experience in the credit union sector and has served nationally as a Director of the Association of British Credit Unions Ltd (ABCUL)

Heather Harris- Secretary & Anti-Money Laundering
Heather has been Benefits Manager for the Revenues & Benefits Department of Southwark Council for 25 years, a Trade Union Steward for over 15 years and has served with the credit union for 9 years.

Lord Roy Kennedy - Vice-President & Risk Committee

Lord Kennedy has been a member of the House of Lords since 2010 acting as Shadow Spokesperson for Communities & Local Government. As a local Councillor in Southwark, he also brings extensive local knowledge and connections. He is Vice Chair of the All-Party Parliamentary Group on Credit Unions.



Dr Floyd Millen – Audit Committee

Floyd is former Head of Operations and Head of Identity Services at the Post Office. He also served as a Special Adviser to the Government Digital Service within the Cabinet Office and as a Special Adviser for the Shaw Trust. He is also a Board Member of the Hansard Society and Peer Reviewer for the Economic and Social Research Council.

Sean Wingrove - Director (IT)

Sean is a serving member of the Royal Air Force with over 20 years' experience in Information Technology, Communications Systems and Project Management.

Jemma Thomas – Director (Business Development)

Jemma is a professional and dedicated marketer and digital content expert, experienced at delivering the best possible customer experiences while driving brand engagement. A strategically and analytically minded individual who has honed diverse skills and experience working at a number of well-known brands across the financial and professional services industries. Professional experience has manifested in the skills, experience and training to identify opportunities for change and improvement and to drive these ideas to successful implementation.

Albert Marshal - Director (Legal)

Albert is a Technology executive and a senior lawyer with over 10 years' post-qualification experience. As well as being qualified as a barrister, he brings extensive experience in-house in multinational organisations, particularly in the software and entertainment industries, covering a broad range of commercial law, in particular technology, intellectual property, entertainment, international distribution, marketing operations and relevant regulations. Albert also brings relevant experience, having founded and run his own business.

Michael Lynch - Director (Marketing)

Michael is Head of Commercial Innovation and Marketing at NS&I and has over 25 years Financial Services management experience including helping to create the British Business Bank. Michael is a CIM Chartered Fellow and has lectured for CIM programmes since 2008. Michael attained an MSC Strategic Marketing from Cranfield School of Management and is a Cranfield Programme Advisory Board Member.

Bridget Vaughan - Director

Bridget is a Chartered Management Accountant (ACMA) with 25 years of experience. She currently specialises in accountancy and business training. Her tuition and lecturing responsibilities include leadership of the business programme at Lambeth College and she is an AAT examinations marker. Bridget has also served as a school governor.

Our staff team

Chief Executive Officer – Lakshman Chandrasekera
Lakshman has led London Mutual Credit Union's staff team since 1992. He is accountable to the Board of Directors for the management of the Credit Union and is authorised as a Senior Manager (SMF1) by the PRA/FCA.

	Full-time	Part-time
Head Office (Peckham)	24	7
Peckham Branch	3	3
Walworth Road Branch	2	2
Brixton Branch	2	1
Total staff	31	13

Our impact

As a credit union, being a good neighbour and making a positive contribution isn't just a nice add-on or 'good PR'. We want our credit union to be part of building vibrant, prosperous and empowered communities. That means living our values through the choices we make and in how our business is run.

Living Wage Employer

London Mutual is proud to have been an accredited Living Wage Employer since 2014. The Living Wage Mark indicates that all our staff are paid an hourly rate which reflects the true cost of living in London (currently set at £10.55) or more. The rate is set independently by the Living Wage Foundation, and is £2.72 higher than the government's National Living Wage.

Fair Banking Mark

Our CUOK short-term loans have received the five-star Fair Banking Mark. This mark is based on an independent assessment by the Fair Banking Foundation, which ensures that the product offers features that promote fairness and transparency, and which contribute to the overall financial well-being of their users.

Armed Forces Covenant

We are proud to have achieved the bronze award in the Ministry of Defence's Defence Employer Recognition Scheme. This award reflects the Credit Union's commitment to supporting the armed forces including existing or prospective employees who are members of the armed forces community.

Cyber Essentials Plus

Our Cyber Essentials Plus certification demonstrates our commitment to protecting our members and their data, and to tackling online fraud. The scheme is run by the UK government National Cyber Security Centre, and involves independent 3rd party certification of our IT systems against a range of cyber attacks.

Financial education in schools

Since 2004 we've worked to support financial education in over a dozen local schools. Our outreach workers are regularly invited to speak in lessons and assemblies, and afterwards, we support pupils to join our Young Savers scheme.

Supporting local people back into work

For those seeking employment, lack of a bank account can be a major barrier. We work in collaboration with partners across Southwark to run clinics at Job Centre Plus, Reed in Partnership and other employment agencies.

Growing the credit union movement

As one of the UK's leading credit unions, we work to share our experiences with other credit unions, money advice groups, the financial services industry and political and government stakeholders. We do this through a programme of seminars, research reports, presentations and regular visits.





What our members say

We are working hard to ensure that members have a genuine voice in all aspects of the business, with opportunities to be heard. Over the past year, we have begun using the Trustpilot platform to invite loan applicants to publicly share their views on how we are doing. Here is a selection of some of the feedback received so far:

EXCELLENT  191 Reviews on  Trustpilot

My experience with the Credit Union is great with their low interest rates. Dealing with your service had help me deal with outstanding debit problems and help me get on track with my financial situation. The staff are efficient and helpful. Keep the great work up – **Mary**

Credit Union have been great to me help me a lot in time of financial crisis. I can't trade them for any bank thank you for your help - **Olayemi**

London Mutual Credit Union is fantastic, staff are welcoming and service is efficient and quick. Thank you credit union for making Christmas special for my young ones – **Anna**

Wasn't really sure about being a member of credit union before but the professionalism and friendly staff have sold it. I'd go to them time and time again before a high street bank – **Mark**

London Mutual Credit Union is the best lender ever. Honestly speaking, the service is incredible considering it is a small company! Amazing! – **Aisha**

I would be lost without C.U. I have been with them for a few years now and could not deal with any other high street bank again. Always helpful and courteous with any query or question – **John**

The current electronic documents signing is top notch, so easy to follow and very convenient. I am very glad that London Mutual Credit Union have foreseen the needs of customers and acted accordingly. Well Done – **Dan**

My opinion of LMCU is absolutely fabulous. They are happy to help loyal reliable honest people like me who struggle from time to time. I had a real bad period recently with major works in my home. A lot of stuff got damaged and needed replacing. The LMCU payday loans help me replace them quickly and at an affordable rate – **Doreen**

Always there when you need them. Great way of saving and if you get stuck you have a few loan options available – **Tracy**

OMG, it is refreshing to know that someone (LMCU) has your back and there for you in times of need. The application process was very fast. The loan officer and team are on top of their game (highly recommended) – **Dave**

LMCU came to my assistance... they looked at my circumstances and were able to help me during a difficult time. Speedy result and updates on my application. Thumbs Up!! – **Janice**

Our strategy

Introduction by Lakshman Chandrasekera - Chief Executive Officer



Dear member,

Let me start by welcoming you to this year's Annual General Meeting. The AGM is a key way that you can be involved and have a say in decisions which affect your credit union. This year has been a busy and productive one, seeing growth in both membership and lending. We now serve over 30,000 members across our core London Boroughs and the UK armed forces, from all walks of life. Increasingly, those members choose to trust London Mutual not only with their savings or for emergency borrowing, but for their day-to-day financial needs too, seeing us as a good value and community-based alternative to shareholder-owned financial institutions.

- We have granted over £12.2 million in loans to members over the past 12 months.
- Our 730 short-term loans have saved our members an average of £80.70 in interest compared to borrowing the same amount from a high-cost online lender.
- Members have already saved £800,000 towards their summer holidays, and the figure is growing.
- Our 3,500 Young Savers (under 18) have saved on average £237 through our work to promote good financial habits in schools.

Our strategy for the next three years is straightforward. We want to grow London Mutual and make the business more financially sustainable, in ways that make our members and communities better off. Over the past year, we have begun developing new products and services to make it easier for members to manage their money, build savings, and to borrow affordably when they need to.

The high cost of debt is something which no longer affects only our least well-off members. With more and more dependent on credit cards and overdrafts, a particular priority for us is developing alternative lending options which enable members to break the cycle, and which put them on the path to paying off persistent debt and towards financial resilience.

With new financial technology companies and challenger banks changing what people expect from their bank, we also understand the need to constantly innovate. As a people-centred business, our priority will be to use new technologies to enhance, rather than to replace, the relationships we have with our members. We are focusing on technology which makes our services easier to use, and

more accessible to a wider range of people.

After a tough few years in which the credit union has made financial losses, there are signs that we are now on the right track. Previous hard work and investment in our core banking services and IT are paying off, and provide a solid foundation for the plans I have just outlined.

In addition, at an Extraordinary General Meeting at the end of 2019, members approved plans to change our rules to once again expand our common bond. I am pleased to report that the FCA has now approved these proposals, and from spring 2020, we will begin welcoming anybody working healthcare or education across Greater London to become a member.

So as you can see, there is a lot going on, and our ambitions are significant. I would like to thank colleagues from our staff team for their hard work and commitment, our professional team of directors for volunteering to set our strategic direction, and you, our members, for your continued support.

Lakshman Chandrasekera

Strategic objectives

The credit union's strategic objectives are set out in our latest business plan, covering the period 2019-2021.

Strengthen capital to assets ratio

Strengthening our capital position is a key, from both a business and regulatory perspective. We are committed to exceeding the 10% requirement set by the PRA, and to building and maintaining this ratio to 13%.

Diversified lending growth

We will focus significant efforts on mobilising our share assets to get a greater share of our resources out on loan. We will seek to grow our loan book in a sustainable and responsible way, ensuring that risk exposure is spread across a wider range of products, risk appetites, and demographics within our membership.

Develop our product portfolio in response to member needs

As part of our ambition to provide a comprehensive retail banking offer to our members, we will continue to develop our product portfolio. We will introduce new products that contribute to the success of the business by responding to the needs and demands of our members.

Improve member experience and participation through digital tools

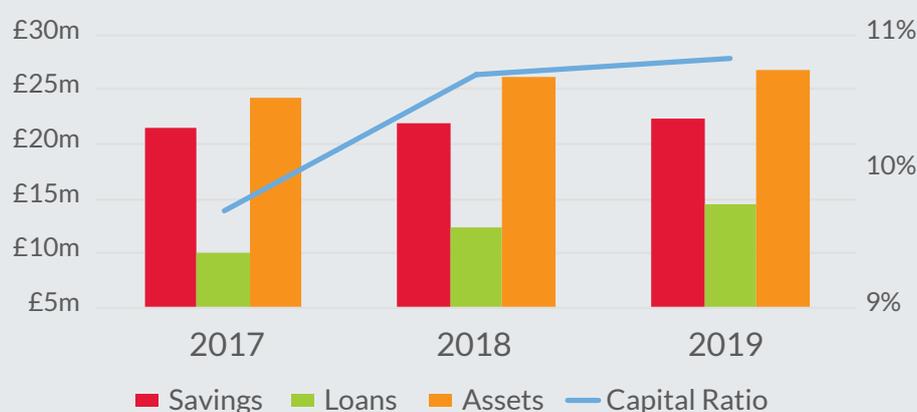
To remain relevant and to maintain an attractive proposition in coming years, we will continue to work to rapidly adopt and integrate new technologies and processes. These will deliver a step change in member experience, as well as productivity improvements throughout the business.

Grow membership by expanding the common bond

We will take advantage of recent regulatory change to increase our potential common bond membership from two to three million. Our approach will be based on building our membership within sectors where we have existing expertise, providing opportunities for us to develop the London Mutual brand.

Progress over the past 12 months

Lending, savings, assets and capital changes over the past 3 years



Loan portfolio changes

Responsible growth in our lending is a key priority. Over the past year, we have sought to find new ways to market and position our loan products, always doing so in a way that is true to our values and which serves the best interests of our members.

In many cases, our marketing has focused on encouraging members with loans and credit cards elsewhere to consider moving their borrowing to us, often saving them substantial amounts of money in the process. In addition, newer products such as our Home Owner Loan provide an attractive option for higher-income members who might not typically consider a credit union loan, at a rate of interest which compares well to those of high street banks.

Target	Jan 2020	Target (Sept 2020)
Lending target	£18.18m	£18m
Payroll-deduction loans	£7.88m	£8m
Payroll-deduction loans as % of loan book	44%	45%
Bad debts	9%	10.5%

Card Loan Product

In Q3 2019 we began development of our two new card loan products. These have been developed in response to feedback from members who told us they were attracted to the flexibility provided by credit-cards, but were put off by complex fees, minimum payments and other pitfalls which can result in problem debt.

The new cards combine the convenience of payment cards and flexible credit, with the dependability of a single monthly repayment, taken straight from the user's salary. This product is currently in a pilot phase, with members who applied for early access providing their feedback and co-designing the product. If the pilot is successful, the cards will be available to the wider membership from Q2 2020.

Expansion of the common bond

At an Extraordinary General Meeting in Q3 2019, members unanimously approved a change in the credit union's rules to expand our common bond. The new common bond will allow anyone working in a healthcare or education-related role in Greater London to become a member of London Mutual, raising our potential membership to 3 million people.

Open Banking for loan applications

When considering loan applications, we believe it's important to get the full picture, and not to judge applicants on a credit score alone. To enable us to do this with minimal hassle or delay, we are trialling new tools that will give loan applicants the option of connecting directly to a third party bank to obtain their latest bank statement, without the hassle of printed copies. The new service is built on the newly-introduced Open Banking platform, and is fully secure and optional.

Integrated support portal

To better serve our members, we have begun the gradual roll out of FreshDesk, an integrated helpdesk solution.



The new system will enable current and prospective members to access support via chat, email and social media, as well providing a knowledgebase containing solutions and 'how to' guides to common tasks outside of normal business hours. The new helpdesk will ensure that members can expect a speedy and helpful response from us, regardless of whether they choose to contact us by phone, email, Facebook Messenger or WhatsApp.

Member feedback

Continually asking for and listening to feedback is a crucial source of information which we can use to improve the business. In late 2019, we began partnering with the TrustPilot to automatically invite loan applicants to publicly rate us out of five stars and to post a review. You can see a

sample of responses on page 14. In addition, we have begun a monthly survey of a random selection of members, asking them to provide detailed feedback on any aspects of the business (such as branches, online banking or loans) that they have recently experienced.

Personalised marketing

A key element of our marketing activity is based on ensuring that a greater percentage of our existing members are aware of our products, and engaged in what we do. In 2019 we launched a new email marketing strategy, which aims to highlight products and opportunities that are most likely to be relevant, with full control over the topics you hear from us on.

Plans for 2020

Online banking upgrade

In Q1 2020 we will be undertaking a substantial upgrade to our core banking, online and mobile banking tools. The key focus for this update is on usability, and we hope to deliver significant improvements to the registration and login processes in particular. The upgrade itself is being planned to minimise any downtime. Once the upgrade has taken place, we will be working to support a larger proportion of our members to try online banking for themselves, and to use it for everyday transactions if they wish to.

Common bond expansion and new salary deduction partners

With FCA approval now secured, we are working to open membership applications to those in the new common bond. We will be looking to recruit new employer partners from within the new bond as well, with opportunities for the credit union to build on its existing partnerships with local schools and hospitals, and to work with additional NHS and academy trusts to offer a salary deduction facility to their staff.

New products

In addition to the new card loan products (outlined on page 16), we are exploring other ways to use our existing lending and IT capacity to better serve our members. This will involve more specialised lending products designed to meet member needs (such as travel card, rental deposit and debt consolidation loans), as well as new products specifically for salary deduction members, which reflect the reduced risk profile of loan repayments via this method.

Strengthening member experience

We believe that being member-owned is a strength that differentiates us from other types of financial institutions. In the coming year, we will be working to make membership more meaningful by introducing new benefits and opportunities for members to get involved, and through new communications which better explain the advantages of membership. We'll also be working to make our online application processes more straightforward and easy to use.

Chair's report

Year Ending 30th September 2019

As the Chairman, I am privileged to present the annual report of the London Mutual Credit Union (LMCU) for the year ending September 2019.

We are living in interesting and uncertain times, whether that be politically, economically or environmentally, all of which can have an impact upon you, our members and LMCU as an organisation.

However, as the Board of Directors our purpose is to act in LMCU's best interests and our goals are to ensure its continued success and growth and provide you with the best service we can. The Board of Directors are responsible for managing LMCU in accordance with our constitution, the requirements of the Credit Union Act 1979 and the rules and regulations set out by our regulators, the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA). As a Board we feel confident that we are, and will be, able to meet our legal and regulatory obligations to put us in a position to meet our goals.

I and my fellow Directors appreciate that we have not been able to pay an adult dividend for the past few years. However, LMCU is beginning to return to profit this year and we fully intend to build upon this, so that we will be able to do so going forwards.

Over the past year, to assist in meeting our goals, we have, amongst other things:

- continued to review our governance framework and operational efficiencies
- been reviewing our product offering so that we can avoid complexity and in future offer you products which better suit your needs
- been looking at how systems and our online presence could be upgraded to improve member experience

- continued to work closely and collaborate with other credit unions and maintain good relationships with local councils, government departments and financial institutions who actively promote credit unions.

In relation to the environment, we will continue to investigate ways in which we can reduce our carbon footprint. For example, looking at ways to reduce paper usage, power consumption etc. We are committed to waste recycling and make a big effort on this wherever possible. Although the changes we may be able to make may only be small they can have an impact.

I want to thank all the staff and the CEO for their hard work and dedication, without which LMCU would not be able to serve you. I would also like to thank my fellow Directors for volunteering their time and for their continued commitment to LMCU. We will continue to invest in all their development to ensure that LMCU remains at the fore of the movement for the benefit of its members.

And, of course, I also want to thank you the members for your continued loyalty and support over the past year. We fully acknowledge LMCU is here for you and would not exist without you and your support. We, the directors, the CEO and the staff will do all we can to do the best for you, our members. Thank you.



Richard Cooper
(Chair of London Mutual Credit Union)

London Mutual Credit Union key information

Membership, Junior Savers, Capital Ratio, Savings, Loans & Assets

	2017	2018	2019
Membership	26,408	28,380	30,842
Junior Savers	2,976	3,320	3,582
Capital Ratio	9.84%	10.73%	10.84%
Savings	£21,476,745	£21,802,233	£22,322,810
Loans	£10,031,670	£12,373,724	£14,589,908
Assets	£24,324,765	£26,155,467	£26,691,522

Elected Members

	Position	Year elected	Attendances
Richard Cooper	President	2016	13/15
Roy McLeod	Treasurer	1996	15/15
Heather Harris	Secretary	2009	15/15
Floyd Millen	Director	2018	6/15
Ben West (Resigned March 2019)	Director	2018	6/8
Sean Wingrove	Director	2018	11/15
Roy Kennedy	Director	2014	12/15
Albert Marshall	Director	2018	10/15
Jemma Thomas	Director	2018	11/15
Michael Lynch	Director	2019	5/7
Bridget Vaughan	Director	2019	6/7

Treasurer's report

Year Ending 30th September 2019

On behalf of London Mutual Credit Union (LMCU), it is a privilege to present the Treasurer's Report for the year ending 30th September 2019. LMCU has had a demanding but successful year of trading, resulting in a net surplus of £43k against a net loss of -£291K in 2018 and a loss of -£451k in 2017. With the continued economic uncertainties in the UK, due to political inertia, our members demonstrated strong demand for LMCU products and services. Our strategy of stimulating demand by reaching potential members through targeted marketing we believe is the key to winning more business, which will result in increased membership, liquidity and capital, while delivering a high quality service to our members.

Membership Accounts

The adult membership is 30,842, Junior Saver accounts 3,582, Corporate accounts 42 and the number of transactional current accounts is 9,126.

Revenue Account

Loan Interest £2,309,693

Interest on Members' loans amounted to £2.3M and £2.1m in 2018, an increase of £184k against the previous year. Added to this figure is £5k relating to interest on the deposits held at the bank.

Interest payable & similar charges (£7,808)

No Adult Dividends were paid during the year. An amount of £ 1,450 was paid on Interest-bearing deposits, our cash ISA. Some members transferred their cash ISA to other providers offering better rates, following LMCU's reduction on ISA rates of interest. This saw a fall in the total Interest bearing shares (ISA) holdings from £1.3m to £1.0 during the year.

Other operating income £253k

Of this amount, £185k relates to grants and donations and £69k is rent from the old premises at 221 Rye Lane, Peckham and 79 Denmark Hill, Camberwell.

Administrative Expenses £1.736k and (£1.773m 2018)

This represents a decrease of £37k in the year, which is mainly savings on employee costs, and various other associated operating expenses.

Other operating expenses £166k (£161k in 2018)

The office cost has increased by £4k, these costs relate to the running of four offices, and regulatory cost increased by £1k.

Impairment on loans for bad and doubtful debts £272k and Bad Debt Provision

(£364k in 2018) decreased by £92k.

(Deficit)/Surplus after Tax – Surplus of £43k and a deficit of (-£290K in 2018)

LMCU is reporting an operating surplus of £43k. The result is a further significant improvement against the previous year. We anticipate a further improved surplus in 2020, as we continue to drive down our operating cost, and increase our membership and income streams by robustly marketing our competitive loan products and services. Our three year business plan was designed towards building a strong and sustainable credit union that will continue to provide valuable financial services to our members and at the same time reward the members who are saving with the credit union.

Balance Sheet as at 30th September 2019

Assets

Funds held at the bank was £7.1 (£8.7m in 2018) - indicating a decrease of £1.6m, which was mainly required to fund an increased loan book.

Loans to members £14.6m (£12.3m in 2018) - the loan book has increased by £2.3m. The LMCU strategy of increasing lending has begun to have a positive impact in generating sufficient operating income to increase the capital in the coming years.

Total Assets £26.7m (£26.2 in 2018) - the credit union assets increased by £.5m. This increase is largely due to increases in customer accounts/new members.

Liabilities

Customers' account £22.3m (£21.8m in 2018) Customer accounts increased by £.5m.

Equity / General and Other Reserves £4.0m £3.8m (£2.4m in 2018) which includes the revaluation reserves of £1.9m.

Dividends

Due to the low operating surplus and capital ratio for the year ending 30th September 2019, the Directors are recommending that the following dividend is paid:

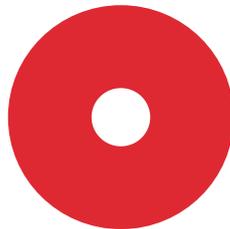
Junior 0.5%

Adults 0%

I extend thanks and appreciation to the CEO, Staff and our auditors for their outstanding commitment and hard work during the year and to you, our members, for your continued custom and support for your Credit Union.



Louis R McLeod MBA, OBE
(Director / Treasurer)



Audit Committee report

Year Ending 30th September 2019

As Audit Committee Chair, I am pleased to present the audit committee's report for the year ended 30 September 2019. Our aim is to provide confidence in the integrity of the Credit Union's processes and procedures in relation to the adequacy and effectiveness of the Credit Union's Governance, Risk Management and Controls. Based on this we have been focusing on a number of key areas during 2018/19 and the key deliverables during this period are:

- Delivering statutory requirements of the Bank of England's Prudential Authority together with the Financial Conduct Authority;
- Ensuring that the Credit Union complies with laws, regulations, policies, IIA standards, bylaws and AGM resolutions;
- Providing an on-going assurance to management on the integrity, effectiveness and operation of the Credit Union's internal control system;
- Adhering to the need to maintain sound internal control processes by conducting a robust assessment of the effectiveness of the Credit Union's risk management and internal control framework and how well principal risks are monitored;
- Reviewing credit control process and its robustness and adequacy of provisioning, loan write-off and delinquency policy issues;
- Providing assurance to the Board that the Annual Report & Financial Statements as a whole are fair, balanced and understandable;
- Reviewing the risk management processes and its effectiveness
- Reviewing the scope and the delivery of internal audit.

Our priorities for 2018/19:-

- Ensuring the accuracy, integrity and reliability of management information systems and timely reporting to the Board by reviewing completeness and accuracy of the reports.

- Reviewing control over internal and external fraud and corruption risks.
- Reviewing provisioning policy and ensuring that correct provisions are made in quarterly management reports.
- Continual assessment and improvement of cybersecurity with a focus on ensuring IT policies and procedures are in place.
- Reviewing appropriate governance in the form of policies, procedures and necessary training for key personnel are in place for compliance with GDPR.
- Ensuring that the credit control process are in place and are being followed to control delinquency, loan write-offs and the adequacy of the provisioning policy.
- Review the effectiveness of asset management and controls
- Ensuring that risk effective management processes are in place to monitor and control credit and liquidity risk.
- Reviewing Business Continuity Plan for 2019-20
- Ensuring that adequate liquidity is maintained to allow desired lending growth.
- Delivering statutory requirements of the Bank of England's Prudential Authority together with the Financial Conduct Authority.

In undertaking its audit activities, the Audit Committee has confirmed that there has been no real or apparent impairment of the Internal Auditor's independence and objectivity and the audit engagement has been undertaken without any impediment.



Louis R McLeod MBA, OBE
Chair of the Audit Committee

Director's report

Year Ending 30th September 2019

The Directors present their report and the financial statements for the year ended 30 September 2019.

Principal activity

The principal activity of the credit union continued to be that defined in the Credit Union Act 1979. The credit union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Directors of the Credit Union

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

- R Cooper
 - L. R. McLeod OBE
 - H Harris
 - Lord R Kennedy
 - S Wingrove
 - B West (*Resigned 31 March 2019*)
 - A Marshall
 - J Thomas
 - Dr F Millen
 - M Lynch (*Appointed 15 February 2019*)
 - B Vaughan (*Appointed 15 February 2019*)
- Bridget Vaughan and Michael Lynch were co-opted in April 2019 and will be proposed for election at the 2020 AGM.*

Compliance statement

Under the Prudential Regulation Authority rulebook the Board of Directors must report to the members at the Annual General Meeting on certain areas of compliance within the credit union. The credit union is therefore pleased to report that during the year the credit union has been in compliance with:

- Depositor Protection Rules 11, 12, 14 and the requirements of rule 15 that relate to rule 11 ; and
- PRA Credit Union Rule 2.10 (fidelity bond insurance requirements) ; and
- The requirements of compliance under the PRA "additional activities".

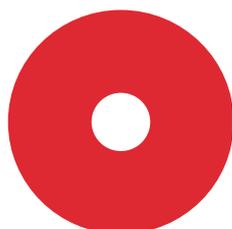
Principal risks and uncertainties

The main financial risks of the credit union are set out in the notes to the financial statements.

Statement of Directors Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Legislation requires the Directors to prepare financial statements for each financial year. Under that law the



Directors Report for the Year Ended 30 September 2019 (continued)

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 the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014 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 surplus or deficit of the credit union for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Credit Union Act 1979 and the Co-operative and Community Benefit

Societies Act 2014. Directors 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.

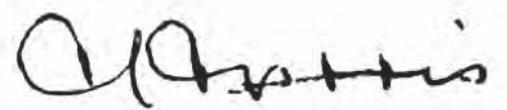
Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the credit union's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the credit union's auditor is aware of that information.

Reappointment of auditors

A resolution for the re-appointment of Alexander Sloan as auditors of the credit union is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Heather Harris (Secretary)

24 January 2020



Independent Auditor's Report

Opinion

We have audited the financial statements of London Mutual Credit Union Ltd (the 'credit union') for the year ended 30 September 2019 which comprise the revenue account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2019 and of its surplus or deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the credit union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 requires 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; or
- a satisfactory system of control over transactions has not been kept by the credit union in accordance with the requirements of the legislation; or
- the Revenue Account and Balance Sheet are not in agreement with the books of account of the credit union; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

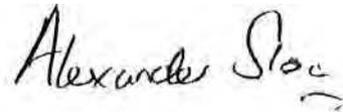
As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the credit union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the credit union or to cease operations, or have no realistic alternative but to do so.

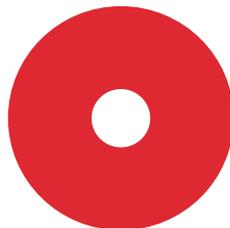
Auditor's responsibilities for the audit of the financial statements

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the credit union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the credit union or to cease operations, or have no realistic alternative but to do so.



Alexander Sloan
Accountants and Business Advisers
Statutory Auditor
180 St Vincent Street
Glasgow
G2 5SG
24 January 2020



Revenue Account for the Year Ended 30th September 2019

	Note	2019	2018
		£	£
Loan interest receivable and similar income	3	2,309,693	2,142,476
Interest payable and similar charges	4	(7,808)	(8,313)
Net interest receivable		2,301,885	2,134,163
Fees and commissions receivable	5	741,333	772,372
Fees and commissions payable	6	(807,768)	(750,424)
Net fees and commissions		(66,435)	21,948
Other operating income	7	253,323	92,680
Administrative expenses	8	(1,736,427)	(1,773,871)
Depreciation and amortisation		(255,924)	(225,488)
Other operating expenses	9	(166,363)	(160,757)
Impairment on loans for bad and doubtful debts	15	(272,338)	(363,854)
Surplus before taxation		57,721	(275,179)
Corporation tax	12	(14,462)	(15,461)
Surplus/(deficit) for the year		43,259	(290,640)

The Revenue Account has been prepared on the basis that all operations are continuing operations.

The notes on pages 10 to 28 form an integral part of these financial statements.

Statement of Comprehensive Income for Year Ended 30th September 2019

	Note	2019	2018
		£	£
Surplus/(deficit) for the year		43,259	(290,640)
Other comprehensive income			
Revaluation of tangible fixed assets		-	1,919,761
Tax relating to other comprehensive income		-	(210,332)
Other comprehensive income for the year		-	1,709,429
Total comprehensive income for the year		43,259	1,418,789

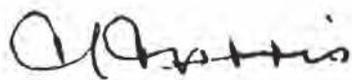
The notes on pages 10 to 28 form an integral part of these financial statements.

Balance Sheet as at 30th September 2019

	Note	2018	2017
Assets		£	£
Cash and balances at central banks	13	185,671	155,834
Loans and advances to banks	13	7,187,903	8,698,291
Loans and advances to customers	14	14,589,908	12,373,724
Intangible assets	16	613,233	648,883
Tangible assets	17	3,979,148	4,086,760
Prepayments		135,659	191,974
Total assets		26,691,522	26,155,466
Liabilities and reserves			
Customer accounts	18	22,322,810	21,802,233
Other liabilities	19	127,258	96,918
Deferred income	20	168,252	226,372
Provisions for liabilities	21	210,332	210,332
		22,828,652	22,335,855
General reserve	27	1,112,907	1,042,968
Revaluation reserve	27	1,687,177	1,709,429
Other reserves	27	1,062,786	1,067,214
Total reserves		3,862,870	3,819,611
Total liabilities and reserves		26,691,522	26,155,466

The notes on pages 10 to 28 form an integral part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 24 January 2020 and are signed on its behalf by::



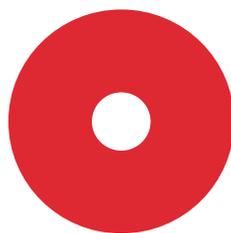
Heather Harris (Director)



Richard Cooper (Director)



Roy McLeod (Director)



Statement of Changes in Equity for the Year Ended 30th September 2019

	Revaluation reserve	Growth fund reserve	Appropriation reserve	General reserve	Total
	£	£	£	£	£
Balance at 1 October 2017	-	1,122,351	6,358	1,272,113	2,400,822
Year ended 30 September 2018:					
Deficit for the year	-	-	-	(290,640)	(290,640)
Other comprehensive income:					
Revaluation of tangible fixed assets	1,919,761	-	-	-	1,919,761
Tax relating to other comprehensive income	(210,332)	-	-	-	(210,332)
Other movements	-	(60,807)	(688)	61,495	-
Balance at 30 September 2018	1,709,429	1,061,544	5,670	1,042,968	3,819,611
Year ended 30 September 2019:					
Surplus and total comprehensive income for the year	-	-	-	43,259	43,259
Transfers	-	-	-	-	-
Other movements	(22,252)	(1,990)	(2,438)	26,680	-
Balance at 30 September 2019	1,687,177	1,059,554	3,232	1,112,907	3,862,870

Statement of Cash Flows for the Year Ended 30th September 2019

	Note	2019	2018
		£	£
Cash flows from operating activities			
Surplus for the period		43,259	(290,640)
Depreciation and amortisation	10	255,924	225,488
Corporation tax expenses	12	14,462	15,461
Provision movement	15	272,338	336,504
Interest income on loans	3	(2,304,199)	(2,120,377)
Distribution on members shares	4	7,808	8,313
		(1,753,667)	(1,534,611)
Working capital adjustments			
Change in other receivables and prepayments		56,315	(7,734)
Change in other liabilities		31,688	(88,320)
Change in deferred income		(58,120)	(36,081)
		29,883	(132,135)
Cash flows from changes in operating assets and liabilities			
Loan repayments less loans advanced	14	(184,323)	(558,181)
Customer balance cash movement		512,769	317,175
Movement on funds on deposit	13	(577,684)	459,443
		(249,238)	218,437
Corporation tax paid		(15,810)	(14,966)
Net cash flow from operating activities		(1,945,573)	(1,753,915)
Investing activities			
Purchase of intangible assets	16	(91,395)	(100,446)
Purchase of tangible fixed assets	17	(21,267)	(38,172)
Net cash used in investing activities		(112,662)	(138,618)
Net cash used in financing activities			
		-	-
Net decrease in cash and cash equivalents		(2,058,235)	(1,892,533)
Cash and cash equivalents at beginning of year		7,702,597	9,595,130
Cash and cash equivalents at end of year		5,644,362	7,702,597

Notes

1 - Accounting policies

Background information

London Mutual Credit Union Ltd is registered in the UK as a society under the Co-operative and Community Benefit Societies Act 2014, whose principal activity is to operate as a credit union, within the meaning of the Credit Union Act 1979. The credit union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Cooperative and Community Benefit Societies Act 2014. The financial statements are prepared in sterling, which is the functional currency of the credit union. Monetary amounts in these financial statements are rounded to the nearest pound. The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Prior period adjustment

Under changes introduced by FRS 102 the deferred tax on revalued assets should be accounted for within the balance sheet. The properties of London Mutual Credit Union were revalued last year. An adjustment has been made to the previous year tax charge and revaluation reserve of £210,332.

1.3 Income

Fees and charges receivable either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is complete. Interest receivable on loans to members and bank interest are recognised using the effective interest rate basis and are calculated and accrued on a daily basis.

1.4 Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition

date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Software 67-120 months straight line
- Licences 59-107 months straight line

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Freehold land and buildings 50 years straight line
- Leasehold improvements Over the shorter of life of asset and length of the lease
- Plant and equipment 17.5% straight line
- Fixtures and fittings 10% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the credit union reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the credit union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the revenue account, unless the relevant asset is carried at a revalued

amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the revenue account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of less than 8 days.

1.8 Financial instruments

The credit union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the credit union's balance sheet when the credit union becomes party to the contractual provisions of the instrument.

Basic financial assets: Basic financial assets, which include loans to members and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets: Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the revenue account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets: The credit union assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the expected cash flows.

Derecognition of financial assets: Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the credit union transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities: Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities: Basic financial liabilities, including members deposits are classified as debt and are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities: Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through the revenue account. Debt instruments may be designated as being measured at fair value through the revenue account to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities: Financial liabilities are derecognised when the credit union's contractual obligations expire or are discharged or cancelled.

1.9 Taxation

The tax expense for the period comprises current tax. Tax is recognised in the revenue account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax: The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from the surplus as reported in the revenue account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The credit union's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the credit union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.13 Government grants

Grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the

grant conditions will be met and the grants will be received. Grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

2 - Judgements and key sources of estimation uncertainty

In the application of the credit union's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Loan Impairment: The credit union assesses, at each reporting date, if there is objective evidence that any of its loans to customers are impaired. The loans are assessed collectively in groups that share similar credit-risk characteristics. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the Revenue Account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

Depreciation: Depreciation is an estimate that allocates the depreciable cost of fixed assets over their useful lives. The credit union's depreciation rates are set out in the accounting policies. The credit union regularly reviews its depreciation rates to ensure that they are appropriate.

3 - Interest receivable and similar income

	2019	2018
	£	£
Interest income on loans	2,304,199	2,120,377
Interest income on bank deposits	5,494	22,099
	2,309,693	2,142,476

4 - Interest payable and similar charges

As shares are classed as a liability the dividend on these shares is classed as interest for accounting purposes under FRS 102:

	2019	2018
Interest and similar charges paid during the period	%	%
Interest paid on interest bearing shares	1,450	1,955
Distributions to juvenile members	6,358	6,358
	7,808	8,313

The distributions on member's shares represents distributions paid in the year which were approved at the last Annual General Meeting. The dividend rates approved at the previous AGM were:

	2019	2018
Dividend rates paid during year	%	%
Juvenile dividend	0.50	1.00

At the forthcoming Annual General Meeting the Directors will propose the following dividends based on the results for the current year. If approved these dividends will be included as a cost in next year's financial statements once they have been paid.

	2019	2018
Dividend rates to be proposed at the Annual General Meeting	%	%
Juvenile dividend	0.50	1.00

5 - Fees and commissions receivable

	2019	2018
	£	£
Entrance fees	4,608	4,032
Banking service charges	733,793	765,460
Insurance commission	2,932	2,880
	741,333	772,372

6 - Fees and commissions payable

	2019	2018
	£	£
Bank charges	25,907	21,588
Banking service charges	781,861	728,836
	807,768	750,424

7 - Other operating income

	2019	2018
	£	£
Other income	-	75
Grant income	184,544	34,952
Rental income	68,779	57,653
	253,323	92,680

8 - Administrative expenses

	Notes	2019	2018
		£	£
Staff costs	11	1,394,763	1,409,917
External auditor's remuneration		13,028	17,130
Member communication and advertising		135,696	122,669
Legal, professional and credit control costs		78,930	56,513
Computer and software expenses		81,981	73,786
Travel costs		1,022	962
General administration costs		31,007	92,894
		1,736,427	1,773,871

9 - Other operating expenses

	2019	2018
	£	£
Regulatory costs	10,685	9,584
Costs of occupying offices	155,678	151,173
	166,363	160,757

10 - Operating surplus (arrived at after charging/(crediting))

	2019	2018
	£	£
Fees payable to the credit union's external auditor for the audit of the financial statements	7,400	12,912
Depreciation of owned tangible fixed assets	128,879	103,288
Amortisation of intangible assets	127,045	122,200
Operating lease charges	73,962	81,728

11 - Employees

The average monthly number of persons (including Directors) employed by the credit union during the year was:

	2019	2018
	Number	Number
Directors	8	8
Admin and support	47	46
	55	54

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	1,233,630	1,256,552
Social security costs	104,072	103,937
Pension costs	57,061	49,428
	1,394,763	1,409,917

12 - Corporation tax (Tax charged/(credited) in the revenue account)

	2019	2018
	£	£
Current tax		
UK corporation tax on taxable surplus for the current period	14,112	15,461
Adjustments in respect of prior periods	350	-
Total current tax	14,462	15,461

The actual charge for the year can be reconciled to the expected charge for the year based on the surplus or deficit and the standard rate of tax as follows:

	2019	2018
	£	£
Surplus before taxation	57,721	(275,179)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	10,967	(52,284)
Tax effect of income/expenditure not taxable in determining taxable surplus	3,495	67,745
Taxation charge for the year	14,462	15,461

In addition to the amount charged to the revenue account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019	2018
	£	£
Deferred tax arising on:		
Revaluation of property	-	210,332

13 - Loans and advances to banks

	2019	2018
	£	£
Cash held at banks	5,458,691	7,546,763
Bank deposits	1,729,212	1,151,528
Loans and advances to banks	7,187,903	8,698,291
Cash in hand	185,671	155,834
Total cash and bank balances	7,373,574	8,854,125
Loans split by repayment period		
Cash and cash equivalents	5,644,362	7,702,597
Amounts maturing in over 8 days	1,729,212	1,151,528
	7,373,574	8,854,125

The carrying amount of the bank balances pledged as collateral is £440,000 (2018 - £440,000). Collateral is in respect of Optimus for use of Mastercard facilities.

14 - Loans and advances to customers

	Notes	2019	2018
		£	£
Loan movement in the period			
Opening balances		14,938,904	12,260,346
Interest on loans		2,304,199	2,120,377
Loans advanced during the period		17,344,602	12,713,622
Loans repaid during the period		(17,160,279)	(12,155,441)
Loans derecognised		(34,862)	-
		17,392,564	14,938,904
Loan impairment provisions	15	(2,802,656)	(2,565,180)
		14,589,908	12,373,724
Loans split by repayment period			
Capital repayments due within 1 year		10,289,869	9,383,675
Capital repayments due after 1 year		7,102,695	5,555,229
Loan impairment provisions	15	(2,802,656)	(2,565,180)
		14,589,908	12,373,724
Loans split by type			
Loans to members		17,392,564	14,938,904
Loan impairment provisions	15	(2,802,656)	(2,565,180)
		14,589,908	12,373,724

15 - Loan Impairment

	Written off provision	Arrears provision	Total provisions
	£	£	£
Loan impairment provision			
Opening balances	935,600	1,629,580	2,565,180
Provision movement	131,079	106,397	237,476
Closing balances	1,066,679	1,735,977	2,802,656

Under Financial Reporting Standard 102 (FRS 102), the criteria for derecognising (writing off a loan) is different from when the credit union would write off the loan for internal purposes. Loans written off by the Board that do not meet the criteria in FRS 102 for being derecognised are not written off in these financial statements. The loans the credit union feel should be written off but which do not meet the criteria in FRS 102 for being derecognised are fully provided in the write off provision which is shown above. As a result there is no net effect on the surplus or net assets of the credit union from this requirement of FRS 102.

	Notes	2019	2018
		£	£
Impairment revenue account charge			
Impairment provision movement		237,476	336,504
Bad debts derecognised	14	34,862	-
Bad debts recovered		-	(21,756)
		272,338	363,854

16 - Intangible fixed assets

	Software	Licenses	Total
	£	£	£
Cost or valuation			
At 1 October 2018	186,612	737,712	924,324
Additions - separately acquired	45,706	45,689	91,395
Disposals	(1,048)	-	(1,048)
At 30 September 2019	231,270	783,401	1,014,671
Amortisation and impairment			
At 1 October 2018	52,598	222,843	275,441
Amortisation charged for the year	29,786	97,259	127,045
Disposals	(1,048)	-	(1,048)
At 30 September 2019	81,336	320,102	401,438
Carrying amount			
At 30 September 2019	149,934	463,299	613,233
At 30 September 2018	134,014	514,869	648,883

17 - Tangible fixed assets

	Freehold land and buildings	Leasehold improvements	Fixtures and fittings	Total
	£	£	£	£
Cost or valuation				
At 1 October 2018	3,730,000	384,053	923,537	5,037,590
Additions	2,000	-	19,267	21,267
Disposals	-	(91,537)	(489,557)	(581,094)
At 30 September 2019	3,732,000	292,516	453,247	4,477,763
Depreciation and impairment				
At 1 October 2018	-	183,806	767,024	950,830
Depreciation charged in the year	42,265	29,451	57,163	128,879
Eliminated in respect of disposals	-	(91,537)	(489,557)	(581,094)
At 30 September 2019	42,265	121,720	334,630	498,615
Carrying amount				
At 30 September 2019	3,689,735	170,796	118,617	3,979,148
At 30 September 2018	3,730,000	200,247	110,826	4,086,760

Land and buildings were revalued at 20 June 2018 by Budworth Hardcastle independent valuers not connected with the credit union on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The Directors do not believe there would be any material change to the value of the assets at the balance sheet date. If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019	2018
	£	£
Cost	2,123,522	2,123,522
Accumulated depreciation	(333,297)	(313,283)
Carrying value	1,790,225	1,810,239

18 - Customer accounts

	2019	2018
	£	£
Deposit movement		
Opening balances	21,802,233	21,476,745
Share movement in year	520,577	325,488
	22,322,810	21,802,233
Deposits split by type		
Standard dividend bearing member shares	18,564,102	15,977,339
Standard interest bearing member shares	1,071,504	1,300,067
Corporate dividend bearing shares	189,268	137,404
	19,824,874	17,414,810
Member current account	1,587,369	3,578,465
Juvenile member deposits	910,567	808,958
	22,322,810	21,802,233

19 - Other liabilities

	2019	2018
	£	£
Corporation tax	14,112	15,460
Other creditors	173	3,365
Accruals and deferred income	16,383	78,093
	30,668	96,918

20 - Deferred income

	2019	2018
	£	£
Opening balance	226,372	262,453
Release in period	(58,120)	(36,081)
	168,252	226,372

21 - Provisions for liabilities

	2019	2018
	£	£
Deferred tax liabilities	210,332	210,332

22 - Financial Risk Management

The credit union manages its shares and loans so that it earns income from the margin between interest receivable and interest payable (including dividends paid). The main financial risks arising from the activities of the credit union are credit risk, liquidity risk and market risk. The Board reviews and agrees policies for managing each of these risks which are summarised below:

Credit Risk

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayment to the credit union, resulting in financial loss to the credit union. In order to manage this risk the Board approves the lending policy and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate the likelihood of repayment has changed. The credit union also monitors its banking arrangements for credit risk.

Liquidity Risk

The policy of the credit union is to maintain sufficient funds in liquid form at time to ensure that it can meet its liabilities as they fall due and meet the liquidity ratios

set by the regulators. The objective of the policy is to provide a degree of protection against any unexpected developments that may arise.

Market Risk

Market risk generally comprises of interest rate risk, currency risk and other price risk. The main risks impacting the credit union are set out below:

Interest rate risk: The main interest rate risk for the credit union arises between the interest rate exposure on loans, bank deposits and shares that form an integral part of a credit union's operations. The credit union considers rates of interest receivable when deciding on proposed dividend rates. Dividend rates are based on the historical results of the credit union and the credit union's strategic plans. The credit union does not use interest rate options to hedge its own positions.

Foreign Currency Risk: All transactions are carried out in sterling and therefore the Credit Union is not exposed to any form of foreign currency risk.

Other price risk: All transactions are carried out in sterling and therefore the credit union is not exposed to any form of foreign currency risk

23 - Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to revenue account in respect of defined contribution schemes	57,061	49,428

The credit union operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the credit union in an independently administered fund

24 - Credit Risk Disclosure

The credit union holds the following security against its loans to members:

	2019	2018
	£	£
Security for loans		
Attached shares	3,813,870	3,364,097

The carrying amount of the loans to members represents the credit union's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full. The status 'past due' includes any loan where payments are in arrears. The amount included is the entire loan amount and not just the overdue amount.

	2019	2018
	£	£
Loans not individually impaired		
Not past due	14,130,785	12,115,697
Up to 3 months past due	342,983	332,576
	14,473,768	12,448,273
Loans individually impaired		
Between 3 and 6 months past due	146,127	46,336
Between 6 months and 1 year past due	298,742	170,041
Over 1 year past due	1,407,248	1,338,654
Individually impaired and written off for internal purposes	1,066,679	935,600
	2,918,796	2,490,631
Total loans	17,392,564	14,938,904
Impairment allowance	(2,802,656)	(2,565,180)
	14,589,908	12,373,724

25 - Credit risk on bank and investments

The credit union invests funds not yet actively deployed in the following investments:

	2019	2018
	£	£
Bank accounts	5,458,691	7,546,763
Bank term deposits	1,729,212	1,151,528
	7,187,903	8,698,291

The credit union believes the full amount of these investments is recoverable.

26 - Interest rates on financial instruments

The following table shows the interest earned during the year divided by the average loan balance and the dividend/interest paid during the year divided by the average share balance. The average balance is taken as the average of the opening and closing balances.

	2019 Amount	2019 Rates received in year	2018 Amount	2018 Rates received in year
	£	%	£	%
Financial assets				
Loans to members	17,392,564	14.25%	14,938,904	15.59%
Loans and advances to banks	7,187,903	0.07%	8,698,291	0.22%
	24,580,467		23,637,195	
Financial liabilities				
Juvenile deposits	(910,567)	0.74%	(808,958)	0.82%
Dividend bearing shares	(20,340,739)	-	(19,693,208)	-
Interest bearing shares	(1,071,504)	0.12%	(1,300,067)	0.10%
	(22,322,810)		(21,802,233)	

27 - Reserves

General Reserve

The general reserve represents the base capital of the credit union and is the retained surpluses and deficits which have not been allocated to another specific reserve. The credit union has the following other reserves:

Growth Fund Reserve

The growth fund reserve represents surpluses and deficits on growth fund activities, including unused growth fund funding, which must be used for the Department of Works and Pension's Growth Fund project until 30 September 2019. During the year Growth Fund loan interest was £216 and bad debt costs were £2,206.

28 - Capital

The credit union classes all of its reserves as capital. The credit union manages its reserves through its financial and budgeting policies and procedures. The Prudential Regulation Authority sets out requirements for the capital ratio that the credit union must maintain. The ratio is calculated after proposed dividends. The credit union's compliance with the ratio at the year end is set out below:

	2019	2018
	%	%
Actual capital to asset ratio	10.86%	10.76%
Regulatory requirement		
Base capital requirement	8.00%	8.00%
Capital buffer	2.00%	2.00%
Total capital requirement	10.00%	10.00%

29 - Financial commitments, guarantees and contingent liabilities

Contingent Liabilities

The credit union participates in the Financial Services Compensation Scheme (FSCS) which provides protection for its members up to the level of protection offered by the FSCS. As a result of the credit union's participation it has a contingent liability, which cannot be quantified, in respect of future contributions to the FSCS, as required by the Financial Services and Markets Act 2000.

Financial Commitments

Under its software contract the credit union has a financial commitment for annual maintenance of £65,022 (2018: £340,202).

30 - Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Key management compensation		
Within one year	34,800	34,800
Between two and five years	139,200	139,200
In over five years	208,800	243,600
Total lessee operating lease commitment	382,800	417,600

31 - Interest Rate Risk

	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Non-Interest Bearing	Total
	£	£	£	£	£	£	£
Assets							
Cash & balances at central banks	-	-	-	-	-	185,671	185,671
Loans & advances to banks	6,948,792	239,111	-	-	-	-	7,187,903
Loans & advances to customers	2,492,129	120,265	255,690	12,299,729	2,224,751	(2,802,656)	14,589,908
Intangible assets	-	-	-	-	-	613,233	613,233
Property, plant and equipment	-	-	-	-	-	3,979,148	3,979,148
Prepayments	-	-	-	-	-	135,659	135,659
Total assets	9,440,921	359,376	255,690	12,299,729	2,224,751	2,111,055	26,691,522
Liabilities and reserves							
Customer accounts	22,322,810	-	-	-	-	-	22,322,810
Other liabilities	-	-	-	-	-	127,258	127,258

	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Non-Interest Bearing	Total
	£	£	£	£	£	£	£
Accruals and deferred income	-	-	-	-	-	168,252	168,252
Provisions	-	-	-	-	-	210,332	210,332
Reserves	-	-	-	-	-	3,862,870	3,862,870
Total liabilities and reserves	22,322,810	-	-	-	-	4,368,712	26,691,522
Difference	12,881,889	(359,376)	(255,690)	(12,299,729)	(2,224,751)	2,257,657	-
Cumulative	12,881,889	12,522,513	12,266,823	(32,906)	(2,257,657)		-

32 - Related party transactions

The credit union classes the Directors and members of the senior management team as key management.

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019	2018
	£	£
Wages and salaries	306,203	297,998
Honrarium paid to Treasurer	27,344	26,109

Transactions with key management

Balances held by members of key management and their close family members in the credit union are set out below. Loans to key management and their close family members are on standard terms and conditions.

	2019	2018
	£	£
Loan to key management and their close family	79,050	82,405
Shares held by key management and their close family	18,154	74,400
	97,204	156,805





PEPPERS
For \$1

RUBY REDS
For \$1

LEMONS
For \$1

COURTETS
For \$1

BEST TOMS
For \$1

PRESIDENT PLUMS
A L.B. Vine

ESCOBI

CAJUN CHICKEN

albo

Detailed Revenue Account for the Year Ended 30 September 2019

	Note	2019	2018
		£	£
Income			
Interest income on loans	3	2,304,199	2,120,377
Interest income on bank deposits	3	5,494	22,099
Fees and commissions receivable	5	741,333	772,372
Other income	7	253,323	92,680
		3,304,349	3,007,528
Expenditure			
Staff costs	11	1,394,763	1,409,917
Auditors remuneration		13,028	17,130
Member communication and advertising	8	135,696	122,669
Legal, professional and credit control costs	8	78,930	56,513
Computer and software expenses	8	81,981	73,786
Travel costs	8	1,022	962
Bank charges	6	25,907	21,588
Banking services costs	6	781,861	728,836
General administration costs	8	31,007	92,894
Regulatory costs	9	10,685	9,584
Costs of occupying offices	9	155,678	151,173
Depreciation and amortisation	10	255,924	225,488
Impairment on loans for bad and doubtful debts	15	272,338	363,854
		3,238,820	3,274,394
Surplus before taxation		65,529	(266,866)
Corporation tax	12	(14,462)	(15,461)
		51,067	(282,327)
Distributions		(7,808)	(8,313)
Surplus/(deficit) for the year		43,259	(290,640)



Borrowing with London Mutual Credit Union

What could I borrow for?

Home improvements

Whether it's a loan for new furniture, or a larger project such as new kitchen or conservatory, we can help, with low rates for members who own their own home.

Consolidating existing borrowing

Pay off your credit card or overdraft sooner with a simple monthly repayment at a reduced interest rate, deducted from your salary.

Buying a car

Borrowing from a credit union can often be cheaper than purchasing via car finance, with a lower rate of APR and simple terms.

Short-term emergencies

We encourage members to save for a rainy day, but that isn't always possible. Don't lose sleep over a broken washing machine or car—let us help you deal with the unexpected.

Building credit

Having a below-average credit score can limit your options and leave you wide open to exploitative interest rates. We can help you re-establish good credit by starting small and building from there.

Settlement

If you plan to make the UK your permanent home, application fees shouldn't be a barrier. A credit union loan could enable you to apply for citizenship or settled status sooner, providing the certainty you need.

Something else

Got something in mind not listed here? In many cases, we'll be able to help. The key is to apply for only what you need, ensuring that the monthly repayments are affordable to you.

Why borrow with us?

No hidden fees

Borrow with confidence. No 'arrangement fees', hidden costs or penalties for early repayment, just the agreed monthly payments including interest, making it easy to plan your finances.

Competitive rates

As a not-for-profit credit union, our interest rates are designed to reflect the true cost of providing your loan, and a fair assessment of financial risk. This means rates of APR available are often lower than banks and other types of commercial lenders.

Fair applications process

Your application will be considered by a real person, not a computer. We'll consider your individual circumstances, such as your ability to repay and any existing financial commitments.

Responsible lending

Our products have been accredited by the Fair Banking Foundation, which recognises that they are designed to boost your financial well-being—not just our bottom line.



