



London Mutual
Credit Union

2025

Annual report

Annual report & audited financial statements
for the year ended 30th September 2025



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London Mutual Credit Union Limited

FCA Number: 213248

Society Number: 64C

Directors:

R Aminu

M Cook

R Cooper

O Decker

H Harris

A Marshall

L. R. McLeod OBE

Dr F Millen

A Newlove

L Roberts

B Vaughan *(Deceased 30 January 2025)*

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.

2026 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. This year's meeting will once again take place online at 6:00pm on Friday 6th March 2026.

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

Having a say

All members are entitled to attend and participate in the AGM, and can request a link to join the meeting at: www.creditunion.co.uk/agm

Verified members will then receive a link to join the AGM via email. The pre-registration step is in place to ensure that the right to vote on resolutions is restricted to members of the Credit Union, as defined in our rules.

Voting at the AGM

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 be via the 'polling' function on our Zoom online meeting facility. Instructions on how to vote and a practice vote will be carried out at the beginning of the meeting.

Minutes and annual report

Copies of the 2024/2025 Annual Report and Financial Statements, along with those from previous AGMs, will be downloadable from www.creditunion.co.uk/agm and via a link within the registration email.

To attend this year's AGM, register online:

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".)

- 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.
12. 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."
 13. Only one amendment should be before the meeting at one and the same time.
 14. When a motion is withdrawn, any amendment to it fails.
 15. The Chair shall have the right to a "Casting Vote"
 16. If there is equality of voting on an amendment and if the Chair does not exercise a Casting Vote, the amendment is lost.
 17. Provision is to be made for protection of the Chair from vilification.
 18. 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

44th Annual General Meeting of
London Mutual Credit Union Limited

Annual General Meeting Agenda

1	Welcome and Introductions
2	Standing Orders
3	Minutes of the AGM held on 6th March 2025
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 via online pre-registration in order to check that you are a valid member.

CEO's Update

It is my pleasure to present the CEO Report for the financial year ended September 2025.

I am pleased to report that we have achieved a modest profit of £108,447 for the financial year, demonstrating our continued financial stability despite the challenging economic environment. This positive result reflects our prudent management and the commitment of our team to operational excellence.

The economic landscape continues to present significant challenges for our members and the Credit Union. While general inflation stands at 3.6% (CPI), food inflation has reached 4.5%, outpacing the broader inflationary trend. This disparity means that our members are spending a higher share of their income on essential items, leaving less available to service their credit union obligations. We remain highly aware of these pressures and continue to work closely with members who face financial difficulties.

This year has marked a significant milestone in our digital transformation journey. Like other forward-thinking financial institutions, we are committed to making the most of available tools and technology. This has always been a priority for the LMCU team, ensuring we remain competitive and are not left playing catch-up in an increasingly digital world. We have embarked on the gradual introduction of AI into our operations, with the primary objective of working more efficiently and using the time saved to focus on greater member support. These innovations enable our staff to work smarter, not harder, whilst maintaining the personal touch that defines our service.

I am pleased to report that our mortgage loan book has started to show steady growth. Our strategic plan is to maintain a balanced loan portfolio of both secured and unsecured lending. This approach enables us to minimise credit risks whilst generating steady income, ensuring the long-term sustainability of the Credit Union.



Our commitment to community activities remains solid. We continue to focus on the financial wellbeing of our members, with particular emphasis on preventing people from falling victim to illegal money lenders, commonly known as loan sharks. We are working collaboratively with a number of organisations to improve our members financial wellbeing, prevent the use of illegal money lenders, and support those managing gambling habits. We have established a special helpline for members to have one-on-one conversations with our staff about their financial concerns.

As we look to the future, our vision remains clear: to continue developing London Mutual Credit Union as a comprehensive financial services provider that meets the evolving needs of our members. Through the strategic use of technology, balanced growth in our lending portfolio, and unwavering commitment to our community, we are building a stronger, more resilient Credit Union.

In closing, I would like to express my sincere gratitude to everyone who contributes to the success of London Mutual Credit Union. To our loyal members, dedicated staff, volunteer Board of Directors, and all our supporters; your continued trust and commitment are the foundation of our success.

With gratitude,

A handwritten signature in black ink, appearing to read 'Lakshman Chandrasekera'.

Lakshman Chandrasekera
Chief Executive

Looking forward

Our Strategic Objectives for 2025-2027

Our priorities over the next three years are focused on one overarching goal: making the credit union as strong and sustainable as possible, so that we can keep doing what we do and do more of it.

Our overriding objective: a credit union built to last.

Everything we do over the next three years is ultimately aimed at making the credit union more financially resilient. We need to grow our reserves, increase our income, and reduce our costs. Not as ends in themselves, but because a stronger credit union can lend more, serve more members, and have greater impact across London. Every activity in this plan is designed with that goal in mind.

Increasing lending and revenue

We are rebuilding our website and updating our app to make them simpler and faster to use. We are reviewing our loan rates more regularly to make sure we remain competitive, and expanding our mortgage offer to members whose needs are not well served by high street lenders.

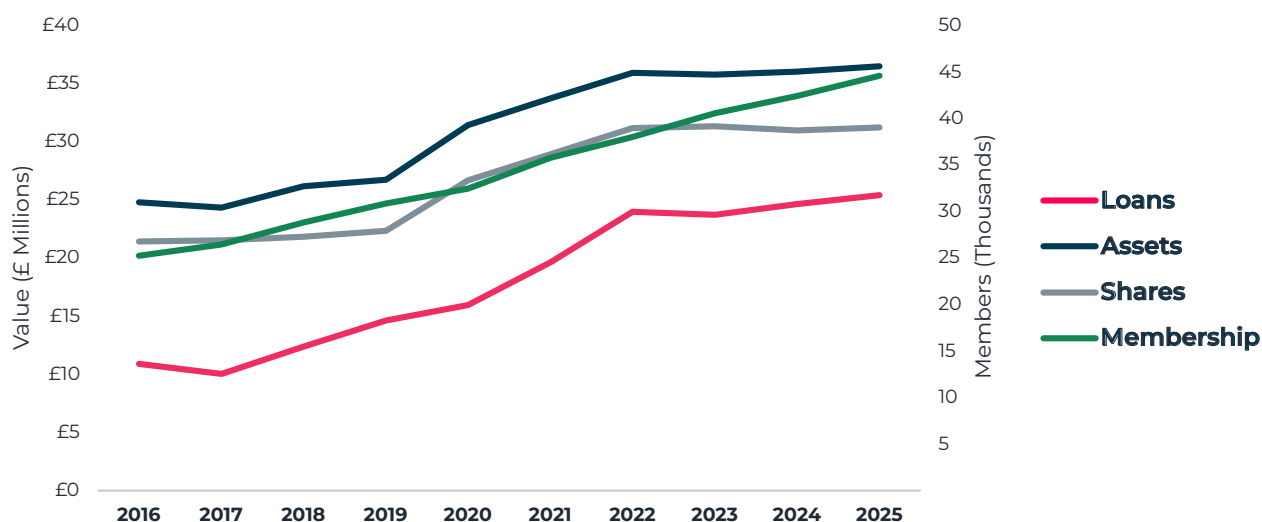
Investing in technology and efficiency

We are investing in new technology to speed up loan applications, reduce waiting times, and lower our running costs. That means less time spent on administration and more time spent on the things members value most — like personal service, financial guidance, and supporting those who need a little more help.

Growing our membership and partnerships.

The more members we serve, the stronger the credit union becomes for everyone. We will be working more closely with local employers, housing associations, and community organisations to reach more Londoners, and making it easier for existing members to recommend us to friends and colleagues.

Progress towards strategic objectives





Our Purpose

London Mutual Credit Union is a co-operative owned by our members, and we exist for their benefit rather than for profit. Our mission statement reflects our social purpose and informs our strategic priorities.

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 well-being 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.

Meet the Team

Board of Directors

Floyd Millen

Chair

Dr Floyd Millen is a Political Scientist and Subject Matter Expert in Privacy, advising HMRC on privacy risk remediation. Floyd is the former Head of Identity Services at Post Office Ltd, former Special Adviser to the Cabinet Office (GDS) on identity services, and former Data Manager at the BBC.

Roy McLeod OBE

Treasurer & Risk / Audit Committee

Louis is currently a director for a large national charity, a role he has held since 1996, giving him extensive experience in management and finance. His expertise includes accounts, banking, administration and asset management. He has worked at various levels in the credit union sector over many years, including as a Director of the Association of British Credit Unions Ltd (ABCUL).

Heather Harris

Secretary & Anti-Money Laundering

Heather is a Manager in the Revenues & Benefits Department of Southwark Council, with over 30 years' experience dealing with welfare benefits, reform and social inclusion. She has been a Trade Union Steward for over 20 years and has more than 15 years' experience with the credit union.

Albert Marshall

Vice Chair

Albert is a lawyer and technology executive with over 20 years' post-qualification experience. He has extensive in-house experience in multinational organisations, particularly in the software and entertainment industries, covering commercial law, technology, intellectual property, international distribution and marketing operations. He is qualified as a barrister.

Richard Cooper

Richard brings a wealth of experience from his background in banking and the legal profession. He currently serves as an in-house lawyer at Shawbrook Bank and has previously worked in the legal departments of a number of lenders including Lloyds Bank. He is a practising solicitor.

Michael Cook

Michael served over 36 years in the RAF Regiment, with a career that took him to austere locations where leadership and management were life-saving. Since leaving the service, he has run a consultancy advising companies on tendering for MOD contracts. He holds an MSc in Leadership.

Olufemi Sallyanne Decker

Olufemi Sallyanne Decker is an Associate Professor in Banking and Finance at the University of Greenwich. She holds a PhD in Financial Economics, is a Senior Fellow of the Higher Education Academy and a Member of the Association of Business Executives, with more than 25 years of academic experience.

Rilwan Aminu

Rilwan is a software quality engineering professional with extensive experience in delivering high-quality software solutions. He is currently a director at a Community Interest Company and serves as a youth mentor, working closely with Southwark charities. He is passionate about community involvement and youth projects.

Alexandra Newlove

Alexandra is a consultant at Aspectus Group, where she advises financial services clients on their PR and communications strategies. Her role includes monitoring regulatory changes that impact financial firms, as well as managing teams to deliver campaigns aligned with clients' business objectives.

Leroy Roberts

Leroy Roberts is an author, speaker and thought leader with a wealth of experience from the British Army and the Jamaica Constabulary Force. His 18-year journey through various industries and nations has honed his expertise in leadership and team dynamics, developing strategies for effective decision-making.

Our Staff Team

Lakshman Chandrasekera

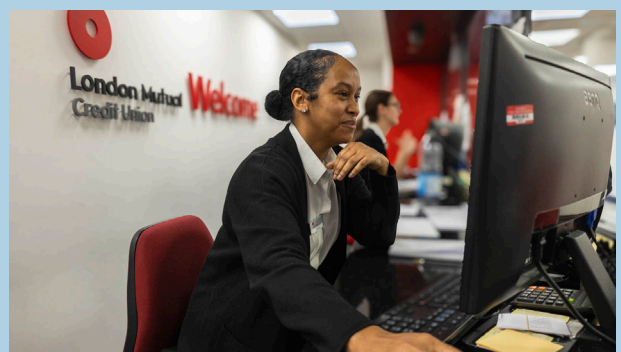
Chief Executive Officer

Lakshman has been managing London Mutual Credit Union since 1993 and has extensive experience in setting up products, processes and procedures. He was instrumental in the successful mergers of six local credit unions and oversaw a technology transformation with the implementation of a new core banking platform in 2016.

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.

Staff numbers

<i>Branch</i>	<i>Full-time</i>	<i>Part-time</i>
Head Office (Peckham)	22	17
Peckham	2	2
Walworth Road	2	2
Total staff	26	21





London Mutual
Credit Union

Join the staff crew

get **£25**
add
you

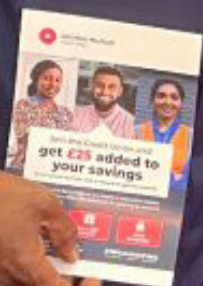
- 1
- 2
- 3

Supported by
STOPLOAN
Intervention . Support

Working with the UK legal Mon
raise awareness of credit union
alternative to legal lenders.

London Mutual Credit Union L
London Mutual Credit Union is
Authority and regulated by the
Prudential Regulation Authority.

Richard



London Mutual
Credit Union

Save & borrow

from your salary

- ✓ Save as little as £10 a month
- ✓ Save-as-you-repay loans
- ✓ Not-for-profit, member owned
- ✓ FSCS protected



WIN a £50
Gift Card



Spotlight

Measuring our Impact

This year, London Mutual Credit Union publishes its most comprehensive analysis of the value we create for our members, drawing on over 6,000 loan records, 48,000 active member accounts, and more than 400 survey responses.

Our members come from every income level, and the findings reflect that. Across every group we measured, our members saved money by choosing to borrow with us and were substantially better off than when they started. That saving was greatest among those on lower incomes, but it reached middle and higher earners too.

This is the reality of living in London, where financial pressures touch almost all of us. Behind the figures are NHS employees struggling under credit card debt, graduates living in their overdrafts, and single parents working hard to give opportunities to their children.

In the past financial year, we estimate our lending saved members over £41,000 a week in interest compared to the high-cost alternatives they would otherwise have faced. That saving reached every demographic group we analysed, but was concentrated among women, lone parents, and members in the most deprived parts of London.

What distinguishes the credit union model is what happens over time. Our save-as-you-repay model means that a loan functions not as a trap but as a ladder. The more members engage with us, the more they save, reduce their dependence on borrowing, and gain the financial confidence to plan ahead.

The full 2024-25 Social Impact Report is available at creditunion.co.uk/social-impact

£41,000

Returned into the local economy each week

96.8%

Of current borrowers retain a savings balance

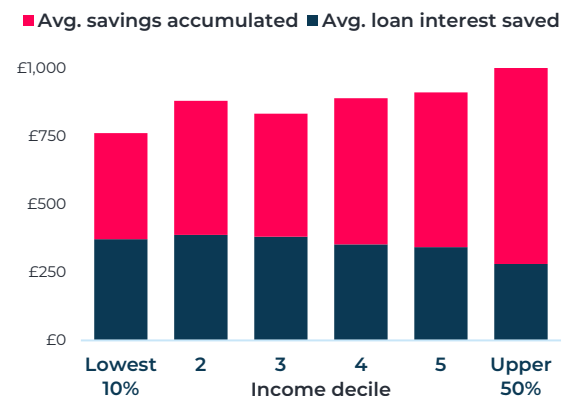
Average member better off by

£997

(Savings + Interest saved compared to comparable lender)

Total better off

Hundreds saved on interest plus regular savings accumulated while repaying meant that our average borrower was £997 better off than when they came to us.





Chair's Report

Chairman's Report Year Ending 30th September 2025

On behalf of the Board of Directors, I am pleased to present this report, which outlines the progress made during the year in strengthening the governance framework, financial resilience and strategic oversight of London Mutual Credit Union (LMCU).

The Board has continued to provide robust oversight of the Credit Union, ensuring that LMCU operates in line with its purpose, risk appetite and regulatory obligations. We have maintained a strong focus on governance, financial resilience and member outcomes, in accordance with the requirements of the Prudential Regulation Authority and the Financial Conduct Authority.

Our new Board members have made a positive contribution, strengthening challenge, assurance and strategic debate.

I would like to thank our members for their continued trust and for managing their accounts responsibly. This collective commitment underpins the ongoing stability and sustainability of LMCU.

During 2025, we made measured progress against our strategic priorities; increasing our membership from 42,397 to 44,567. We also developed our mortgage proposition, improving our Mortgage offer-in-principle process along with our mortgage calculator. We have also continued to improve member-facing tools, including the Budget Planner and Better-Off Calculator, to support informed financial decision-making.

The Board's strategic priorities include to continuing grow our membership, expand our network of partner organisations and employers, and strengthen awareness of LMCU across our communities including supporting members of the UK Armed Forces. Marketing and business development will continue to be key enablers of this growth, and we encourage members to recommend LMCU to family, friends, colleagues and employers.

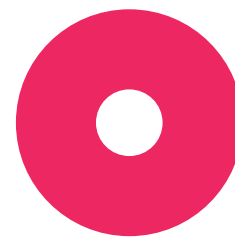
On behalf of the Board, I would like to thank our Chief Executive for his leadership, our staff for their dedication, and our members for their continued loyalty and support.



Dr Floyd Millen

Chair of London Mutual Credit Union

Treasurer's Report



Treasurer's report for the year ending 30th September 2025

On behalf of London Mutual Credit Union (LMCU), I now present the Treasurer's Report for the year ending 30th September 2025.

On page three of our audited accounts, the Auditors' opinion states that LMCU's financial statements continue to present a true and fair view of the credit union's affairs as at 30th September 2025 and of its surplus or deficit.

At LMCU, we pride ourselves on maintaining high service standards through the dedication of our front-line and back-office staff. We are fully committed and highly motivated to stay customer-focused, providing products and services tailored to meet our members' needs.

LMCU's growth remains steady across key metrics, including membership, income, profits, reserves, and assets. Operating costs have increased in some areas; these expenses are carefully monitored and controlled. This year's net surplus of £108k indicates a slight reduction compared to last year's surplus of £135k.

We continue to face significant challenges with bad and doubtful debts, for which we are legally obliged to make adequate provisions. The increased use of Individual Voluntary Arrangements (IVA) also impacts the credit union's income, and both these issues lead to higher delinquency, legal costs, defaults, and ultimately affect LMCU's net surplus. An amount of £423,688 (in 2025) has been set aside from our receipts to cover impairments on loans for bad and doubtful debts. I am also pleased to report that improvements have been made in this area, with the provision reduced from £568k in the 2024 accounts, a 34% decrease.

To build reserves, strengthen our infrastructure, and

mitigate the risks posed by high inflation and a weak economy, the Directors in the previous year's report secured a £500k subordinated loan from Fair4All as part of our strategy to bolster the credit union's capital ratio in the short to medium term. We are now setting aside funds to repay this loan.

As of 30th September 2025, our trading results demonstrate LMCU's resilience as we adapt to a constantly changing market and members' evolving circumstances. We operate within and navigate a complex, dynamic market. Despite personal and economic pressures, most of our members remain loyal in managing their loans. The LMCU continues to be a strong and viable source of financial support for our members and prospective members.

Membership Accounts

London Mutual Credit Union's adult membership stands at 44,567, representing a 5.1% increase compared to the previous year. Additionally, there are 1758 Junior Saver accounts, 61 corporate accounts, and 5,846 transactional current accounts.

Revenue Account 2025

Interest receivable

- Net Interest Receivable: £3.6m

Interest on members' loans amounted to £3.5m, an increase of £89k up from 2024 (3.4k).

Income from bank deposits totalled £98k in 2025 and £122k in 2024, reflecting a decrease of £24k from the previous year. Due to lower interest rates and more funds going to loans and less being held in banks

Other operating income

£288k, this includes the following:

- Grant income: £238k
- Rent from the old premises at 79 Denmark Hill, Camberwell: £50k

Expenses

Administrative expenses

£2.49m (compared to £2.28m in 2024, a 9% increase of £218k. This increase reflects rises in various operating expenses.

Other operating expenses

£199k (up from £181k in 2024). These include occupancy and regulatory costs.

Impairment on loans for bad and doubtful debts

This amounted to £424K in 2025, compared with £568K in 2024 and £1.197M in 2023. During the year, LMCU recovered bad debts of £40K in 2025, £28K in 2024, and £23K in 2023, demonstrating consistent improvement in debt management. LMCU also derecognised bad debts totalling £350K in 2025 and £967K in 2024.

Operating surplus before tax

Amounted to £144k in 2025 and £178k in 2024, as LMCU recovered from a -£298k loss in 2023, maintaining surpluses year on year. After deducting £35k for corporation tax in 2025, the net surplus stands at £108k as of 30th September 2025.

Balance Sheet as of 30th September 2024

Assets:

- Funds held at the bank amounted to £7,025 in 2025, £7.2m in 2024, and £7.8m in 2023. The reduction in funds held by the bank reflects increases in member loans and mortgage
- The risk-adjusted Loans to members amount to £25.4m in 2025, £24.6m in 2024, and £23.7m in 2023. Increasing by £767k in 2025. Loans advanced during the period were £19m, £1m more than in 2024.

- LMCU continues its strategy of reducing larger loans and focusing on a greater number of smaller loans to mitigate risk and lessen the impact of potential delinquency. This approach is key to improving profitability and increasing capital in the coming years.

Total assets amounted to £36.4m in 2025, £36m in 2024 and £35.73m in 2023, representing an increase of £400k in 2025.

Liabilities:

- Customers' accounts totalled £31.2m in 2025, £30.9m in 2024, and £31.28m in 2023. There was an increase of £266k in 2025.

Equity / general and other reserves:

- Reserves rose to £4.25m in 2025, £4.137m in 2024, and £4.002m in 2023. There was a steady increase of £108k in 2025.

Dividends

While LMCU achieved an operating surplus for the year ending 30th September 2025, the Directors are not recommending any dividends for this financial year. This decision reflects their choice not to recommend dividends until our reserves are at least 3% above the PRA recommended surplus, aiming to protect LMCU in a weak economic market, unforeseen crises, and sudden increases in bad and doubtful debts.

On behalf of the Board of Directors, I thank the CEO, staff, and auditors for their dedication and hard work throughout 2025. We also extend our gratitude to all our members for their ongoing loyalty, patronage, and support for London Mutual Credit Union over the past year.



Louis R McLeod MBA, OBE
Treasurer



Audit Committee Report

Year ending 30th September 2025

As Audit Committee Chair, I am pleased to present the audit committee's report for the year ended 30th September 2025.

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. We have retained an audit firm, Carbon Accountancy Limited to carry out our internal audit process.

Based on this we have been focusing on several key areas during 2024/25 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 robust assessment of the effectiveness of the Credit Union's risk management and internal control framework and how well we monitor principal risks;
- Reviewing the 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 scope and the delivery of internal audit; and
- Reviewing the risk management and processes and its effectiveness.

Our priorities for 2024/25:

- Reviewing controls over internal and external fraud and corruption and making recommendations based on our findings.
- Reviewing the accuracy and completeness of monthly reports.

- Ongoing evaluation of cybersecurity, emphasising the implementation and maintenance of effective IT policies and procedures.
- Ensuring that effective risk management processes are in place to monitor and control credit risk.
- Monitoring the achievements of strategic objectives included in Business Plan for 2025–2027 as well as tracking the progress on the mortgage product and other product development initiatives.
- Monitoring identification of business risks and mitigating controls ensuring these were implemented effectively.
- Reviewing Business Continuity Plan to manage our contingencies and procedures for unplanned incidents and service disruption protocols, that are in place.
- Overseeing the implementation of the asset management and procurement policy and procedures.
- Reviewing provisioning policy and ensuring that it is correctly applied.
- Overseeing implementation of cash control policy and procedures and efficiency of customer service provided at the counters.
- Overseeing ongoing compliance with the FCA's Consumer Duty regulations across all four outcomes.
- Reviewing and ensuring the implementation of recommendations outlined in previous reports.

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

London Mutual Credit Union Ltd

Financial statements

for the year ended 30 September 2025

LONDON MUTUAL CREDIT UNION LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

The Directors present their annual report and financial statements for the year ended 30 September 2025.

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.

Results and dividends

The results for the year are set out on page 6 and dividend rates are disclosed at note 3.

Directors

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

R Aminu

M Cook

R Cooper

O Decker

H Harris

A Marshall

L. R. McLeod OBE

Dr F Millen

A Newlove

L Roberts

B Vaughan

(Deceased 30 January 2025)

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" namely lending, mortgages and investments and the requirements for Credit Unions within the PRA Credit Union Rulebook for credit unions over 15,000 members.

Principal risks and uncertainties

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

LONDON MUTUAL CREDIT UNION LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

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 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; and
- 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.

Auditor

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

By order of the board

Heather Harris

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H Harris

Secretary 3/2/2026

Date:

LONDON MUTUAL CREDIT UNION LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LONDON MUTUAL CREDIT UNION LTD

Opinion

We have audited the financial statements of London Mutual Credit Union Ltd (the 'credit union') for the year ended 30 September 2025 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 2025 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the credit union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

LONDON MUTUAL CREDIT UNION LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LONDON MUTUAL CREDIT UNION LTD

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the credit union through discussions with directors and other management, and from our wider knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the credit union, including Corporate and Community Benefit Society legislation and taxation legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the credit union's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

LONDON MUTUAL CREDIT UNION LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LONDON MUTUAL CREDIT UNION LTD

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with PRA.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

TC Group

TC Group

3/2/2026

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Business Advisors & Accountants

Statutory Auditor

Business Advisors & Accountants
180 St Vincent Street
Glasgow
G2 5SG

LONDON MUTUAL CREDIT UNION LTD

REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

		2025	2024
	Notes	£	£
Loan interest receivable and similar income	3	3,628,578	3,564,380
Interest payable and similar charges	4	(5,460)	(623)
Net interest receivable		<u>3,623,118</u>	<u>3,563,757</u>
Fees and commissions receivable	5	617,500	578,632
Fees and commissions payable	6	(1,004,323)	(847,292)
Net fees and commissions		<u>(386,823)</u>	<u>(268,660)</u>
Other operating income	7	288,350	160,024
Administrative expenses	8	(2,495,566)	(2,277,382)
Depreciation and amortisation	18/19	(262,043)	(249,485)
Other operating expenses	9	(199,447)	(181,291)
Impairment on loans for bad and doubtful debts	17	(423,688)	(568,392)
Surplus before taxation		<u>143,901</u>	<u>178,571</u>
Corporation tax	14	(35,454)	(43,615)
Surplus for the year		<u><u>108,447</u></u>	<u><u>134,956</u></u>

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

The notes on pages 11 to 31 form an integral part of these financial statements.

LONDON MUTUAL CREDIT UNION LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2025

	2025	2024
	£	£
Surplus for the year	108,447	134,956
Other comprehensive income	-	-
Total comprehensive income for the year	<u>108,447</u>	<u>134,956</u>

The notes on pages 11 to 31 form an integral part of these financial statements.

LONDON MUTUAL CREDIT UNION LTD

BALANCE SHEET

AS AT 30 SEPTEMBER 2025

	Notes	2025 £	2024 £
Assets			
Cash and balances at central banks	15	74,806	170,360
Loans and advances to banks	15	6,970,662	7,015,245
Loans and advances to customers	16	25,372,956	24,605,676
Intangible assets	19	313,618	373,206
Tangible assets	18	3,628,115	3,738,166
Prepayments		79,374	105,781
Total assets		36,439,531	36,008,434
Liabilities and reserves			
Customer accounts	20	31,189,182	30,923,102
Other liabilities	21	251,332	184,762
Deferred income	22	6,400	16,400
Provisions for liabilities	27	246,796	246,796
Subordinated loans	23	500,000	500,000
		32,193,710	31,871,060
General reserve	29	1,583,094	1,474,647
Revaluation reserve	29	1,603,173	1,603,173
Other reserves	29	1,059,554	1,059,554
Total reserves		4,245,821	4,137,374
Total liabilities and reserves		36,439,531	36,008,434

3/2/2026

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



.....
L. R. McLeod OBE

Director



.....
Dr F. Millen

Director



.....
H Harris

Secretary

The notes on pages 11 to 31 form an integral part of these financial statements.

LONDON MUTUAL CREDIT UNION LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Revaluation Reserve £	Growth Fund Reserve £	General Reserve £	Total £
Balance at 1 October 2023	1,603,173	1,059,554	1,339,691	4,002,418
Year ended 30 September 2024:				
Surplus and total comprehensive income for the year	-	-	134,956	134,956
Other movements	-	-	-	-
Balance at 30 September 2024	1,603,173	1,059,554	1,474,647	4,137,374
Year ended 30 September 2025:				
Surplus and total comprehensive income for the year	-	-	108,447	108,447
Other movements	-	-	-	-
Balance at 30 September 2025	1,603,173	1,059,554	1,583,094	4,245,821

The notes on pages 11 to 31 form an integral part of these financial statements.

LONDON MUTUAL CREDIT UNION LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Notes	£	2025 £	£	2024 £
Cash flows from operating activities					
Surplus for the period			108,447		134,956
Depreciation and amortisation	10	262,043		249,485	
Deficit on disposal of fixed assets		11,332		-	
Corporation tax expenses	14	35,454		43,615	
Provision movement	17	467,727		596,814	
Interest income on loans	3	(3,530,639)		(3,441,965)	
Distribution on members shares	4	460		623	
			(2,753,623)		(2,551,428)
Working capital adjustments					
Change in other receivables and prepayments		26,407		(49,771)	
Change in other liabilities		74,731		53,420	
Change in deferred income		(10,000)		(10,000)	
			91,138		(6,351)
Cash flows from changes in operating assets and liabilities					
Loan repayments less loans advanced	16	2,295,632		1,933,562	
Customer balance cash movement		265,620		(361,470)	
Movement on funds on deposit	15	(47,233)		1,683,360	
			2,514,019		3,255,452
Corporation tax paid			(43,615)		(81,350)
Net cash flow from operating activities			(83,634)		751,279
Investing activities					
Purchase of intangible assets	19	(99,285)		(95,647)	
Purchase of tangible fixed assets	18	(4,451)		(131,741)	
Net cash used in investing activities			(103,736)		(227,388)
Financing activities					
Cash movement on subordinated loans		-		500,000	
Net cash (used in)/generated from financing activities			-		500,000
Net (decrease)/increase in cash and cash equivalents			(187,370)		1,023,891
Cash and cash equivalents at beginning of year			5,615,842		4,591,951
Cash and cash equivalents at end of year	32		5,428,472		5,615,842

The notes on pages 11 to 31 form an integral part of these financial statements.

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

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 Co-operative 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 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.

1.3 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; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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
Licenses & related software	59-107 months straight line

1.4 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 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

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

1 Accounting policies

(Continued)

Depreciation is not calculated on the land element of properties due to its useful life.

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.

1.5 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.

1.6 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.

1.7 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.

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

1 Accounting policies

(Continued)

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.

1.8 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.

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

1 Accounting policies

(Continued)

1.9 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.

1.10 Retirement benefits

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

1.11 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.

1.12 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. Revenue grants are recognised as income over the periods when the related costs are incurred. Capital grants 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.

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

2 Judgements and key sources of estimation uncertainty

(Continued)

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. The PRA waiver which permitted reduced provision rates expired in December 2022 resulting in increased provision rates being used in the current financial year compared to last year. 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.

Going Concern

Our financial projections, which support our going concern assessment, rely on estimates of bad debts which will be dependent on a number of factors outwith the credit union's control including the general state of the economy.

3 Interest receivable and similar income

	2025	2024
	£	£
Interest income on loans	3,530,639	3,441,965
Interest income on bank deposits	97,939	122,415
	<u>3,628,578</u>	<u>3,564,380</u>

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

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:

	2025	2024
	£	£
Interest and similar charges paid during the period		
Distributions to junior members	460	623
Interest on borrowing	5,000	-
	<u>5,460</u>	<u>623</u>

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:

	2025	2024
	%	%
Dividend rates paid during year		
Junior dividend	-	-
	<u>-</u>	<u>-</u>

5 Fees and commissions receivable

	2025	2024
	£	£
Entrance fees	3,422	3,406
Banking service charges	612,098	572,232
Insurance commission	1,980	2,994
	<u>617,500</u>	<u>578,632</u>

6 Fees and commissions payable

	2025	2024
	£	£
Bank charges	25,532	45,405
Banking service charges	978,791	801,887
	<u>1,004,323</u>	<u>847,292</u>

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

7 Other operating income

	2025 £	2024 £
Other income	-	56,528
Grant income	238,350	15,175
Donations received	-	32,000
Rental income	50,000	56,321
	<u>288,350</u>	<u>160,024</u>

8 Administrative expenses

	Notes	2025 £	2024 £
Staff costs	13	1,872,373	1,776,650
Directors' remuneration	12	26,980	27,873
External auditor's remuneration	11	25,901	19,615
Member communication and advertising		189,213	151,024
Legal, professional and credit control costs		152,444	126,314
Computer and software expenses		151,233	118,675
Travel costs		17,519	10,427
General administration costs		59,903	46,804
		<u>2,495,566</u>	<u>2,277,382</u>

9 Other operating expenses

	2025 £	2024 £
Regulatory costs	18,808	20,382
Costs of occupying offices	180,639	160,909
	<u>199,447</u>	<u>181,291</u>

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

10 Operating surplus

	2025	2024
	£	£
Operating surplus for the year is stated after charging:		
Fees payable to the credit union's external auditor for the audit of the financial statements	14,768	11,925
Depreciation of owned tangible fixed assets	114,502	89,245
Amortisation of intangible assets	147,541	160,240
Operating lease charges	48,955	31,417
	<u> </u>	<u> </u>

11 External auditor's remuneration

	2025	2024
	£	£
Fees payable to the credit union's external auditors:		
For audit services		
Audit of the financial statements of the credit union	14,768	11,925
	<u> </u>	<u> </u>
For other services		
All other non-audit services	11,133	7,690
	<u> </u>	<u> </u>

12 Directors' remuneration

The average monthly number of Directors at the Credit Union during the year was:

	2025	2024
	Number	Number
Directors	10	11
	<u> </u>	<u> </u>

Remuneration paid to Directors consists of:

	2025	2024
	£	£
Honorarium	23,800	24,585
Social security costs	3,180	3,288
	<u> </u>	<u> </u>
	<u>26,980</u>	<u>27,873</u>

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

13 Staff costs

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

	2025	2024
	Number	Number
Administration and support	51	49

Their aggregate remuneration comprised:

	2025	2024
	£	£
Wages and salaries	1,564,840	1,510,550
Social security costs	168,857	134,952
Pension costs	61,384	60,789
Other staff costs	77,292	70,359
	<u>1,872,373</u>	<u>1,776,650</u>

During the year, the Credit Union paid termination payments to four members of staff totaling £13,255 (2024: £nil).

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

14 Corporation tax

	2025 £	2024 £
Current tax		
UK corporation tax on taxable surplus for the current period	35,454	43,615

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:

	2025 £	2024 £
Surplus before taxation	143,901	178,571
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2024: 25.00%)	35,975	44,643
Tax effect of income/expenditure not taxable in determining taxable surplus	(521)	(1,028)
Taxation charge for the year	35,454	43,615

15 Loans and advances to banks

	2025 £	2024 £
Cash held at banks	1,993,738	1,518,585
Bank deposits	4,976,924	5,496,660
Loans and advances to banks	6,970,662	7,015,245
Cash in hand	74,806	170,360
Total cash and bank balances	7,045,468	7,185,605
Loans split by repayment period		
Cash and cash equivalents	5,428,472	5,615,842
Amounts maturing in over 8 days	1,616,996	1,569,763
	7,045,468	7,185,605

The carrying amount of the bank balances pledged as collateral is £230,000 (2024 - £440,000).

Collateral is in respect of Enfuce at 30 September 2025 (Optimus at 30 September 2024) for use of Mastercard facilities.

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

16 Loans and advances to customers

	Notes	2025 £	2024 £
Loan movement			
Opening balances		29,104,787	28,563,097
Interest on loans		3,530,639	3,441,965
Loans advanced during the period		18,952,376	18,094,865
Loans repaid during the period		(21,248,008)	(20,028,427)
Loans derecognised		(350,057)	(966,713)
		<u>29,989,737</u>	<u>29,104,787</u>
Loan impairment provisions	17	(4,616,781)	(4,499,111)
		<u>25,372,956</u>	<u>24,605,676</u>
Loans split by repayment period			
Capital repayments due within 1 year		9,850,355	12,996,575
Capital repayments due after 1 year		20,139,382	16,108,212
Loan impairment provisions	17	(4,616,781)	(4,499,111)
		<u>25,372,956</u>	<u>24,605,676</u>
Loans split by type			
Loans to individual members		29,590,760	28,791,607
Mortgages to members		398,977	313,180
Loan impairment provisions	17	(4,616,781)	(4,499,111)
		<u>25,372,956</u>	<u>24,605,676</u>

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

17 Loan impairment

	Write off Provision £	Arrears Provision £	Total Provisions £
Loan impairment provision			
Opening balances	1,249,180	3,249,931	4,499,111
Provision movement	458,298	(340,628)	117,670
Closing balances	<u>1,707,478</u>	<u>2,909,303</u>	<u>4,616,781</u>

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	2025 £	2024 £
Impairment revenue account charge			
Impairment provision movement		117,670	(369,899)
Bad debts derecognised	16	350,057	966,713
Bad debts recovered		(44,039)	(28,422)
		<u>423,688</u>	<u>568,392</u>

18 Tangible fixed assets

	Freehold buildings £	Leashold improvements £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 October 2024	3,610,177	298,251	649,499	4,557,927
Additions	-	-	4,451	4,451
At 30 September 2025	<u>3,610,177</u>	<u>298,251</u>	<u>653,950</u>	<u>4,562,378</u>
Depreciation and impairment				
At 1 October 2024	41,709	267,303	510,749	819,761
Depreciation charged in the year	49,224	26,949	38,329	114,502
At 30 September 2025	<u>90,933</u>	<u>294,252</u>	<u>549,078</u>	<u>934,263</u>
Carrying amount				
At 30 September 2025	<u>3,519,244</u>	<u>3,999</u>	<u>104,872</u>	<u>3,628,115</u>
At 30 September 2024	<u>3,568,468</u>	<u>30,948</u>	<u>138,750</u>	<u>3,738,166</u>

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

18 Tangible fixed assets

(Continued)

In line with FRS 102, the land element of freehold land and buildings is not depreciated.

Land and buildings were revalued in August 2023 by Eddisons independent valuers not connected with the credit union on the basis of market value. The valuation was carried out in accordance with RICS Global Standards 2021. The Directors do not believe there would be any material change to the value of the assets at the balance sheet date.

Included above is investment properties with a net book value of £848,044 (2024: £859,091).

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:

	2025 £	2024 £
Cost	2,123,522	2,123,522
Accumulated depreciation	(457,513)	(436,466)
Carrying value	<u>1,666,009</u>	<u>1,687,056</u>

19 Intangible fixed assets

	Software £	Licenses & related software £	Total £
Cost			
At 1 October 2024	697,882	827,017	1,524,899
Additions - separately acquired	99,285	-	99,285
Disposals	-	(11,332)	(11,332)
At 30 September 2025	<u>797,167</u>	<u>815,685</u>	<u>1,612,852</u>
Amortisation and impairment			
At 1 October 2024	473,943	677,750	1,151,693
Amortisation charged for the year	70,797	76,744	147,541
At 30 September 2025	<u>544,740</u>	<u>754,494</u>	<u>1,299,234</u>
Carrying amount			
At 30 September 2025	<u>252,427</u>	<u>61,191</u>	<u>313,618</u>
At 30 September 2024	<u>223,939</u>	<u>149,267</u>	<u>373,206</u>

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

20 Customer accounts

	2025	2024
	£	£
Deposit movement		
Opening balances	30,923,102	31,283,949
Share movement in year	266,080	(360,847)
	<u>31,189,182</u>	<u>30,923,102</u>
Deposits split by type		
Standard dividend bearing member shares	22,938,738	22,488,602
Standard interest bearing member shares	315,904	525,440
Corporate dividend bearing shares	274,816	201,540
	<u>23,529,458</u>	<u>23,215,582</u>
Member current account	6,762,080	6,676,560
Juvenile member deposits	897,644	1,030,960
	<u>31,189,182</u>	<u>30,923,102</u>

21 Other liabilities

	2025	2024
	£	£
Corporation tax	35,454	43,615
Other creditors	79,330	173
Accruals and deferred income	136,548	140,974
	<u>251,332</u>	<u>184,762</u>

22 Deferred income

	2025	2024
	£	£
Opening balance	16,400	26,400
Release in period	(10,000)	(10,000)
	<u>6,400</u>	<u>16,400</u>

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

23 Loans and overdrafts

	2025 £	2024 £
Subordinated loans	500,000	500,000
Payable after one year	500,000	500,000

Included within creditors is a subordinated debt. This debt is subordinate to the interests of all other creditors, including members and juvenile depositors. The debt is repayable in August 2032 and so is counted as regulatory capital. Interest is currently charged on the subordinated loan at 1% per annum.

24 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.

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

25 Retirement benefit schemes

	2025	2024
	£	£
Defined contribution schemes		
Charge to revenue account in respect of defined contribution schemes	61,384	60,789
	<u>61,384</u>	<u>60,789</u>

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.

26 Credit risk on lending

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

	2025	2024
	£	£
Security for loans		
Attached shares	4,698,493	4,198,891
	<u>4,698,493</u>	<u>4,198,891</u>

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.

	2025	2024
	£	£
Loans not individually impaired		
Not past due	24,413,202	24,107,649
Up to 3 months past due	651,156	470,747
	<u>25,064,358</u>	<u>24,578,396</u>
Loans individually impaired		
Between 3 and 6 months past due	243,512	154,580
Between 6 months and 1 year past due	311,101	459,343
Over 1 year past due	2,663,288	2,663,288
Individually impaired and written off for internal purposes	1,707,478	1,249,180
	<u>4,925,379</u>	<u>4,526,391</u>
Total loans	29,989,737	29,104,787
Impairment allowance	(4,616,781)	(4,499,111)
	<u>25,372,956</u>	<u>24,605,676</u>

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

27 Provisions for liabilities

	2025 £	2024 £
Deferred tax liabilities	246,796	246,796

28 Credit risk on bank and investments

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

	2025 £	2024 £
Bank accounts	1,993,738	1,518,585
Bank term deposits	4,976,924	5,496,660
	<u>6,970,662</u>	<u>7,015,245</u>

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

29 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.

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

30 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.

	2025		2024	
	Amount	Average rates received	Amount	Average rates received
	£	in year %	£	in year %
Financial assets				
Loans to members	29,590,760	12.05%	28,791,607	11.97%
Mortgages	398,977	3.94%	313,180	6.61%
Loans and advances to banks	6,970,662	1.40%	7,015,245	1.66%
	<u>36,960,399</u>		<u>36,120,032</u>	
Financial liabilities				
Juvenile deposits	(897,644)	0.05%	(1,030,960)	0.06%
Dividend bearing shares	(29,975,634)	-	(29,366,702)	-
Interest bearing shares	(315,904)	-	(525,440)	-
Loans to the credit union	(500,000)	1.00%	(500,000)	-
	<u>(31,689,182)</u>		<u>(31,423,102)</u>	

31 Capital

The credit union classes all of its reserves and subordinated loans as capital as well as any revaluation reserve meeting the requirements of the PRA rulebook for capital. The credit union manages its reserves through its financial and budgeting policies and procedures. The Prudential Regulation Authority sets out requirements for regulatory capital that the credit union must maintain. The credit union's position with the requirements at the year end is set out below:

	2025	2024
	%	%
Actual regulatory capital ratio	<u>11.50</u>	<u>11.24</u>
Regulatory requirement		
Regulatory minimum capital ratio requirement	<u>7.18</u>	<u>7.17</u>

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

32 Analysis of changes in net funds

	1 October 2024	Cash flows	30 September 2025
	£	£	£
Cash and cash equivalents	5,615,842	(187,370)	5,428,472
Bank deposits maturing in over 8 days	1,569,763	47,233	1,616,996
	<u>7,185,605</u>	<u>(140,137)</u>	<u>7,045,468</u>
Borrowings excluding overdrafts	(500,000)	-	(500,000)
	<u>6,685,605</u>	<u>(140,137)</u>	<u>6,545,468</u>

33 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 maintenance of £99,429 (2024: £27,117).

34 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:

	2025	2024
	£	£
Within one year	34,800	34,800
Between two and five years	139,200	139,200
In over five years	-	34,800
	<u>174,000</u>	<u>208,800</u>

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

35 Interest rate risk

The credit union's primary source of net income arises from the management of the differences in the exposures arising from financial instruments and the margins earned on them. The credit union does not use interest rate options to hedge its own positions. The Interest rate repricing table set out below is based on the earlier of the loan maturity date and the next interest rate repricing date. The loan maturity date is subject to a number of factors.

	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
	£	£	£	£	£	£	£
Assets							
Cash and balances at central banks	-	-	-	-	-	74,806	74,806
Loans and advances to banks	4,363,897	2,606,765	-	-	-	-	6,970,662
Loans and advances to customers	4,452,531	666,440	2,599,378	21,122,684	1,148,704	(4,616,781)	25,372,956
Intangible assets	-	-	-	-	-	313,618	313,618
Property, plant and equipment	-	-	-	-	-	3,628,115	3,628,115
Prepayments	-	-	-	-	-	79,374	79,374
Total assets	8,816,428	3,273,205	2,599,378	21,122,684	1,148,704	(520,868)	36,439,531
Liabilities and reserves							
Customer accounts	315,904	-	-	-	-	30,873,278	31,189,182
Other liabilities	-	-	-	-	-	251,332	251,332
Accruals and deferred income	-	-	-	-	-	6,400	6,400
Provisions	-	-	-	-	-	246,796	246,796
Subordinated Loans	-	-	-	-	500,000	-	500,000
Reserves	-	-	-	-	-	4,245,821	4,245,821
Total liabilities and reserves	315,904	-	-	-	500,000	35,623,627	36,439,531
Difference	(8,500,524)	(3,273,205)	(2,599,378)	(21,122,684)	(648,704)	36,144,495	-
Cumulative	(8,500,524)	(11,773,729)	(14,373,107)	(35,495,791)	(36,144,495)	-	-

LONDON MUTUAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2025

36 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.

	2025	2024
	£	£
Wages and salaries	314,120	382,996
Pension expense	8,749	7,905
Honorarium	23,800	24,585
	<hr/>	<hr/>
Aggregate compensation	346,669	415,486
	<hr/> <hr/>	<hr/> <hr/>

Transactions with key management

Two of the Directors and the CEO are also Directors of SCU Enterprise Limited. SCU Enterprise Limited is set up to provide the members lottery for the Credit Union. During the year SCU Enterprise Limited donated £46,000 (2024: £32,000) to the Credit Union.

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.

	2025	2024
	£	£
Loans to key management and their close family	82,083	73,376
Shares held by key management and their close family	44,515	39,103
	<hr/> <hr/>	<hr/> <hr/>

LONDON MUTUAL CREDIT UNION LTD

DETAILED REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

		2025	2024
	Notes	£	£
Income			
Interest income on loans	3	3,530,639	3,441,965
Interest income on bank deposits	3	97,939	122,415
Fees and commissions receivable	5	617,500	578,632
Other income	7	288,350	160,024
		<hr/>	<hr/>
		4,534,428	4,303,036
Expenditure			
Staff costs	13	1,872,373	1,776,650
Directors' remuneration	12	26,980	27,873
Auditors remuneration	11	25,901	19,615
Member communication and advertising	8	189,213	151,024
Legal, professional and credit control costs	8	152,444	126,314
Computer and software expenses	8	151,233	118,675
Travel costs	8	17,519	10,427
Bank charges	6	25,532	45,405
Banking services costs	6	978,791	801,887
General administration costs	8	59,903	46,804
Regulatory costs	9	18,808	20,382
Costs of occupying offices	9	180,639	160,909
Depreciation and amortisation	10	262,043	249,485
Impairment on loans for bad and doubtful debts	17	423,688	568,392
Loan interest payable		5,000	-
		<hr/>	<hr/>
		4,390,067	4,123,842
		<hr/>	<hr/>
Surplus before taxation		144,361	179,194
Corporation tax	14	(35,454)	(43,615)
		<hr/>	<hr/>
		108,907	135,579
Distributions		(460)	(623)
		<hr/>	<hr/>
Surplus for the year		108,447	134,956
		<hr/> <hr/>	<hr/> <hr/>

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London Mutual
Credit Union

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