



London Mutual
Credit Union

Annual Report and Audited Accounts of

London Mutual
Credit Union Limited

For the year ending 30th September 2013

London Mutual Credit Union Limited

Registered Office:

4 Heaton Road, Peckham, London, SE15 3TH

Telephone: 020 7787 0770

Fax: 020 7277 9206

Email: info@creditunion.co.uk

Website: www.creditunion.co.uk

Branches and Opening Times

4 Heaton Road, Peckham, London SE15 4TH

Opening hours are: Monday to Friday - 9.30am to 4.30pm

79 Denmark Hill, Camberwell, London SE5 8RS

Opening hours are: Monday to Friday - 9.30am to 4.30pm

10 Acre Lane, Brixton, Lambeth London SW2 5SG

Opening hours are: Monday to Friday - 9.30am to 4.30pm

347 Royal College Street, London, NW1 9QS

Opening hours are: Monday to Friday - 9.30am to 4.30pm

18 Pilgrimage Street, Bermondsey, London SE1 4LL

Opening hours are: Monday to Wednesday - 9.30am to 4.30pm

London Mutual Credit Union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (FRN 213248) and is:

- ♦ Operating under an Industrial and Provident Society
- ♦ Member of the Financial Services Compensation Scheme
- ♦ A Member of the Financial Ombudsman Service
- ♦ A Member of the Association of British Credit Unions Ltd



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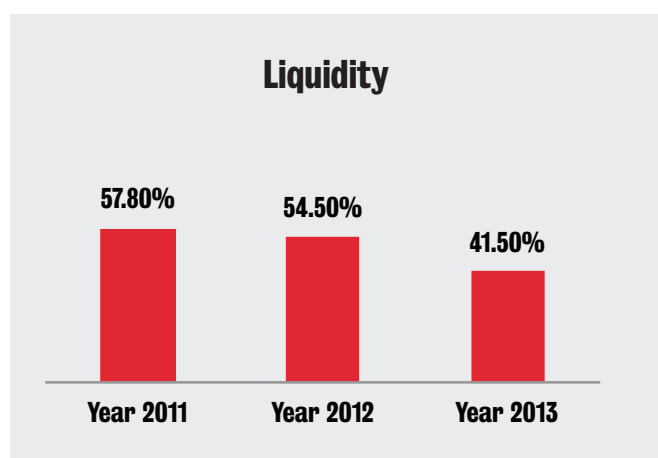
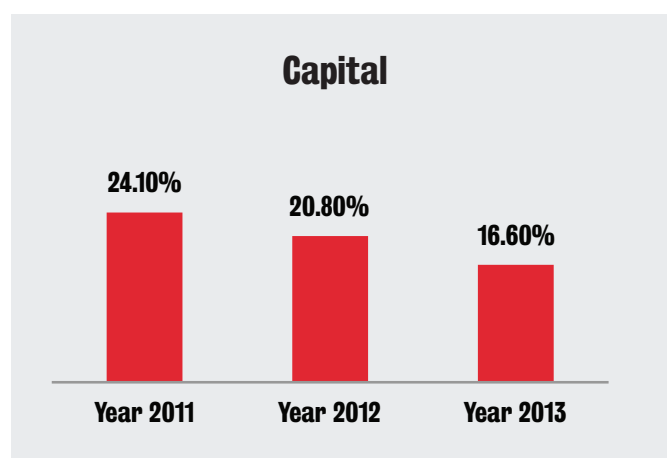
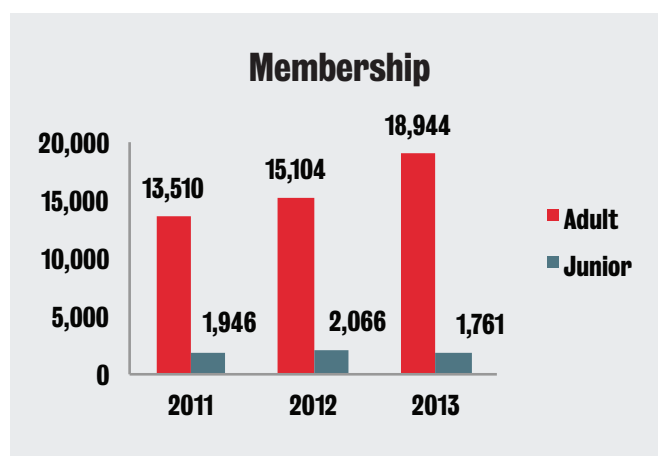
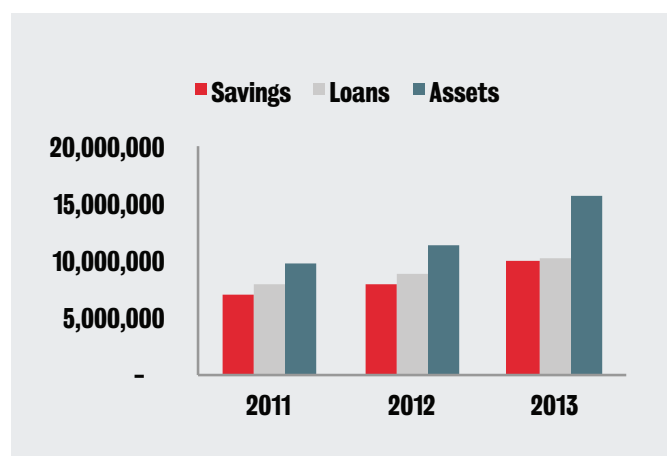
London Mutual Credit Union Ltd

The Common Bond

London Mutual Credit Union has a common bond of “Residing in or being employed in the London Boroughs of Camden, Southwark, Lambeth or Westminster”.

Balance Sheet Highlights

	2011	2012	2013
Membership	13,510	15,104	18,944
Junior Savers	1,946	2,066	1,761
Savings	£7,059,134	£8,000,370	£10,001,435
Loans	£7,941,749	£8,903,994	£10,267,932
Assets	£9,708,692	£11,427,609	£15,563,838
Capital Ratio (Risk Adjusted)	24.1%	20.8%	16.6%
Liquidity Ratio	57.8%	54.5%	41.5%



32nd Annual General Meeting of London Mutual Credit Union Limited

The Board Room, King's College Hospital, Denmark Hill, London SE5 9RS
19th February 2014 at 6.00PM

- 1 Welcome and Introductions
 - 2 Minutes of the AGM held Thursday 14th February 2013
 - 3 Report of the Board Directors
3.1 Governance Report
 - 4 Treasurer's Report
 - 5 Consideration of Accounts
 - 6 Auditor's Report
 - 7 Declaration and recommendation of dividend
 - 8 Supervisory Committee Report
 - 9 Appointment of Auditors
 - 10 Honorary for the Treasurer
 - 11 Election of Officers
 - 12 Consideration of Motions
-

Details of Nominations and minutes of the previous meeting will be available at the AGM. Entry to the meeting will be on production of membership book or proof of membership. You may be asked for proof of identity.

President's Report Year Ending 30th September 2013

It is a great honour for me, as President, to present the annual report of the London Mutual Credit Union (LMCU). Growth is always the key area that LMCU directors strive to achieve. We managed to achieve this with the dedication of our members, staff and the board of directors despite the ever changing economic climate. The year 2013 has been a momentous year for LMCU.

- ♦ In January 2013 we opened our new head office in Heaton Road, which has allowed us to provide membership services for many more members. We were joined at the opening by distinguished guests Harriet Harman MP, an existing member, and Lord Roy Kennedy of Southwark who joined as a member. They have both actively promoted the Credit Union movement and in particular LMCU.
- ♦ In May 2013 we were visited by her Royal Highness the Duchess of Cornwall as part of her support to organisations that offer practical help in their communities and she has since become a member of our credit union.
- ♦ Further visitors who came to lend support to LMCU and join as members were Welfare Reform Minister Lord David Freud and London Assembly Member Fiona Twycross, both of whom are working hard to promote Credit Unions and their services to all sections of our community and in particular to those who find it hard to access financial services.
- ♦ In June 2013 we merged with Camden Plus Credit Union increasing our membership and allowing everyone who lives or works in the London Borough of Camden to have access to our range of products and services.

The following events have happened during our current financial year October 2013 – September 2014, but are noteworthy events and therefore necessitate acknowledgement as part of the eventful year 2013.

- ♦ In October 2013 we launched a mobile phone app on both Apple and Android allowing members to access a full range of services while on the go.

We were also visited by the Leader of the Labour Party, Ed Milliband, and the Bishop of Southwark, The Rt Reverend Christopher Chessun, both of whom joined as members and who support the Credit Union movement and LMCU.

- ♦ In November 2013 through the hard work of all those working for and supporting LMCU we launched membership and services to all those who work in the Palace of Westminster, which includes the House of Commons and the House of Lords. The initiative was launched at an event in Parliament hosted by the All-

Party Parliamentary Group on Credit Unions and London Mutual Credit Union, and was attended by numerous supporters of Credit Unions and LMCU. Martin Lewis from Moneysaving Expert who attended the launch has also joined LMCU as a member.

The numerous events and our Payday Loan product have positively promoted LMCU to both our new and existing members and we work hard to continue to develop products that will benefit our members and continue the growth of our Credit Union.

This year we are planning to increase our activity in the digital media arena in order to attract young members. In addition to this we will be introducing more automation into aspects of our lending process and will be initiating a project to implement a single account management system in order to increase efficiencies. We will also be implementing a new credit profiling system to help us to make lending decisions more effectively. As with all our business enterprise, decisions are made with the support and advice from our Accountants Appleby & Woods and other relevant professionals.

LMCU is proud to let you know that all our employees are now receiving the London Living Wage. The Living Wage is independently calculated according to the basic cost of living in the UK.

We continue to work with our increasing number of partners Southwark, Lambeth and Camden Councils, Government and Financial institutions who actively promote Credit Unions, Department of Works and Pensions, Voluntary Agencies and Registered Social Landlords to promote membership of the credit union.

As always, I would like to take this opportunity to thank all the staff working for LMCU for their hard work and continued dedication in providing services to our members and helping with the development and growth of our Credit Union.

I would also like to thank all our members for their continued loyalty in these challenging times and look forward to another year of growth and excellent service provided by LMCU.



Heather Crawford
President

Governance Report

Elected Members

Name	Position	Year Elected	Possible Attendances	Actual Attendances
Heather Crawford	President	2009	11	11
Abu Barkatoolah	Secretary	2010	11	7
Louis R McLeod	Treasurer	1996	11	11
Mufutau P Durowoju	Director	2007	11	10
Chris Gonde	Director	2011	11	10
Ann Brewster	Director	1998	11	11
Karen Michael	Director	2006	11	7
Anthony C Anthrobus	Director	2004	11	11

Supervisory Committee

Name	Position	Year Elected	Possible Attendances	Actual Attendances
Millicent Myrie	Chairperson	2009	N/A	9
Sonia Hue	Committee Member	2010	N/A	7

The training undertaken by elected members included

All Directors and Supervisory committee:	ABCUL AGM – various training seminars	March 2013
Two Directors	World Council of Credit Union Conference and training seminars	June 2013
Two Directors	5 day credit union Development Educator UK (DEUK) training	July 2013

London Mutual Credit Union is committed to broadening the knowledge of its elected members and officers. They are therefore offered training opportunities and encouraged to attend conferences and seminars which are organised by the Association of British Credit Unions (ABCUL). The conferences have enabled them to network with leaders in the Credit Union movement, the Financial Conduct Authority and Legal experts advising on personnel and credit control matters and many more.

The knowledge gained in the area of marketing and Information Technology has enabled LMCU to be at the forefront of a number of innovations and to remain one of the most successful and prominent Credit Unions in the UK.

Governance Report

London Mutual Credit Union Limited is committed to achieving the requirements of the Code of Good Governance and Best Practice for Credit Unions.

The Board is responsible for good governance in the credit union and adheres to the principles of good governance outlined in the Governance Code for Credit Unions.

The code of Governance was introduced into UK credit unions by the Association of British Credit Unions in November 2008 at their Autumn Conference. It is a voluntary code that all credit unions are recommended to embrace. It shows the transparency of managing the affairs of the credit union and at the same time helps strengthen both internal structures and accountability to the members and stakeholders of London Mutual Credit Union.

At the November 2008 Board Meeting the Board of Directors of London Mutual Credit Union decided to take part in the programme and appointed a Director and the CEO to be responsible for implementing and monitoring the Governance programme for London Mutual Credit Union.

The code of governance requires that the credit union reaches compliance in elements of:

Compliance & Continuity – The credit union strives to ensure compliance and transparency within the requirements of the law, the regulator and members of the credit union and take steps to safeguard the future of the credit union.

Integrity & Accountability - The credit union strives to maintain the integrity of elected individuals, staff and the credit union as a financial provider and an ethical co-operative business and in doing so aims to maintain accountability to all of its stakeholders.

Skills & Ability - The Board and Senior Management must ensure that all those involved in the operation of the credit union will have the opportunity to develop the skills and knowledge necessary to operate the credit union successfully.

Structure & the Principles of Good Governance - The credit union must develop and maintain an accessible, clear and co-operative structure.

Under the 4 categories listed above, there are 45 individual elements to be achieved continuously. They are divided into 30 required standards and 15 gold standards.

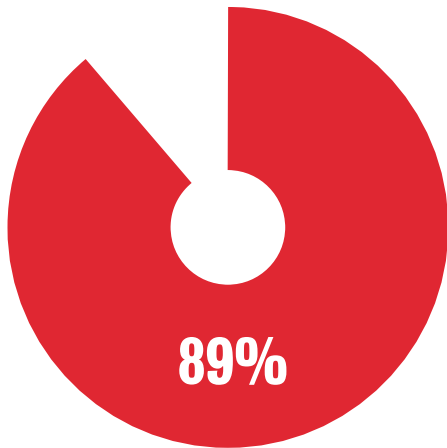
As per table below we are pleased to inform you to date we have achieved 95% (93% 2013) of the required standards and 86.70% (80% 2013) of the Gold standards for London Mutual Credit Union.

We have identified the remaining elements which are not yet being met and have prepared an action plan for implementing them in the new financial year. We intend to report our progress at the next Annual General Meeting in 2015.

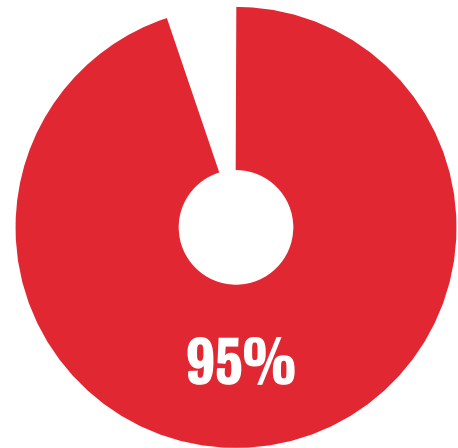
Principles of the Code	Required Standard		Gold Standard	
	Achieved	%	Achieved	%
Compliance & Continuity	8.00 from 8	100.0	2.50 from 3	83.3
Integrity & Accountability	7.50 from 8	93.8	5.00 from 5	100.0
Skills & Ability	6.00 from 6	100.0	2.00 from 3	66.7
Structure and Good Governance	7 from 8	87.5	3.50 from 4	87.5
Totals - 2014	28.5 from 30	95.0	13 from 15	86.7

Membership survey 2013

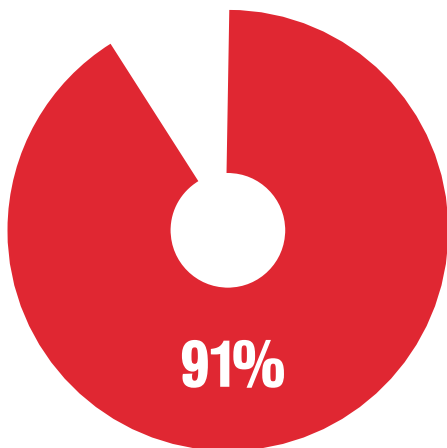
{ 89 percent of members are very satisfied with the Credit Union overall }



{ 95 percent of members would continue to do business with the Credit Union }



{ 91 percent of members are very likely to recommend the Credit Union to others }



{ 80 percent of online users are very satisfied with our Online Services }



Treasurer's Report for the Year Ending 30/09/2013

London Mutual Credit Union (LMCU) in 2012/13 continues to expand, delivering high quality services to an increasing membership in four local authorities across London. While the economy is showing signs of recovery many of our members are still experiencing challenges, such as where there are job losses or where the cost of living has risen faster than their income. However, members still show a high degree of commitment and loyalty in saving and repaying their loans as demonstrated by the significant increase in savings and our loan products.

Activities having some financial impact on LMCU during the year:

- ♦ Transfer of engagement with the Camden Credit Union, which has enabled us to provide services to those who live or work in Camden.
- ♦ Growth in the Payday loan product launched in February 2012. We have granted loans amounting to over £1.1 million as at September 2013.
- ♦ Significant growth of cash ISA product launched in February 2012 which has grown to £2.9 Million.
- ♦ Having completed the work on our new Head Office at 4 Heaton Road, Peckham, we were able to clear down the mortgage, making savings on interest charges.

Receipts

Income went up by 15% (350k) over the previous year. Feeding into this increase are the grants and donations which grew by over 21% (50k), Interest derived from loans to members increased 9% (144k) indicating that demand is still strong and our new product, the CUOK Pay Day Loan is also a factor. Credit Union Current Account transaction fees increased by 15% (56k). Interest on Bank Deposits increased by 37% (5k) reflecting an increase in cash at bank. We are always looking at various options to maximise the return on our bank deposits.

The income includes £97.5k transferred from our DWP Growth Fund reserves to offset similar amount of Growth Fund bad debts to be written off, as agreed with the DWP.

Expenditures

Expenses went up by 18% (£422k): contributing to this increase are the ongoing increased activities of the LMCU and the associated operational cost, some of which relates to specific projects like the transfer of engagement from the Camden Credit Union. My comments on some of the larger increases are as follows:

Occupancy Costs

Occupancy cost went up by 28% (£37k) included here are lease hold property cost relating to commitments arising from the transfer of engagements from Camden CU. Maintenance cost of our branch offices have also contributed towards this increase.

Administration Salaries and NIC

This has increased by 21% (£194) and reflects the increase staff cost in terms number of staff and salary increase to provide services to ever increasing demand of our membership.

Depreciation

Depreciation of Properties, Furniture & Equipments increased by 21% (£30k). These costs relates to all sites, enabling the LMCU to maintain, renew or replace these assets in the future.

Training, marketing, promotion and development

These operating costs has increased by 68% (£35k) reflecting growth with new staff, rebranding of the Camden branch, marketing and development cost and replacing all our literature to incorporate the new addresses of the head office and the Camden branch.

Banking Services

Bank Charges increased by 16% (£56k) however this was more than offset by the income generated through the CUCA fees.

Provision for Bad Debts

Provision for Bad Debts actually fell by 1%, however we have still provided £303k for bad and doubtful debts, bearing in mind that our loan portfolio increased by 13% (£1.4m) to £10.3m. The provisions made reflect the amount required to cover potential future debts.

Loans and Savings Insurance

We no longer provide loans and savings insurance because it was deemed to be uneconomical. Our current policy is that in an event of a death, if the deceased member's loan is greater than the shares the different will be written off.

Co-Operative Bank Mortgage interest

Although mortgage Interest of £ 13k is shown during the year we have fully repaid the outstanding mortgage of £628k relating to the purchase of our Head Office at 4 Heaton Road, Peckham.

All other areas of expenditure were as expected and within operating parameters in line with LMCU growth and development.

Balance Sheet

Fixed Assets increased by 15% (£0.376m) This relates to capital spend both on our Head Office, 4 Heaton Rd, which also include capital spend to refurbish existing and the Camden branch.

As mentioned above, our loan book increased by 13% (£1.4m). Therefore provision for bad debt has also increased by 22% (£236) to £1m as protection for our £10.3m loan book.

Current Assets increased by 33% (£2m) to £6m, this mainly relate to £5.7m cash at bank.

Current Liabilities decreased by 1% (£62k) to £2m. Of this amount the CUCA balance was £1.5m. The provision for ISA dividend increased by 87% which is the cost of 3% dividend offered on that product with a growth of £2.2m. Corporation Tax increased due to the increase

liquid cash held on our bank account and the increased interest received. Grants relating to Camden, Southwark and Lambeth projects amounted to £0.388m and other creditors and accruals amounted to £59k.

Net Current assets increased by 51% (£2m) to £3.9m with no amount for long term liability, which would have been the mortgage that had been fully repaid during the year, producing a total asset of £15.6m.

Provisions for payment of Dividends

Juvenile Savers	£14,523	(5%)
ISA*	£46,507	(3%)
Adults Dividends	£73,126	(1%)

*This year we will refer to it as ISA dividends instead of ISA interest

I would like to thank the CEO and staff for an excellent result for this financial year and their hard work has yielded successful results for our credit union. As always I would like thank our members for their loyalty and continue to use our credit union for their banking needs.



Louis R McLeod OBE
Director/Treasurer



*Front row – Left to right -
Karen Michael, Heather Crawford
(President), Louis McLeod OBE
(Treasurer), Ann Brewster*

*Second row - Left to right -
Tony Anthrobus, Abu Barkatoolah
(Secretary), Lakshman Chandrasekera
(Chief Executive), Mufu Durowoju,
Dr. Chris Gonde*

Supervisory Committee Report

The Supervisory Committee is independent of the Board of Directors and work to ensure that London Mutual Credit Union Ltd operates in the best interest of its Members. The Supervisory Committee certify that the Credit Union is compliant with the regulations of the Bank of England Prudential Regulation Authority (formerly the Financial Services Authority) together with the Financial Conduct Authority, the rules policies and procedures of LMCU.

One of the duties of the Supervisory Committee is to ensure that the credit union financial management meet all reporting objectives and we confirm that the quarterly returns were examined and completed in a timely manner.

A member of the Supervisory Committee attended all meetings of the Board of Directors.

This year has seen the credit union grow and acquire an additional branch office in Camden and an increase in membership. While this is excellent progress by the credit

union, it does mean that additional work is required of the Supervisory Committee.

Finally, the Supervisory Committee would like to thank the directors, staff and stakeholders for all their excellent hard work and their continued service to the credit union.

The Board of Directors, together with the Supervisory Committee, are committed to develop and expand London Mutual Credit Union for the benefit of its Members and Stakeholders.



Millicent Myrie (Chair)
Supervisory Committee (*right*)

Auditor's Report

London Mutual Credit Union Limited Report of the Board of Directors for the year ended 30th September 2013

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

Principal Activities

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

Results of Operations and Dividends

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

Board of Management

The Board during the year were:

Heather Crawford	Tony Antrobus
Roy McLeod	Chris Gonde
Abu Barkatoolah	Karen Michael
Ann Brewster	Mufu Durowoju

Board of Management's Responsibilities

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

- Select suitable accounting policies and then apply them consistently;

- Make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The Board are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the credit union and to enable them to ensure that the accounts comply with the Industrial and Provident Societies Act 1965 to 2002 and the Credit Unions Act 1979. They are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Messrs Appleby & Wood, have indicated their willingness to accept re-appointment under the provisions of the Friendly & Industrial and Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979.

Signed on behalf of the Board of Management



Heather Crawford

Director

31st January 2014

London Mutual Credit Union Limited

Revenue Account For The Year Ended 30th September 2013

	Note	2013		2012	
		£	£	£	£
Income					
Entrance Fees			4,072		4,119
Interest from Loans to Members	1 (b)		1,669,992		1,526,221
Deposit and Current Account Interest	1 (b)		14,557		9,163
Sundry Income - Commission			232		5,723
Grants and Donations Receivable	1 (c)		232,763		183,183
Written off Debts Recovered			13,647		10,151
CUCA Fees			367,703		311,491
Transferred from Growth Fund			97,572		-
			2,400,538		2,050,051
Less Expenses					
Occupancy Costs		133,288		96,224	
Stationery and Post		62,457		47,209	
Administration Salaries and NIC		933,865		739,830	
Audit and Accountancy		11,400		10,200	
Bank Charges and Interest		15,866		12,111	
Data Processing Charges and Software		33,224		19,552	
General Expenses		33,691		23,640	
Loans and Savings Insurance		1,385		46,016	
Provision for Bad Debts		302,784		305,105	
Depreciation		140,094		110,012	
Telephone		22,436		19,852	
Insurance - Fidelity Bond		4,211		3,269	
Debt Recovery/Legal and Professional		47,847		34,860	
Training, marketing, promotion and development		51,313		16,253	
Directors' Expenses and Honoraria		36,597		32,846	
ABCUL Dues		20,622		16,212	
FSA Fees		8,814		4,324	
Banking Services		351,874		295,661	
Junior Savers Interest Payable		14,523		12,479	
ISA Dividend Payable		46,507		4,624	
Mortgage Interest Payable		13,442		14,282	
			2,286,240		1,864,561
Surplus for the year before taxation			114,298		185,490
Corporation Tax	1 (e)		(3,106)		(1,784)
Surplus for the year before distribution			111,192		183,706
Transfer from/(to) General Reserve-Statutory			(22,238)		(36,741)
Unappropriated Surplus			88,954		146,965
Dividend Paid 2012			(97,008)		-
Transfer from/(to) Voluntary Reserve			8,054		(146,965)

All amounts relate to continuing operations.

Camden Plus Credit Union Limited transferred its engagements to London Mutual Credit Union Limited on 1st June 2013.

The retained surplus for the year was the only recognised gain or loss in the year.

London Mutual Credit Union Limited
Balance Sheet As At 30th September 2013

	Note	2013		2012	
		£	£	£	£
Fixed Assets	5		2,444,603		2,068,934
Loans Due from Members		10,267,932		8,903,994	
Less Provision for Bad Debts		(1,051,151)		(815,279)	
			9,216,781		8,088,715
Current Assets					
Prepayments and Debtors		51,841		14,373	
Current & Deposit Account		5,701,838		3,835,659	
Cash in Hand		166,715		127,259	
		5,920,394		3,977,291	
Current Liabilities - due within one year					
Provision for ISA Interest		36,254		4,624	
Grants		388,439		413,742	
Provision for Juvenile Savers Interest		14,532		12,479	
Sundry Creditors	9	1,572,885		1,609,044	
Corporation Tax		2,911		1,833	
PAYE and NIC		2,919		2,919	
Mortgage		-		35,000	
		2,017,940		2,079,641	
Net Current Assets			3,902,454		1,897,650
Mortgage - amounts falling due over one year 1 (i)			-		(627,690)
			15,563,838		11,427,609
Represented by:					
ISA			2,759,246		570,943
Child Trust Fund			65,658		51,885
Share Capital			10,001,435		8,000,370
General Reserves	4		2,737,499		2,804,411
			15,563,838		11,427,609



Louis R McLeod
 Director



Heather Crawford
 Director



Abu Barkatoolah
 Secretary

31st January 2013

Cash Flow Statement For The Year Ended 30th September 2013

	Note	2013		2012	
		£	£	£	£
Net Cash Inflow from Operating Activities	1		370,153		988,210
Returns on Investments and servicing of finance	2		(123,240)		(737)
Capital Expenditure (Purchase of Equipment - and Building)	2		(515,763)		(1,618,700)
Taxation Paid			(2,028)		(2,358)
Financing	2		2,176,513		1,222,243
Increase/(Decrease) in Cash	4		1,905,635		588,658
NOTES TO THE CASH FLOW STATEMENT					
1. Reconciliation of Surplus Income					
Before tax to net cash inflow					
Surplus before Taxation			114,298		185,490
Net Transfer - Pimlico Credit Union Limited			-		13,413
Net Transfer - Camden Plus Credit Union Ltd			16,476		-
Adj: Bad Debts Written Off		(66,912)		(86,074)	
Interest Received		(14,557)		(9,163)	
Increase/(Decrease) in Creditors		(61,462)		454,506	
Decrease/(Increase) in Prepayments & Debtors		(37,468)		(3,558)	
Depreciation		140,094		110,012	
Increase in Bad Debt Provision		205,212		305,105	
Interest Payable		74,472		18,479	
			239,379		789,307
Net Cash Inflow/(Outflow)			370,153		988,210

	2013		2012
	£		£
Note 2 - GROSS CASH FLOWS			
Returns on investment and servicing of finance			
Interest received	14,557		9,163
Interest paid	(40,789)		(9,900)
Dividend paid	(97,008)		-
	(123,240)		(737)
Capital expenditure/contributions			
Payments to acquire tangible fixed assets	(517,872)		(1,618,700)
Less contribution to costs	2,109		-
	(515,763)		(1,618,700)
Financing			
Mortgage repaid - net	(662,690)		-
Mortgage received - net	-		662,690
Increase in ISAs	2,188,303		570,943
Increase in shares	2,014,838		950,855
Increase in loans to members	(1,363,938)		(962,245)
	2,176,513		1,222,243
4. Analysis of Changes in Net Funds			
	As at 30.09.12	Cash Flows	As at 30.09.13
Cash at Bank and in Hand	3,962,918	1,905,635	5,868,553

1. Accounting Policies

a) Accounting Policies

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

b) Interest

Bank interest is accounted for when receivable. Loan interest is accounted for, when received. Mortgage interest, ISA interest and Junior Savers interest are accounted for when payable.

c) Grants

Grants and donations are accounted for when receivable.

d) CUCA Fees

Transaction fees from the CUCA (Credit Union Current Account) are accounted for when received as they are credited directly into London Mutual Credit Union Ltd's bank account by the Co-operative Bank Plc.

e) Corporation Tax

The provision of UK Corporation Tax is based on bank deposit account interest receivable for the period at the relevant rates.

f) Dividends

Dividends will be accounted for in the year in which the members agree them at the AGM.

g) Comparative Figures

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

h) Fixed Assets

- 1) Depreciation has been provided on fixed assets at rates considered sufficient to write them off over their useful lives:

Computer equipment	17.5% per year on cost
Fixtures and Fittings	10% per year on cost
Building & Refurbishment	2% per year on the revalued amounts
Banking Project & Pay Day Loan Project	10% per year on cost (see (2) and (3) below)
Leasehold Property	10% per year on cost

- 2) ABCUL Banking Services project

This was developed through ABCUL. London Mutual Credit Union Ltd was one of nine credit unions who each contributed the same amount towards setting up a bank current account for people who previously could not get a current account. As new credit unions join the Project, they will each make a contribution : part of which will be paid to London Mutual Credit Union Ltd. Grants of £85,614 have been received towards this cost. As it is expected that these costs will be recouped within ten years, they and the related grants are being written off over ten years.

- 3) Grants for capital expenditure

Other grants for fixtures and fittings and the Pay Day Loan Project are being written off over the same period as the related expenditure ie 10 years.

Notes To The Financial Statements For The Year Ended 30th September 2013

2. Statement of Total Recognised Gains and Losses

The retained surplus for the year was the only recognised gain or loss in the year.

3. Historical Cost Profit and Loss

All assets are stated in the financial statements at historical cost.

4. Reserves

	Growth Fund	General Reserve		Total
		Voluntary	Statutory	
	£	£	£	£
Balance at 1st October 2012	1,530,989	619,136	654,286	2,804,411
From Revenue Account for the year	-	(8,054)	22,238	14,184
Growth Fund debts provision	(97,572)	-	-	(97,572)
Transfer Camden Plus Credit Union	-	12,872	3,604	16,476
Balance at 30th September 2013	1,433,417	623,954	680,128	2,737,499

Camden Plus Union Limited transferred its engagements to London Mutual Credit Union Ltd on 1st June 2013.

5. Fixed Assets

	Leasehold Property	Computer & Equipment	Fixtures & Fittings	Freehold Premises	Banking & Pay Day Loan Project	Total
Cost	£	£	£	£	£	
b/forward 1.10.12	-	260,673	331,817	1,780,932	215,617	2,589,039
Transfer - Camden Plus CU	91,537	-	-	-	-	91,537
Additions (Contribution)	22,112	68,437	48,956	336,721	(2,109)	474,117
Balance c/forward 30.9.13	113,649	329,110	380,773	2,117,653	213,508	3,154,693
Depreciation:						
b/forward 1.10.12	-	210,586	132,563	94,262	82,694	520,105
Transfer - Camden Plus CU	49,891	-	-	-	-	49,891
Depreciation for the year	10,621	29,128	36,641	42,353	21,351	140,094
Balance c/forward 30.9.13	60,512	239,714	169,204	136,615	104,045	710,090
Net Book Value 2013	53,137	89,396	211,569	1,981,038	109,463	2,444,603
Net Book Value 2012	-	50,087	199,254	1,686,670	132,923	2,068,934

6. Growth Fund

	2013	2012
	£	£
Balance b/f 1.10.11	-	-
Received - grants	-	-
transfer to Reserves (note 4)	-	-
Less bad debts written off	-	-
transfer to General Revenue (as agreed by DWP)	-	-
	-	-

With the ending of the Growth Fund contract on 30th April 2012, the Fund balance has been transferred to Reserves but still shown separately as recommended by the DWP.

Notes To The Financial Statements For The Year Ended 30th September 2013**7. Related Party Transactions**

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

8. Capital Commitments

	2013	2012
	£	£
Capital expenditure contracted for, unpaid at the end of the year and not provided for in the financial statements.	-	246,250
Capital Expenditure authorised by the Board, but not yet contracted for	-	-

9. Creditors and Accrued Charges

CUCA bank balance	1,513,556	1,445,224
Other creditors and accruals	59,329	163,820
	1,572,885	1,609,044

10. Operating lease commitments for land and buildings

The annual total commitments are as follows:-		
leases expiring after 5 years	62,200	38,700

Independent Auditor's Report To The Members Of London Mutual Credit Union Limited

We have audited the financial statements of London Mutual Credit Union Limited for the year ended 30th September 2013 which comprise of the income and expenditure account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)..

Respective responsibilities of the Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 1 the directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial Statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the credit union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statement and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report..

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30th September 2013 and of its income and expenditure for the period then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and with the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979; and
- the information provided in the Directors' Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Friendly and Industrial and Provident Societies Acts 1965 to 2002 require us to report to you if, in our opinion:

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



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

11. Election of Officers:

Details of nominations will be available at the AGM.

12. The motions to the London Mutual Credit Union Limited AGM on the 19th February 2014

Proposed Rule changes to rules 23, 25 and 26 Expulsion from Membership.

Expulsion from Membership

Current:

23 Subject to the receipt of notice of expulsion in accordance with these Rules, a Member shall be suspended from participation in the Credit Union pending the completion of an investigation. The investigation may recommend the Member's subsequent expulsion from membership of the Credit Union. Any recommendation for expulsion shall be voted upon by passing a resolution carried by a majority present at a joint meeting of the Board of Directors and of the supervisory committee.

Proposed:

23 The Chief Executive Officer shall have the power to establish an investigation into the conduct of a member of the Credit Union on such terms as appear reasonable to him or her and to suspend a member from participation in the Credit Union while the investigation is carried out. The investigation may recommend the Member's expulsion from the Credit Union. In such circumstances the Chief Executive Officer shall give notice of the recommendation to the Member and invite the Member to a hearing conducted by the Chief Executive Officer at which the Member shall be entitled to answer the complaint. The hearing shall be held not less than ten working days after the date of the notice. The Member may be represented at the hearing. At the conclusion of the hearing the Chief Executive Officer shall have the power to expel the member from the Credit Union.

Notice of expulsion

Current:

25 A notice of expulsion of a Member shall be sent by special delivery to the last known Address of the Member, and shall contain a reference to the expulsion appeals procedure. The notice of expulsion of the

Member shall not become effective until 30 days after the date of posting the notice of expulsion or until the result of any appeal, if any, whichever is the later.

Proposed:

25 A notice of expulsion of a Member shall be sent by special delivery to the last known address of the Member (the registered office if a corporate member), and shall contain a reference to the expulsion appeals procedure. The notice of expulsion of the Member shall not become effective until 20 working days after the date of posting of the notice of expulsion, or until the result of any appeal, if any, whichever is the later. If Shares have been issued for a fixed term, the Credit Union will give the Shareholding Member written notice of expulsion, terminating his/her rights as a Shareholding member, with immediate effect.

Appeal against expulsion

Current:

26 A Member shall have 14 days from the receipt of a notice of expulsion to request an appeal against their expulsion. The Board of Directors shall, upon a request received in Writing from the Member on whom the notice of expulsion has been served, convene a special general meeting of the Members to consider the matter of their expulsion. The meeting shall be held not later than 60 days after the date on which the expulsion notice has been served on them. The Member shall have the right to be represented and heard at such special general meeting. The special general meeting shall have the power, by a majority decision of Members present, to confirm the Member's expulsion or to direct that they shall remain a Member of the Credit Union. The result of the appeal shall be final.

Proposed:

26 A Member shall have 10 working days from the receipt of written notice of expulsion to request an appeal against their expulsion. The Board of Directors, shall, upon written request of a member to whom notice of expulsion has been served in accordance with Rule 25, hear the appeal at the next scheduled Board meeting. The Board of Directors shall have the power by a simple majority decision of those present to confirm the Member's expulsion and specify the date the expulsion takes effect or to direct that he or she shall remain a Member of the Credit Union.



London Mutual Credit Union Limited
Boundary Map



