

Stop press

Branches and opening hours:

79 Denmark Hill
Camberwell
London SE5 8RS

221 Rye Lane
Peckham
London SE15 4TP

224b Brixton Hill
Brixton
London SW2 1HF

Monday-Thursday: 9.30am – 4.30pm
Friday: 11.00am – 4.30pm

18 Pilgrimage Street
Borough
London SE1 4LL

Monday-Wednesday: 9.30am – 4.30pm
Closed for lunch 12.30 – 1.30pm

If you are interested in finding out more about anything in this newsletter, just get in touch – we can be contacted on:

Email: info@creditunion.co.uk
Telephone: 020 7787 0770
Fax: 020 7207 1444
Web: creditunion.co.uk

You can apply for membership, current account and manage your account via our new secure on-line service **CU On-line** – visit the website for more details – all our forms can also be downloaded from the website.

Don't forget to check our website for the latest news about your credit union – we will also put up a notice in the branches with the AGM details.

OBE award

Our Treasurer, Louis 'Roy' McLeod has been awarded an OBE in the New Year Honours List this year in recognition of his 25 year service to Southwark Credit Union.

When Roy became involved with the credit union it had only 237 member – today we have more than 10,000 members! Roy said: 'This award is a fantastic honour. I am very privileged and humbled by this recognition and am gratefully receiving it on behalf of the Southwark Credit Union, without whom it wouldn't have been possible.'

The name may have changed, but London Mutual Credit Union will carry on offering the same high standards of services to all its members, not only in Southwark but in Lambeth too.



Roy McLeod OBE



London Mutual

Credit Union

Altogether better

newsletter
2010

creditunion.co.uk

News update

London Mutual Credit Union

We're sure you've noticed that Southwark Credit Union has changed its name!

That's because we are pleased to announce that we have merged with Lambeth Savings & Credit Union and we can now offer all the benefits of membership to Lambeth residents and employees.

We're working to expand and improve services to all our members:

- Safe savings
- Ethical and affordable loans, whether you're working or not
- Free life insurance on savings and loans
- Current account with ATM & Visa debit card to help you manage your money
- Child Trust Fund accounts
- Junior accounts
- On-line services via our website creditunion.co.uk
- Mobile banking service

We want to spread the word about the credit union in Lambeth, so if you live in Lambeth or know someone who does, why not tell them about the benefits of being a member?

Southwark Credit Union was already the largest in London – let's see how far we can go as London Mutual Credit Union!

A new branch in the heart of Brixton

We are currently refurbishing a new branch at 10 Acre Lane – this will be a modern and welcoming space, close to transport links in the heart of Brixton. We hope to see the branch open for business by August 2010 and look forward to seeing old and new members there. The branch at 224 Brixton Hill will be closing and we'll keep you posted when that happens.

Southwark Civic Awards

We are very proud to have been given a Civic Award by the London Borough of Southwark from the Southwark Civic Association for making a significant contribution to the life of the borough. Nominations for the award are made by the public and it is really good to know that we are making a difference for our members.

The award ceremony was on 8th May at St. Giles Parish Church.



Roy McLeod (Treasurer) Lakshman Chandrasekera (CEO) and Tony Anthrobus (Director) receiving the Civic Award from the Mayor of Southwark

News update

Annual Statement

We traditionally sent out the annual statement of your account and the newsletter in December – the busiest time for the credit union, the post office and you!

We have decided to do this in May, starting with this newsletter – as always, you can ask for a statement at any time, or sign up for our new secure on-line service **CU On-line**.

This means that we can also include our latest accounts, which are published in February.

We won't be able to give the AGM date in the newsletter, but we will put a notice in each branch and on our website – we want as many members as possible to come to the AGM. It is always in February and we try to find a venue that is easy for our members to get to – and as usual there will be refreshments and a raffle for a portable TV – so please try to come along.

Important information about compensation arrangements

We are covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation to depositors if a credit union is unable to meet its financial obligations. Most depositors – including most individuals and small businesses – are covered by the scheme.

In respect of deposits, an eligible depositor is entitled to claim up to £50,000. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed would be £50,000

each (making a total of £100,000). The £50,000 limit relates to the combined amount in all the eligible depositor's accounts with the credit union, including their share of any joint account, and not to each separate account.

For further information about the scheme (including the amounts covered and eligibility to claim) please ask at your local branch, refer to the FSCS website <http://www.fscs.org.uk/> or call 0800 678 1100.

Hard to beat interest on our Junior Accounts

Despite interest rates tumbling all last year, we were happy to be able to pay a hard to beat interest rate of 5% for our Junior and Child Trust Fund accounts for the year ended 30th September 2009. That was better than most offers available on the high street or on-line.

We won't know what we can pay for 2010 until after the year end results – but we are trying to maintain good levels of interest for our young savers.

...and a healthy dividend!

It wasn't just the Junior accounts that benefited – we were also able to pay a dividend to our members of a healthy 1.5%. Again, this beats a lot of savings accounts, where some are paying as low as 0.5%.

The interest rate for Junior account and the dividend will be announced at the AGM next February – please keep an eye out for a notice in the branches and on the website for the date and time.

Member services

Child Trust Fund accounts

Many of our members are using the credit union to open their Child Trust Fund account. It's a great start to saving for your child's future - you or your friends and relatives can add to the account, but you won't be able to access any monies paid into this account.

It's really easy to open a CTF with the credit union – just ask for an application form, or you can download one from our website, and bring your CTF voucher and the completed form to one of the branches, or see the credit union girls at the Walworth and Bermondsey One Stop Shops. If you've already opened a CTF account with another company, you can change it to the credit union by completing a simple form.

What your child's CTF could be worth after 18 years

If Southwark Credit Union pays a return of 3.5% per annum*

**£250 voucher
£464**

**£250 voucher PLUS £10 per month
£3,459**

**£250 voucher PLUS £100 per month
£30,418**

*Please note that the returns on CTFs are approximate and the rate is variable, subject to surplus and to agreement by the Board of Directors. Rates will be reviewed by the Board of Directors on a yearly basis.

Christmas loans

It seems like a long way off and we haven't had the summer holidays yet, but if you are planning to take a loan for Christmas then make sure that you apply early so that your loan can be done in time. We will be accepting applications for Christmas loans from October.

Text for your balance

Not everyone has on-line access, but you can use our Text Enquiry service to get your up to date balance.

Just text bal to 60060 and we will text you back (at no cost to you) with your up to date balance, including your current account. Accounts are updated daily from 10.00am, so don't text before 10.00am.

We need to have your current mobile in our records, so make sure we have the right number next time you are in the branch. The only cost is your standard network text charge – and it's cheaper to text than to call.



Member Services

Credit Union Current Account

In our last newsletter we highlighted the difference in price between buying a washing machine from a shop offering weekly credit and taking a credit union loan and buying the same machine from John Lewis – a saving of £738!!!

The current account has a Visa debit card, which means that you can shop around for the best deals – on-line or in the shops.



It gives you control of your money – ATM and debit cards, direct debit and standing order facilities all help you to manage your money and can mean cheaper prices for things like utilities.

There is a small weekly charge for the account (currently 95p) but we hope you'll agree that the benefits of having a current account are worth it!

If you haven't opened a Credit Union Current Account yet you can pick up a form in any branch or in the Walworth and Bermondsey One Stop Shops, print a form from our website or join online via creditunion.co.uk

CU On-line



Our new on-line service has proved to be a great success – once you have registered you can manage your account without having to come to the branch. You can

- open a Credit Union Current Account
- set up or change standing orders from your Credit Union Current Account
- view your recent transactions or request a statement
- transfer money from your Credit Union account to your bank account
- leave a message for any department
- apply for a loan

to register go to creditunion.co.uk



Money matters

Beating the credit crunch

Some of our members have found that loans are harder to get – lenders are picking and choosing and only lending to people with 100% clean credit history.

The credit union doesn't just take your credit worthiness into account when you apply for a loan – we can be a lot more flexible than some lenders. We can consider you for a loan, whether you are working or not, and there are no hidden extras.

If you borrow £500 over 12 months from the credit union the total interest will be £67.36 – the same amount from a doorstep lender could cost in excess of £410 in extra interest.

If you take a 'pay day' loan in an emergency you could end up paying interest rates of up to 1286% as compared to 25% APR from the credit union, so talk to us when you need a loan and take control of your finances.

Direct debit payments

A lot of members save and repay loans by direct debit – it's easy and convenient. We just wanted to remind everyone that if the due date falls on a bank holiday then the payment will be requested on the last working day before the bank holiday. The reason for this is that if a salary date falls on a bank holiday, it is usually paid the day before, and we have found that if we wait until after the bank holiday then there might not be enough funds in the bank to cover the direct debit. It could affect a member's credit rating if they have a loan and the direct debit isn't paid.

Look after your personal details

Criminals use a variety of methods, including raiding dustbins, to get their hands on your personal details. They use discarded receipts, credit card slips and bank statements to obtain important information, such as your name, address, credit and debit card numbers, dates of birth and even your mother's maiden name. If you can, make sure that you shred all receipts and any letters containing personal information, and when you have to register a memorable name or password, don't use obvious information that someone else might be able to guess.

You might not think you have anything worth stealing, but your personal information can be worth a lot of money to criminals.

Free Savings and Loan Insurance

Taking out a loan and saving for the future can involve a long-term financial commitment. We have no way of knowing what unexpected challenges life may spring upon us. Life Savings and Loan Protection insurance will leave you with peace of mind and protection. If you should take out a loan and die before it is repaid, this cover can help to ensure your debt is settled and is not passed on to your loved ones when you are no longer here. It will also pay up to double the amount of your savings (currently up to £10,000) to your nominated beneficiary. Best of all, London Mutual Credit Union provides this insurance **free** when you become a member, offering financial security for you and your family.

Auditors' report

Independent Auditor's Report to the Members of Southwark Credit Union Ltd

We have audited the financial statements of the Southwark Credit Union Limited for the year ended 30th September 2009 which consist of the Revenue Account, Balance Sheet and notes to the financial statements. These financial statements have been prepared under the historical cost convention subject to the revaluation of the freehold properties and the accounting policies set out therein.

This report is made solely to the Credit Union's members, as a body, in accordance with the Industrial & Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979. 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.

Respective Responsibilities

Industrial and Provident Societies law requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the surplus of the Credit Union for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union. It is 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.

As described above, the Board is responsible for preparing the financial statements in accordance with

applicable law and UK Accounting Standards. It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979. We also report to you if the Credit Union has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding other transactions is not disclosed.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Credit Union's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Credit Union's affairs as at 30th September 2009 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979.

40 The Lock Building
72 High Street
London E15 2QB

APPLEBY & WOOD
Registered Auditors

Auditors' report

Revenue account for the year ended 30th September 2009

	Note	2009		2008	
		£	£	£	£
Income					
Entrance Fees			3,776		3,078
Interest from Loans to Members	1 (b)		846,532		610,346
Deposit and Current Account Interest	1 (b)		22,933		78,682
Sundry Income - Commission			7,377		7,663
Grants and Donations Receivable	1 (c)		201,689		274,653
Written off Debts Recovered			4,530		3,503
Rent			—		3,750
CUCA Fees			125,887		63,634
Growth Fund bad debt			—		22,022
Other Transaction Fees			17,169		19,192
			1,229,893		1,086,523
Less Expenses					
Administration		535,404		553,283	
Establishment		102,938		116,449	
Financial		382,673		263,516	
Depreciation		71,981		76,175	
			1,092,996		1,009,423
Surplus for the year before taxation			136,897		77,100
Corporation Tax	1 (e)		(4,931)		(16,483)
			131,966		60,617
Transfer to General Reserve		(26,393)		(12,123)	
Transfer to Growth Fund		—		(39,412)	
			(26,393)		(51,535)
Retained Surplus			105,573		9,082

Auditors' report

Balance sheet as at 30th September 2009

	Notes	2009		2008	
		£	£	£	£
Fixed Assets	6		879,756		984,687
Loans Due from Members	8	5,929,245		5,170,414	
Less Provision for Bad Debts		<u>(283,923)</u>		<u>(256,571)</u>	
			5,645,322		4,913,843
Current Assets					
Prepayments and Debtors		7,368		11,604	
Current & Deposit Account		1,777,192		1,796,424	
Cash in Hand		<u>118,869</u>		<u>124,051</u>	
		<u>1,903,429</u>		<u>1,932,079</u>	
Current Liabilities					
Grants Unused		74,931		68,492	
Provision for Juvenile Savers Interest		4,830		5,255	
Sundry Creditors		414,919		263,725	
Corporation Tax		<u>4,931</u>		<u>16,483</u>	
		<u>499,611</u>		<u>353,955</u>	
Net Current Assets			<u>1,403,818</u>		<u>1,578,124</u>
			<u>7,928,896</u>		<u>7,476,654</u>
Represented by:					
Share Capital			5,142,651		4,820,938
General Reserve	7		677,788		536,022
Subordinated debt	9		1,657,615		1,659,052
Revaluation reserve	7		<u>450,842</u>		<u>460,642</u>
			<u>7,928,896</u>		<u>7,476,654</u>

Director: Roy McLeod

Director: Tony Anthrobus

Secretary: Karen Michael

Date: 21.01.2010

Auditors' report

Notes to the financial statements year ended 30th September 2009

1. Accounting Policies

a) Accounting Policies

The financial statements have been prepared under the historical cost convention with the exception of the revaluation of freehold properties.

b) Interest

Interest is accounted for when receivable.

c) Grants

Grants and donations are accounted for when receivable. This includes £53,128 received from the Big Lottery Fund (Restricted Fund) during the year.

d) CUCA Fees

Transaction fees from the CUCA (Credit Union Current Account) are accounted for when received as they are credited directly into Southwark 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 2008.

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
Office Equipment	10% per year on cost
Building & Refurbishment	2% per year on the revalued amounts
Banking Project	10% per year on cost (see (2) below)

(2) ABCUL Banking Services project

This was developed through ABCUL. Southwark 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 Southwark Credit Union Ltd. This year it has received contributions of £43,040 which have been deducted from fixed assets. 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.

i) DWP Growth Fund

Growth Fund grants are received from the Department of Works & Pensions to finance loans for people who would not normally qualify for loans under the Credit Union criteria.

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 with the exception of freehold properties. The depreciation on the revalued properties has been adjusted in note 4.

Auditors' report

4. Staff Costs

	2009 £	2008 £
Administration Salaries and NIC	484,934	497,871

5. Interest Payable and Similar Charges

Bank Charges and Interest	15,349	16,722
Juvenile Savers Interest	4,830	5,255
	<u>20,179</u>	<u>21,977</u>

6. Fixed Assets

	Computer & Equipment £	Fixtures & Fittings £	Freehold Premises £	Banking Project £	Total £
Cost/Valuation:					
Balance b/forward 1.10.08	176,714	171,211	655,000	200,346	1,203,271
Additions	7,968	2,122	—	—	10,090
Contribution received	—	—	—	(55,952)	(55,952)
Balance c/forward 30.9.09	<u>184,682</u>	<u>173,333</u>	<u>655,000</u>	<u>144,394</u>	<u>1,157,409</u>
Depreciation:					
Balance b/forward 1.10.08	107,870	31,344	39,300	40,070	218,584
Depreciation for the year	25,387	17,334	13,100	16,160	71,981
Depreciation on contribution received	—	—	—	(12,912)	(12,912)
Balance c/forward 30.9.09	<u>133,257</u>	<u>48,678</u>	<u>52,400</u>	<u>43,318</u>	<u>277,653</u>
Net Book Value 2009	51,425	124,655	602,600	101,076	879,756
Net Book Value 2008	68,844	139,867	615,700	160,276	984,687

7. Reserves

	Voluntary £	Statutory £	Reserve £	Total £
Balance at 1st October 2008	61,790	474,232	460,642	996,664
From Revenue Account for the year	105,573	26,393	—	131,966
Depreciation transfer	9,800	—	(9,800)	—
Transfer DWP	—	—	—	—
Balance at 30th September 2009	<u>177,163</u>	<u>500,625</u>	<u>450,842</u>	<u>1,128,630</u>

The freehold properties were valued in August 2005 by Budworth Brown, Chartered Surveyors, 6 Riley Road, Kettering Northants. NN16 8NN.

8. Loans

	Ordinary	Growth Fund	Total
Due from Members	<u>3,356,162</u>	<u>2,573,083</u>	<u>5,929,245</u>

9. Subordinated Debt

	2009 £	2008 £
Balance b/f 1.10.09	1,659,052	1,293,503
Received - grants	—	722,582
Allocated Revenue Account	—	—
28.6% of loan interest	—	39,412
Less bad debt provision	28,519	(22,022)
bad debts written off	(29,956)	(24,423)
transfer to General Reserve	—	(350,000)
	<u>1,657,615</u>	<u>1,659,052</u>

10. Related Party Transactions

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

11. Post Balance Sheet Event

The members of Lambeth Savers and Credit Union Limited agreed at their meeting on 2nd December 2009 to transfer its engagements to Southwark Credit Union Limited. Although this credit union has negative reserves this shortfall should be covered by grants from outside funders.

Before this transfer can go through, however, it will need to be agreed to by the directors of Southwark Credit Union Ltd.