



**London Mutual**  
Credit Union

# Annual Report and Audited Accounts

| For the Year Ended 30th September 2023



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## London Mutual Credit Union Limited

FCA Number: 213248

Society Number: 64C

### Directors:

Dr F Millen

R Cooper

L. R. McLeod OBE

H Harris

Lord R Kennedy

A Marshall

M Lynch

B Vaughan

M Cook

O Decker

### 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.

# 42<sup>nd</sup> 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. To enable as many members as possible to participate safely, this year's meeting will once again take place online at 6:00pm on Friday 1st March 2024.

## 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](http://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 2022/2023 Annual Report and Financial Statements, along with those from previous AGMs, will be downloadable from [www.creditunion.co.uk/agm](http://www.creditunion.co.uk/agm) and via a link within the registration email.

To attend this year's online AGM, register online:

**[www.creditunion.co.uk/agm](http://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

*42nd Annual General Meeting of London Mutual  
Credit Union Limited*

Via Zoom online meeting. Held on Friday

1st March 2024 at 6:00pm

## Annual General Meeting Agenda

- 1 Welcome and Introductions
- 2 Standing Orders
- 3 Minutes of the AGM held on 4th March 2023
- 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.



**Made in London.  
Owned by Londoners.**

# 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 the social purpose of London Mutual Credit Union, helping to inform 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.

# CEO's Update

## Introduction

I am honoured to present our CEO report for the financial year ending September 2023.

This year has been one of the most challenging in the history of London Mutual Credit Union. The ongoing cost of living crisis and inflationary pressures have had a profound impact on both our members and the Credit Union. As a result, we have experienced strains on our regulatory capital, which have tested our resilience and commitment to serving our community.

Despite these challenges, I am pleased to report that our members have remained loyal and continue to meet their obligations to the Credit Union. Their firm support and dedication have been a source of strength and inspiration throughout this difficult period.

In recent months, we have started to see signs of stabilisation in both the economy and our members' repayments. However, it is essential to recognise that our Credit Union activities are closely tied to wider economic and geopolitical conditions. Any negative triggers in these areas can impact our profitability and progress. Therefore, we must remain vigilant and adaptable in our approach to navigate these uncertainties successfully.

Our key priorities for the coming financial year are as follows:

1. **Strengthening our regulatory capital:** We are committed to bolstering our financial resilience to ensure the long-term stability and security of the Credit Union. This will enable us to continue serving our members effectively and provide a reliable source of support during challenging times.
2. **Embracing technology and innovations:** We are actively prioritising the implementation of new technology to streamline our internal processes, increase efficiency, and enhance productivity. These efforts are expected to result in significant cost savings and improved profitability, with several of these technological changes scheduled to go live during the current financial year.

In addition, we are fully aware of the importance of embracing technology and innovations for our future growth. We are committed to exploring opportunities to integrate technology and innovative solutions into our operations

to not only improve member services but also drive efficiency and ensure that we remain at the forefront of the industry.



Our vision remains steadfast to develop London Mutual Credit Union into a comprehensive financial services provider, offering a wide range of services under one umbrella. This business model has been successful for Credit Unions worldwide, and we are committed to replicating this success to benefit our members.

Additionally, we are also committed to incorporating Environmental, Social, and Corporate Governance (ESG) principles into our operations. This will not only align us with responsible and sustainable practices but also ensure that we contribute positively to our community and the environment.

Member engagement and feedback remain a top priority for us. Our Business Development team is actively engaging in fostering an ongoing dialogue with our members. This initiative is in light of the recent implementation of the Consumer Duty regulations in the UK by the regulators. We are committed to seeking our members' valuable insights and perspectives to enhance our services and address their evolving needs.



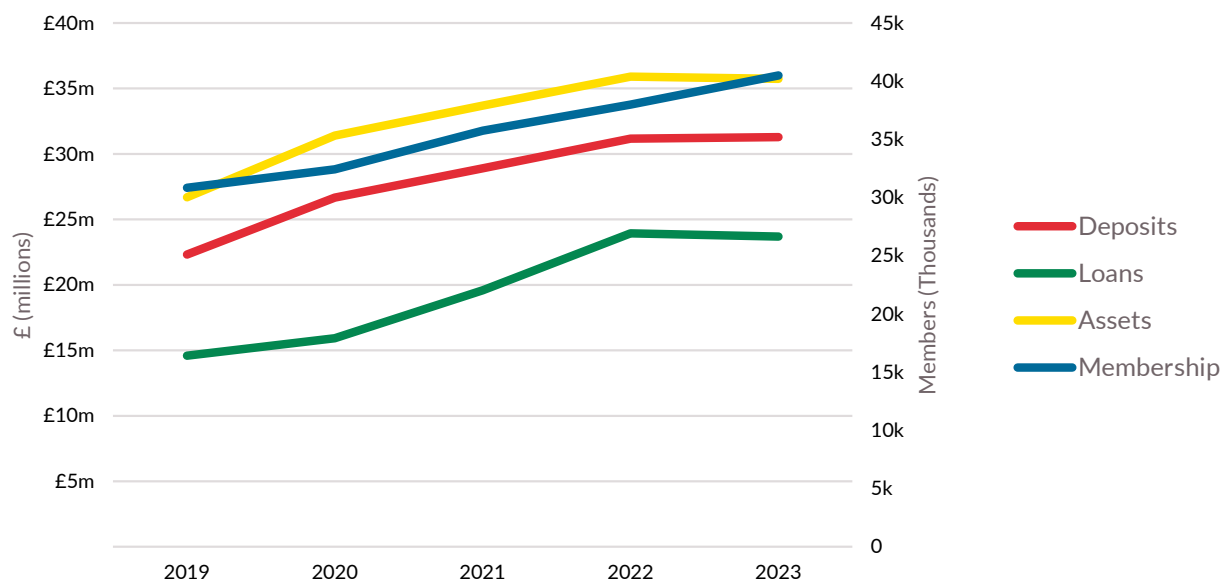
In closing, I would like to express my heartfelt gratitude to everyone who has played a pivotal role in making London Mutual Credit Union what it is today. Our members, staff, volunteer Board of Directors, and all individuals contributing to our success have my deepest appreciation. Your trust and belief in our mission have brought us this far, and we encourage you to continue being a part of our mission as we work together to make a positive impact in our community and create a brighter future.

Thank you for your unwavering support.

## Lakshman Chandrasekera

Chief Executive

### LMCU Five Year Growth



### Progress Towards Strategic Objectives

	2018	2019	2020	2021	2022	2023
<b>Membership</b>	28,380	30,842	32,426	35,744	37,987	40,498
<b>Junior Savers</b>	3,320	3,582	3,482	3,300	2,884	2,595
<b>Capital Ratio</b>	10.73%	10.84%	9.24%	9.53%	8.68%	8.95%
<b>Deposits</b>	£21,802,233	£22,322,810	£ 26,669,443	£ 28,902,351	£31,164,809	31,283,949
<b>Loans</b>	£12,373,724	£14,589,908	£15,931,333	£ 19,584,792	£23,928,886	23,694,087
<b>Assets</b>	£26,155,467	£26,691,522	£ 31,399,242	£ 33,687,475	£35,903,423	35,728,640

# Meet the Team

## Board of Directors

### Dr Floyd Millen

#### *President*

Dr Floyd Millen is a Political Scientist and a Subject Matter Expert (SME) in Privacy advising HMRC on privacy risk remediation. Floyd is the former Head of Identity Services at Post Office Ltd; Special Adviser to the Cabinet Office (GDS) on identity services; former Data Manager at the BBC and privacy SME in the energy sector to Xoserve/ Corella and Royal Dutch Shell where he advised on Data Ethics.

As a Political Scientist, Floyd has a PhD in Political Science and Criminology and studied under the Conservative peer and academic, Professor the Lord Norton of Louth and was mentored by the former Home Secretary, the Right Honourable Charles Clarke.

Floyd is a Member of the Academic Advisory Group for the Mayor of London's Police and Crime Plan (PCP) 2021 and is a former adviser to the Metropolitan Police Authority. Floyd is a former council member of the Hansard Society, and former peer reviewer the Economic and Social Research Council (ESRC). Floyd is a peer reviewed author (Oxford University Press) and the author of Police Reform and Political Accountability in UK & USA (1607-2016)

### Richard Cooper

#### *Director*

Richard brings wealth of experience gained from a background in banking and in the legal profession. He currently serves as an in-house lawyer at Shawbrook Bank, having previously worked in the legal departments of a number of lenders including Lloyds Bank. Richard is a practising solicitor with over 20 years' experience and a background in secured corporate lending, mainly property, shipping and aircraft finance.

### Roy McLeod OBE

#### *Treasurer, Risk & Audit Committee*

Roy has extensive experience in senior management and as a director of a large national charity. He brings over 30 years' expertise in Accounts and Finance, Asset

Management & Administration including a Master's in Business Administration. He also has over 27 years' experience in the Credit Union sector and has served nationally as a Director of the Association of British Credit Unions Ltd (ABCUL)

### Heather Harris

#### *Secretary, Anti-Money Laundering & Risk Committee*

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 over a decade's experience at LMCU. Heather has a keen interest in financial inclusion and Mortgage Lending, and has undertaken various mortgage underwriting training.

### Lord Roy Kennedy

#### *Vice-President & Risk Committee*

Lord Kennedy has been a member of the House of Lords since 2010 and is Shadow Spokesperson for Communities & Local Government. He is a long-term supporter of Credit Unions and Chair of the Credit Union Foundation. Previously Lord Kennedy served as a member of Southwark Council holding a variety of posts including Deputy Leader.

### Albert Marshall

#### *Director (Legal) & Audit Committee*

Albert is a technology executive and a senior lawyer with over 20 years' post-qualification experience. As well as a qualified barrister, he brings extensive experience in-house in multinational organisations, particularly in the software and entertainment industries, covering a broad range of commercial law, in particular technology, intellectual property, entertainment, international distribution, marketing operations and relevant regulations. Albert also brings relevant experience, having founded and run his own business.

## Michael Lynch

### Director (Marketing)

As Head of Commercial Innovation and Marketing at NS&I, Michael has over 25 years of Financial Services management experience. A chartered Fellow of the Chartered Institute of Marketing, he has an MSc in strategic marketing and lectures in marketing, strategy and digital strategy. Michael is a Cranfield University Programme Advisory Board member for marketing as well as a member of the Market Research Society and the Public and Commercial Services Union (PCS).

## Bridget Vaughan

### Director

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

## Michael Cook

### Director

Michael served over 36 years in the RAF Regiment. This career took him to austere locations where leadership and management were life-saving. Leaving the service,

Michael started a consultancy where he advises companies on tendering for MOD contracts.

Michael has a MSc in Leadership and Management, and recently attained a good understanding of recognising and writing risk registers. He still maintains close ties with Armed Forces personnel both serving and non-serving throughout the world.

## Dr Olufemi Sallyanne Decker

### Director

Olufemi Sallyanne Decker is an Associate Professor in Banking and Finance at 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. She has more than 25 years of academic experience in teaching banking, corporate finance, ethics and economics and has held a variety of academic leadership posts in quality assurance and programme management for over 15 years. Sallyanne's industry experience includes four years in commercial banking and over 20 years of knowledge exchange activity with British Credit Unions, including working as an Associate Consultant for the Association of British Credit Unions (ABCUL).

She has published papers on Credit Unions, corporate social responsibility in financial services, financial inclusion, structural change in the banking sector and pedagogy.

*The staff team, with CEO Lakshman Chandrasekera and Treasurer Roy McLeod, mark the launch of the Credit Union's new mortgage product in March 2023. London Mutual is the first Credit Union in over 25 years to receive regulatory approval to offer mortgages.*



## Our Staff Team

### Lakshman Chandrasekera

#### Chief Executive Officer

Lakshman (Lucky) has managed London Mutual Credit Union since 1993 and has extensive experience in setting up products, processes and procedures. He has been instrumental in the successful merger of six local Credit Unions and oversaw a technology transformation on 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

	Branch	Full-time	Part-time
Head Office (Peckham)		22	15
Peckham		2	3
Walworth Road		3	1
Total staff		27	19

*London Mutual's child benefit loans make it straightforward for parents of all incomes and employment statuses to access a loan of up to £600 for one-off costs or emergencies. The loan is repaid directly via benefits, with the opportunity to build savings while you repay*



# Chair's Report

## Chairman's Report Year Ending 30th September 2023

On behalf of the Board of Directors of London Mutual Credit Union (LMCU) I am pleased to present this report which outlines the progress that we have made in meeting our goals and advancing London Mutual Credit Union (LMCU).

First of all, I must extend thanks and appreciation to our former Chair/President, Richard Cooper, who has served effectively and diligently bringing his wealth of professional and personal experience to leading the board and LMCU since 2018.

Founded 42 years ago by employees of Southwark Council, LMCU continues with its mission of serving our community by providing fair and ethical financial services, relevant to the needs of its members.

As one of the larger Credit Unions, there is increased scrutiny on the performance of the Credit Union and ultimately the Board of Directors are responsible for managing the Credit Union in accordance with the rules and regulations set out by our regulators Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA).

The board of directors have taken significant steps to improve our governance and to ensure that we have a board with a sufficient breadth of knowledge and expertise to ensure that we not only effectively represent your interests, but that we are able to discharge our legal, regulatory and other duties effectively and efficiently.

The Audit Committee continue to play a crucial role in identifying opportunities to inform and improve our decision making and the organisations operational approach.

LMCU is not immune from the effects of national or international events. External events beyond our control such as international territorial disputes affecting supply chains; wars near and far, have macro-economic impacts which has increased the cost of living and made it a challenging financial year for LMCU and our members. We are however building a robust Credit Union and we are doing everything we can to keep our costs low, to keep our loyal staff, suppliers and members happy.

On behalf of the board, I would like to thank our members for the way in which they have managed their accounts, paying their loans on time and we are pleased to have not only launched our new mortgage offering, but that we are making steady progress in this area to meet the needs of our members.

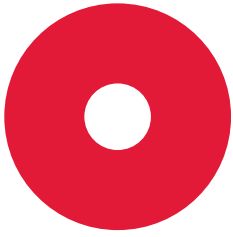
We want to build on what works and we are using the opportunities which flow from the Consumer Duty, to better understand what our members want, how to provide it, and how, through the use of technology we can deliver an enhanced and increasingly friction less suite of personalised products and services.

Throughout 2024, our focus will be on examining successful practices and strategies employed by established Credit Union business models in the UK and globally. Our aim is to ensure that we meet the diverse needs of all our members effectively.

Finally, on behalf of the board of directors, I wish to extend our thanks and gratitude to the Chief Executive, our dedicated staff, and you, our valued members, for your ongoing dedication and loyalty to LMCU.



**Dr Floyd Millen**  
Chair of London Mutual Credit Union.



# Treasurer's Report

## Treasurer's Report for the Year Ending 30th September 2023

On behalf of London Mutual Credit Union (LMCU), I present the Treasurer's Report and confirm the Auditor's opinion that the financial statements presented give an accurate and fair view of the credit union's affairs as of 30 September 2023 and its surplus/deficit for the year then ended.

LMCU continues to offer competitive services and products successfully to members.

We have seen our membership and income grow while managing our operating costs carefully. However, we have witnessed unprecedented Individual Voluntary Arrangement (IVA) and significant delinquency and defaults this year, resulting in £1.197m being taken from our income to provide for impairment on loans for bad and doubtful debts. This cost is the main contributor to the loss of £195K in the financial year.

It has been a challenging year for our members and LMCU. The cost of impaired, bad and doubtful debts is part of the COVID-19 legacy, which reflects what is happening in the broader economy, compounded by high inflation, job losses, and changes in members' circumstances. To protect against continued high inflation and resulting economic challenges impacting our market, LMCU Directors have secured a £500k subordinated loan from Fair4All as part of our strategy to bolster the LMCU capital ratio, short to medium term.

The following analysis of our trading results demonstrates the LMCU's ability to navigate the market's challenges while continuing to trade, delivering excellent service to our members, and thus continuing to increase our business and market share.

### Membership Accounts

The adult membership is 40,498 up by 5%, Junior Saver accounts 2595, corporate accounts 59 and the number of transactional current accounts is 6566.

### Revenue Account

#### Net Interest receivable £3.2m

Interest on Members' loans amounted to £3.2 and in 2022 £2.9m, an increase of £.37m against the previous year. Interest income on bank deposits amounted to £ 58,242, up by £50k and Interest payable & similar charges 4,980k. (Interest bearing shares)

#### Other operating income £204k

Of this amount, £80k relates to grants, £53k donations and £71k is rent from the old premises at 79 Denmark Hill, Camberwell. 221 Rye Lane, Peckham has been sold to maintain our reserves and capital.

## Administrative Expenses £2.015m and in 2022 £1.948k

This is an increase of £67k in the year, this amount reflects increases in the various operating expenses.

## Other operating expenses £136k and in 2022 £173k

This reflects a decrease in our office running costs of £37k, and regulatory cost was £15.7k increased by £600.00

## Impairment on loans for bad and doubtful debts £1,197k, £553k in 2022 and in 2021 £350k

Bad Debt Provision - increased by £645k and £203k in 2022. During the year, we recovered bad debts amounting to £23k and derecognized bad debts amounting to £198k.

(Total operating deficit including Tax - amounted to £-298.7k. Less other comprehensive income of £95,114k and Tax of £8k relating to that income, totals £103,409. Making the total comprehensive loss for the year ending 30th September 2023 £-195k

(In 2022 the trading deficit was £-39.5k and including Corporation Tax of £14.5k)

## Balance Sheet as at 30th September 2023

### Assets

Funds held at the bank totaled £7.8m and in 2022, £7.3m. Indicating an increase of £.5m, Although loan repayment remained roughly the same, less loans were granted in 2023, prompting a slight increase in the cash balance and decrease in our loan book balance.

### Loans to Members

Loans to members totaled £23.7m and £24m 2022. LMCU loan book decreased by £234k

The LMCU strategy of reducing large loans and giving a greater number of smaller loans helps to spread the risk to reduce the impact of delinquency. The strategy is to increase lending which crucial to improving our bottom line, against unprecedented provisions for bad debts. This strategy will also have a positive impact in generating sufficient operating income to increase the capital in the

coming years.

Assets amounted to £35.725 and £35.9m in 2022. The Credit Union assets decreased by £175k. This decrease is largely due to a reduction in the reserves.

### Liabilities

Customers' account totaled £31,284m and in 2022 £31,135m. Customers' accounts increased by £119k.

### Equity / General and Other Reserves

These amounted to £4.0m and in 2022 £4.197m indicating a decrease in reserves by £195k a 5% reduction

### Dividends

Due to LMCU achieving an operating deficit for the current year's trading, ending 30th September 2023, the Directors are not recommending any dividends.

On behalf of the Board of Directors and Members, I extend thanks and appreciation to the CEO, Staff and our auditors for their commitment and hard work during 2023.

Thanks also to all our members, for your continued loyal customs and support for your Credit Union over the past year.



**Louis R McLeod MBA, OBE**  
Director / Treasurer

# Audit Committee Report

Year ended 30 September 2023

As Audit Committee Chair, I am pleased to present the audit committee's report for the year ended 30th September 2023.

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 2022/23 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 the scope and the delivery of internal audit; and
- Reviewing the risk management and processes and its effectiveness. he risk management and processes and its effectiveness.
- Reviewing the accuracy and completeness of monthly reports.
- Continual assessment of cyber security with focus on ensuring appropriate IT policies and procedures are in place.
- Ensuring that risk effective management processes are in place to monitor and control credit and liquidity risks.
- Monitoring the achievements of strategic objectives included in Business Plan for 2022-2025 as well as monitoring our progress in the implementation of a new mortgage product.
- Monitoring identification of business risks and mitigating controls ensuring these were implemented effectively.
- Monitoring if risk responses align with the organisation's risk appetite.
- 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.
- Overseeing effectiveness and efficiency of customer service provided at the counters.
- Overseeing the compliance with the new Consumer Duty regulations
- Following up on completion of recommendations made in previous reports

## Our priorities for 2023/24:

- Reviewing controls over internal and external fraud and corruption and making recommendations based on our findings.

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



# Directors' Report

The Directors present their annual report and financial statements for the year ended 30 September 2023.

## 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 Cooper
- L. R. McLeod OBE
- H Harris
- Lord R Kennedy
- A Marshall
- Dr F Millen
- M Lynch
- B Vaughan
- M Cook
- O Decker (Appointed 16 March 2023)

## 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.

## 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;
- 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 Cooperative 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.

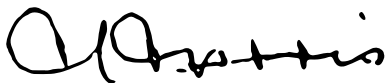
### **Statement of disclosure to auditor**

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 Alexander Sloan as auditors of the credit union is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**H Harris**

Secretary

30 January 2024

# 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 2023 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 2023 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.

## 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. 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;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

## 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 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.



### Alexander Sloan

Accountants and Business Advisers

Statutory Auditor

180 St Vincent Street

Glasgow G2 5SG

30 January 2024

## Revenue Account

	Notes	2023 £	2022 £
Loan interest receivable and similar income	4	3,258,999	2,893,670
Interest payable and similar charges	3	(4,980)	(7,935)
Net interest receivable		3,254,019	2,885,735
Fees and commissions receivable	6	646,730	696,308
Fees and commissions payable	5	(809,305)	(815,807)
Net fees and commissions		(162,575)	(119,499)
Other operating income	7	204,372	136,134
Administrative expenses	8	(2,015,981)	(1,948,775)
Depreciation and amortisation		(253,358)	(252,702)
Other operating expenses	9	(136,491)	(173,226)
Impairment on loans for bad and doubtful debts	15	(1,197,333)	(552,586)
<b>(Deficit) before taxation</b>		<b>(307,347)</b>	<b>(24,919)</b>
Corporation tax	14	8,650	(14,628)
<b>(Deficit)/surplus for the year</b>		<b>(298,697)</b>	<b>(39,547)</b>

The Revenue Account has been prepared on the basis that all operations are continuing operations. The notes on pages 32-52 form an integral part of these financial statements..

## Statement of comprehensive income

	Notes	2023 £	2022 £
<b>(Deficit)/Surplus for the year</b>		<b>(298,697)</b>	<b>(39,547)</b>
<b>Other comprehensive income</b>			
Revaluation of tangible fixed assets		95,114	-
Tax relating to other comprehensive income		8,295	-
Other comprehensive income for the year		103,409	-
<b>Total comprehensive loss for the year</b>		<b>(195,288)</b>	<b>(39,547)</b>

The notes on pages 32-52 form an integral part of these financial statements.

## Balance Sheet

As at 30 September 2022

	Notes	2023 £	2022 £
<b>Assets</b>			
Cash and balances at central banks	15	92,656	105,020
Loans and advances to banks	15	7,752,418	7,295,005
Loans and advances to customers	16	23,694,087	23,928,886
Intangible assets	19	437,799	472,084
Tangible assets	18	3,695,670	4,054,704
Other receivables	21	4,600	-
Prepayments		51,410	47,724
Total assets		<b>35,728,640</b>	<b>35,903,423</b>
<b>Liabilities and reserves</b>			
Customer accounts	20	31,283,949	31,164,809
Other liabilities	22	169,077	88,537
Deferred income	23	26,400	107,280
Provisions for liabilities	25	246,796	345,091
		31,726,222	31,705,717
General reserve	31	1,339,691	1,273,868
Revaluation reserve	31	1,603,173	1,860,900
Other reserves	31	1,059,554	1,062,938
Total reserves		4,002,418	4,197,706
Total liabilities and reserves		<b>35,728,640</b>	<b>35,903,423</b>

The financial statements were approved by the Board of Directors and authorised for issue on 30 January 2024 and are signed on its behalf by:



**R Cooper**  
Director



**L. R. McLeod OBE**  
Director



**H Harris**  
Secretary

The notes on pages 32-52 form an integral part of these financial statements.

## Statement Of Changes In Equity

Year ended 30 September 2023

	Revaluation Reserve £	Growth Fund Reserve £	Appropriation Reserve £	General Reserve £	Total £
<b>Balance at 1 October 2021</b>	1,860,900	1,059,554	3,384	1,313,415	4,237,253
Year ended 30 September 2022:					
Deficit and total comprehensive income for the year	-	-	-	(39,547)	(39,547)
Other movements	-	-	-	-	-
<b>Balance at 30 September 2022</b>	1,860,900	1,059,554	3,384	1,273,868	4,197,706
Year ended 30 September 2023:					
Deficit for the year	-	-	-	(298,697)	(298,697)
Revaluation of tangible fixed assets	95,114	-	-	-	95,114
Tax relating to other comprehensive income	8,295	-	-	-	8,295
Other movements	(361,136)	-	(3,384)	364,520	-
<b>Balance at 30 September 2023</b>	<b>1,603,173</b>	<b>1,059,554</b>	<b>-</b>	<b>1,339,691</b>	<b>4,002,418</b>

The notes on pages 32-52 form an integral part of these financial statements.



## Statement Of Cash Flows

Year ended 30 September 2023

	Notes	2023		2022	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Deficit for the period			(298,697)		(39,547)
Depreciation and amortisation	10	253,358		252,702	
Deficit on disposal of fixed assets		18,100		-	
Corporation tax expenses	14	(8,650)		14,628	
Provision movement	17	1,220,082		569,743	
Interest income on loans	4	(3,200,757)		(2,885,280)	
Distribution on members shares	3	4,980		7,935	
			(1,712,887)		(2,040,272)
<b>Working capital adjustments</b>					
Change in other receivables and prepayments		(8,286)		32,550	
Change in other liabilities		13,817		7,419	
Change in deferred income		(80,880)		(11,034)	
			(75,349)		28,935
<b>Cash flows from changes in operating assets and liabilities</b>					
Loan repayments less loans advanced	16	2,215,474		(2,028,557)	
Customer balance cash movement		114,160		2,254,523	
Movement on funds on deposit	15	(646,358)		1,991,659	
			1,683,276		2,217,625
Corporation tax paid			(14,627)		(17,976)
			(418,284)		148,765
<b>Net cash flow from operating activities</b>					
<b>Investing activities</b>					
Purchase of intangible assets	19	(101,977)		(101,977)	
Purchase of tangible fixed assets	18	(8,602)		(26,897)	
Proceeds on disposal of tangible fixed assets		336,294		-	
Net cash generated from/(used in) investing activities			216,975		(128,874)
<b>Net cash used in financing activities</b>					
			-		-
<b>Net (decrease)/increase in cash and cash equivalents</b>					
			(201,309)		19,891
Cash and cash equivalents at beginning of year			4,793,260		4,773,369
<b>Cash and cash equivalents at end of year</b>	33		<b>4,591,951</b>		<b>4,793,260</b>

The notes on pages 32-52 form an integral part of these financial statements.

# Notes to the financial statements

For the Year Ended 30 September 2023

## 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
Licences	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

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.

### **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 cashflows.

### **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.

### 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 estimates.

### **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 cashflows.

#### **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 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:

	2023	2022
	£	£
<b>Interest and similar charges paid during the period</b>		
Interest paid on interest bearing shares	195	4,613
Distributions to junior members	4,785	3,322
	<u>4,980</u>	<u>7,935</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:

	2023	2022
	%	%
<b>Dividend rates paid during year</b>		
Junior dividend	-	0.50

### 4. Interest receivable and similar income

	2023	2022
	£	£
Interest income on loans	2,885,280	2,885,280
Interest income on bank deposits	58,242	8,390
	<u>3,258,999</u>	<u>2,893,670</u>

## 5. Fees and commissions payable

	2023	2022
	£	£
Bank charges	22,848	22,650
Banking service charges	786,457	793,157
	<u>809,305</u>	<u>815,807</u>

## 6. Fees and commissions receivable

	2023	2022
	£	£
Entrance fees	3,502	4,378
Service charges	5	-
Banking service charges	641,529	689,570
Insurance commission	1,694	2,360
	<u>696,308</u>	<u>696,308</u>

## 7. Other operating income

	2023	2022
	£	£
Grant income	80,880	11,034
Donations Received	52,800	56,500
Rental income	70,692	68,600
	<u>204,372</u>	<u>136,134</u>

## 8. Administrative expenses

		2023	2022
	Notes	£	£
Staff costs	13	1,557,471	1,535,914
Directors' remuneration	12	27,885	27,887
Disposal of assets		18,100	-
External auditor's remuneration	11	21,824	18,360
Member communication and advertising		147,251	126,988
Legal, professional and credit control costs		94,412	77,218
Computer and software expenses		91,258	97,927
Travel costs		12,533	6,615
General administration costs		45,247	57,866
		<u>2,015,981</u>	<u>1,948,775</u>

## 9. Other operating expenses

	2023	2022
	£	£
Regulatory costs	15,788	15,119
Costs of occupying offices	120,703	158,107
	<u>136,491</u>	<u>173,226</u>

## 10. Operating surplus

	2023	2022
	£	£
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	13,310	10,920
Depreciation of owned tangible fixed assets	108,356	98,927
Loss on disposal of tangible fixed assets	18,100	-
Amortisation of intangible assets	145,002	153,775
Operating lease charges	29,638	54,755
	<u>29,638</u>	<u>54,755</u>

## 11. External auditor's remuneration

	2023	2022
	£	£
Fees payable to the Credit Union's external auditor		
For audit services	13,310	10,920
Audit of the financial statements of the Credit Union	<u>13,310</u>	<u>10,920</u>
For other services		
All other non-audit services	8,514	7,440
	<u>8,514</u>	<u>7,440</u>

## 12. Directors' remuneration

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

	2023	2022
Directors	11	10
	<u>11</u>	<u>10</u>
Remuneration paid to Directors consists of:		
Honorarium	24,595	24,595
Social security costs	3,290	3,290
	<u>136,491</u>	<u>27,885</u>



### 13. Employees

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

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
Admin and support	<u>51</u>	<u>48</u>

Their aggregate remuneration comprised:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,377,149	1,363,575
Social security costs	122,782	119,130
Pension costs	<u>57,540</u>	<u>53,209</u>
	<u><b>1,557,471</b></u>	<u><b>1,535,914</b></u>

## 14. Corporation tax

	2023	2022
	£	£
Current Tax		
UK corporation tax on taxable surplus for the current period	81,350	14,628
Deferred tax		
Origination and reversal of timing differences	(90,000)	-
Total tax (credit)/charge	(8,650)	14,628

The actual (credit)/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:

	2023	2022
	£	£
Deficit before taxation	(307,347)	(24,919)
Expected tax credit based on the standard rate of corporation tax in the UK of 22.00% (2022: 19.00%)	(67,616)	(4,735)
Tax effect of income/expenditure not taxable in determining taxable surplus	58,966	19,363
Taxation (credit)/charge for the year	(8,650)	14,628

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

	2023	2022
	£	£
Deferred tax arising on: Revaluation of property	(8,295)	-

The tax charge has increased during the year as a result of the sale of a property. There has been a decrease in deferred tax as a result of the sale.

## 15. Loans and advances to banks

	2023	2022
	£	£
Cash held at banks	2,198,122	2,243,790
Bank deposits	5,554,296	5,051,215
Loans and advances to banks	7,752,418	7,295,005
Cash in hand	92,656	105,020
Total cash and bank balances	<u>7,845,074</u>	<u>7,400,025</u>

### Loans split by repayment period

Cash and cash equivalents	4,591,951	4,793,260
Amounts maturing in over 8 days	3,253,123	2,606,765
	<u>7,845,074</u>	<u>7,400,025</u>

The carrying amount of the bank balances pledged as collateral is £440,000 (2022 - £440,000). Collateral is in respect of Optimus for use of Mastercard facilities.

## 16. Loans and advances to customers

### Loan movement

		2023	2022
		£	£
Opening balances		27,775,547	22,963,226
Interest on loans		3,200,757	2,885,280
Loans advanced during the period		17,434,634	22,106,377
Loans repaid during the period		(19,650,108)	(20,077,820)
Loans derecognised		(197,733)	(101,516)
		28,563,097	27,775,547
Loan impairment provisions	17	(4,869,010)	(3,846,661)
		<u>23,694,087</u>	<u>23,928,886</u>

## Loans split by repayment period

Capital repayments due within 1 year		12,949,366	12,619,952
Capital repayments due after 1 year		15,613,731	15,155,595
Loan impairment provisions	17	(4,869,010)	(3,846,661)
		<b>23,928,886</b>	<b>19,584,792</b>

## Loans split by type

Loans to members		28,563,097	27,775,547
Loan impairment provisions	17	(4,869,010)	(3,846,661)
		<b>23,694,087</b>	<b>23,928,886</b>

## 17. Loan Impairment

	Write off Provision £	Arrears Provision £	Total Provisions £
Loan impairment provision			
Opening balances	1,249,180	2,597,481	3,846,661
Provision movement	-	1,022,349	1,022,349
Closing balances	<b>1,249,180</b>	<b>3,619,830</b>	<b>4,869,010</b>

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	2023 £	2022 £
<b>Impairment revenue account charge</b>			
Impairment provision movement		1,022,349	468,227
Bad debts derecognised	16	197,733	101,516
Bad debts recovered		(22,749)	(17,157)
		<b>1,197,333</b>	<b>552,586</b>

## 18. Tangible fixed assets

	Freehold land and buildings	Leasehold improvements	Fixtures and Fittings	Total
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	£	£	£	£
<b>Cost or valuation</b>				
At 1 October 2022	4,003,356	292,516	511,891	4,810,763
Additions	-	494	8,108	8,602
Disposals	(360,000)	-	-	(360,000)
Revaluation	(33,179)	-	-	(33,179)
At 30 September 2023	<u>3,610,177</u>	<u>295,516</u>	<u>511,891</u>	<u>4,426,186</u>
<b>Depreciation and impairment</b>				
At 1 October 2022	94,336	207,111	454,612	756,059
Depreciation charged in the year	39,563	29,551	39,242	108,356
Eliminated in respect of disposals	(5,606)	-	-	(5,606)
Revaluation	(128,293)	-	-	(128,293)
At 30 September 2023	<u>94,336</u>	<u>207,111</u>	<u>454,612</u>	<u>730,516</u>
<b>Carrying amount</b>				
At 30 September 2023	<u>3,610,177</u>	<u>88,405</u>	<u>26,145</u>	<u>3,695,670</u>
At 30 September 2022	<u><u>3,909,020</u></u>	<u><u>88,405</u></u>	<u><u>57,279</u></u>	<u><u>4,054,704</u></u>

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 £859,233 (2022: £1,232,013).

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:

	2023	2022
	£	£
Cost	2,123,522	2,123,522
Accumulated depreciation	(415,419)	(394,372)
Carrying value	<u><u>1,708,103</u></u>	<u><u>1,729,150</u></u>

## 19. Intangible fixed assets

	Software	Licences	Total
	£	£	£
<b>Cost</b>			

At 1 October 2022	429,676	888,859	1,318,535
Additions - internally developed	61,348	-	61,348
Additions - separately acquired	-	49,369	49,369
At 30 September 2023	491,024	938,228	1,429,252
<b>Amortisation and impairment</b>			
At 1 October 2022	266,580	579,871	846,451
Amortisation charged for the year	15,241	129,761	145,002
At 30 September 2023	281,821	709,632	991,453
<b>Carrying amount</b>			
At 30 September 2023	209,203	228,596	437,799
At 30 September 2022	163,096	308,988	472,084

## 20. Customer accounts

### Deposit movement

	2023	2022
	£	£
Opening balances	31,164,809	28,902,351
Share movement in year	119,140	2,262,458
	<b>31,283,949</b>	<b>31,164,809</b>

### Deposits split by type

Standard dividend bearing member shares	22,949,425	22,557,929
Standard interest bearing member shares	654,131	781,258
Corporate dividend bearing shares	212,560	284,449
	23,816,116	23,623,636
Member current account	6,405,857	6,447,954
Juvenile member deposits	1,061,976	1,093,219
	<b>31,283,949</b>	<b>31,164,809</b>

## 21. Other receivables

	2023	2022
	£	£
<b>Amounts falling due within one year:</b>		
Other debtors	4,600	-

## 22. Other Liabilities

	2023	2022
	£	£
Corporation tax	81,350	14,627
Other creditors	173	173
Accruals and deferred income	87,554	73,737
	<b>169,077</b>	<b>88,537</b>

## 23. Deferred income

	2023	2022
	£	£
Opening balance	107,280	118,314
Release in period	(80,880)	(11,034)
	<b>26,400</b>	<b>107,280</b>

## 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.



## 25. Provisions for liabilities

Notes	2023 £	2022 £
Deferred tax liabilities	246,796	345,091

## 26. Retirement benefit schemes

### Defined contribution schemes

	2023 £	2022 £
Charge to revenue account in respect of defined contribution schemes	57,540	53,209

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.

## 27. 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.

	2023 Amount £	Rates received in year %	2022 Amount £	Rates received in year %
<b>Financial assets</b>				
Loans to members	28,563,097	11.36%	27,775,547	11.37%
Loans and advances to banks	28,563,097	0.07%	7,295,005	0.10%
	<u>36,315,515</u>		<u>35,070,552</u>	
<b>Financial liabilities</b>				
Juvenile deposits	(1,061,976)	0.44%	(1,093,219)	0.28%
Dividend bearing shares	(29,567,842)	-	(29,290,332)	-
Interest bearing shares	(654,131)	0.03%	(781,258)	0.56%
	<u>(31,283,949)</u>		<u>(31,164,809)</u>	

## 28. Credit risk on lending

The Credit Union holds the following security against its loans to members:

	2023	2022
	£	£
<b>Security for loans</b>		
Attached shares	<u>4,867,949</u>	<u>3,981,856</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.

	2023	2022
	£	£
<b>Loans not individually impaired</b>		
Not past due	23,528,148	23,172,188
Up to 3 months past due	<u>418,593</u>	<u>647,056</u>
	<u>23,946,741</u>	<u>23,819,244</u>
<b>Loans individually impaired</b>		
Between 3 and 6 months past due	216,449	328,728
Between 6 months and 1 year past due	498,067	498,067
Over 1 year past due	<u>2,629,914</u>	<u>1,880,328</u>
Individually impaired and written off for internal purposes	<u>1,249,180</u>	<u>1,249,180</u>
	4,616,356	3,956,303
Total loans	<u>28,563,097</u>	<u>27,775,547</u>
Impairment allowance	<u>(4,869,010)</u>	<u>(3,846,661)</u>
	<u>23,694,087</u>	<u>23,928,886</u>

## 29. Credit risk on bank and investments

The Credit Union invests funds not yet actively deployed in the following investments:

	2023	2022
	£	£
Bank accounts	2,198,122	2,243,790
Bank term deposits	<u>5,554,296</u>	<u>5,051,215</u>
	<u>7,752,418</u>	<u>7,295,005</u>

The Credit Union believes the full amount of these investments is recoverable.

## 30. Capital

### Capital

The Credit Union classes all of its reserves as capital. The Credit Union manages its reserves through its financial and budgeting policies and procedures. The Prudential Regulation Authority sets out requirements for regulatory capital that the Credit Union must maintain. The Credit Union's compliance with the requirements at the year end is set out below:

	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
Actual capital to asset ratio	<u>8.95%</u>	<u>8.68%</u>
<b>Regulatory requirement</b>		
Total capital requirement	<u>7.16%</u>	<u>7.16%</u>

## 31. 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.

## 32. 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 £
<b>Assets</b>							
Cash and balances at central banks	-	-	-	-	-	92,656	92,656
Loans and advances to banks	5,145,653	2,606,765	-	-	-	-	7,752,418
Loans and advances to customers	4,379,994	466,629	1,961,683	21,057,992	696,799	(4,869,010)	23,694,087
Intangible assets	-	-	-	-	-	437,799	437,799
Property, plant and equipment	-	-	-	-	-	3,695,670	3,695,670
Prepayments	-	-	-	-	-	51,410	51,410
<b>Total Assets</b>	<b>9,525,647</b>	<b>3,073,394</b>	<b>1,961,683</b>	<b>21,057,992</b>	<b>696,799</b>	<b>(586, 875)</b>	<b>35,728,640</b>
<b>Liabilities and reserves</b>							
Customer accounts	31,283,949	-	-	-	-	-	31,283,949
Other liabilities	-	-	-	-	-	169,077	169,077
Accruals and deferred income	-	-	-	-	-	26,400	26,400
Provisions	-	-	-	-	-	246,796	246,796
Reserves	-	-	-	-	-	4,002,418	4,002,418
<b>Total liabilities and reserves</b>	<b>31,283,949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,444,691</b>	<b>35,728,640</b>
Difference	21,758,302	(3,073,394)	(1,961,683)	(21,057,992)	(696,799)	5,031,566	-
Cumulative	21,758,302	18,684,908	16,723,225	(4,334,767)	(5,031,566)	-	-

## 33. Analysis of changes in net funds

	1 October 2022 £	Cash flows £	30 September 2023 £
Cash and cash equivalents	4,793,260	(201,309)	4,591,951
Bank deposits maturing in over 8 days	2,606,765	646,358	3,253,123
	<b>7,400,025</b>	<b>445,049</b>	<b>7,845,074</b>

## 34. 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 £24,714 (2022: £98,855).

## 35. 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:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Within one year	34,800	34,800
Between two and five years	139,200	139,200
In over five years	69,600	104,400
Total lessee operating lease commitment	<u><u>243,600</u></u>	<u><u>278,400</u></u>

### 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.

	2023	2022
	£	£
Wages and salaries	295,358	316,652
Honorarium paid to Treasurer	24,595	24,595
	<u>319,953</u>	<u>341,247</u>

#### Transactions with key management

During 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 £52,800 (2022: £56,500) 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.

	2023	2022
	£	£
Loan to key management and their close family	28,762	21,433
Shares held by key management and their close family	76,303	86,429
	<u>76,303</u>	<u>86,429</u>

# Detailed Revenue Account

For the Year Ended 30 September 2023

	Notes	2023 £	2022 £
<b>Income</b>			
Interest income on loans	4	3,200,757	2,885,280
Interest income on bank deposits	4	58,242	8,390
Fees and commissions receivable	6	646,730	696,308
Other income	7	204,372	136,184
		<u>4,110,101</u>	<u>3,726,112</u>
<b>Expenditure</b>			
Staff costs	13	1,557,471	1,563,801
Directors remuneration	12	27,885	27,887
Disposal of assets	10	18,100	-
Auditors remuneration	11	21,824	18,360
Member communication and advertising	8	147,251	126,988
Legal, professional and credit control costs	8	94,412	77,218
Computer and software expenses	8	91,258	97,927
Travel costs	8	12,533	6,615
Bank charges	5	22,848	22,650
Banking services costs	5	786,457	793,157
General administration costs	8	45,247	57,866
Regulatory costs	9	15,788	15,119
Costs of occupying offices	9	120,703	158,107
Depreciation and amortisation	10	253,358	252,702
Impairment on loans for bad and doubtful debts	17	1,197,333	552,586
		<u>4,412,468</u>	<u>3,743,096</u>
Surplus before taxation		(302,367)	(16,984)
Corporation tax	14	8,650	(14,628)
		<u>(293,717)</u>	<u>31,612</u>
Distributions		<u>(4,980)</u>	<u>(7,935)</u>
(Deficit)/surplus for the year		<u><u>(298,697)</u></u>	<u><u>(39,547)</u></u>

**London Mutual Credit Union Ltd**

FCA Number: 213248

Society Number: 64C

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



**London Mutual**  
Credit Union