

# Newsletter

Spring 2015



**London Mutual**  
Credit Union



# News update

## The Duchess of Cornwall meets two of our members

In October last year the Duchess of Cornwall held a reception at Clarence House to mark International Credit Union day and to show her support for credit unions. In her speech the Duchess said "Credit Unions serve people, not profit... they can encourage those who have the means to save, and bring in from the cold those vulnerable people who struggle to qualify for loans."

As you may already know, the Duchess is a member of our credit union and she invited two of our members to the reception and asked to meet them personally.

Emma Watson and Jacqueline Gordon-Edwards had a great afternoon at Clarence House and had the opportunity to speak to the Duchess about the credit union and what it has done for them.



*Emma and Jacqueline meet the Duchess of Cornwall at Clarence House*

Not only that, they had a long chat with Eamonn Holmes from ITV's This Morning, and appeared on the BBC news that night!



## Support from our local churches

Since the Archbishop of Canterbury went to war with Wonga a couple of years ago we have had a lot of support from local churches to encourage their congregations and staff to join and support the credit union. A network of Church Credit Champions has been set up to help.

Paul Collier, the Vicar of Copleston, a church and community centre in Peckham, and Calum Green from Citizens UK organised a march from the church in Copleston Road to our head office in Heaton Road and 150 people joined the credit union.

There were lots of people, lots of banners, and lots of attention from the press. The march featured on BBC London News several times, helping to highlight the fact that the credit union is here to help and provide an alternative to money shops on our high streets.

*Paul Collier from Copleston Centre Church and some of the 150 people who joined the credit union*

## Visitors from around the world and the UK

During 2014 we received several visitors from around the world, from Brazil, Kenya and the USA. These delegates came to understand how credit unions work in the UK and look at our processes. At the same time they offered us an insight into ways of working that could prove to be more effective and efficient for us.

In July we hosted the "larger credit union conference" in our head office for twelve credit unions from all around the UK. Adhering to our co-operative principles; "Co-operation among Co-operatives", we are now sharing our experience and also offering to share the Payday loan system with other credit unions in the UK.



*Delegates from the Kenyan Credit Union visiting Head Office in July 2014*

## Santa comes to Camden



*Santa and his helpers drop in to Royal College Street*

Santa came to call on our Camden branch in December – and he brought the Vicar of St. Mary's C of E Church in Primrose Hill, Marjorie Brown, and several members of the congregation to join the credit union.

It was a great visit – although Santa did look a bit like the Assistant Priest at St. Mary's, Mark Wakefield!

And then, just before Christmas, Santa went to the money shops in Brixton and handed out coal, and then called on our branch in Acre Lane and gave us a present for being good all year!

## Credit union services for the Armed Forces

The Ministry of Defence has invited three credit unions to provide credit union services for the armed forces and anyone receiving a pension from the Ministry of Defence, and London Mutual is one of them.

We're very proud to have been chosen to provide services for Royal Navy, Army and Air Force personnel.

At a Special General Meeting on 10th April our Common Bond was amended so that we can offer ethical and affordable financial services to servicemen and women, wherever they are based in the UK and around the world.

# Member services

## Electronic Signatures

As part of the ongoing enhancements to our services, LMCU has implemented an electronic signature. This will mean that you can sign your loan agreement on-line and should make our loan process quicker and more efficient.

For loans under £5,000 you won't need to come to our office to sign the loan agreement in person. The loan agreement will be emailed with a secure web link - when you open this link your loan agreement will be displayed giving the terms and conditions of your loan.

All you will need to do is to read the agreement carefully and, if you agree the

content, click the 'sign' button and type your name and the date and send the signed agreement back to the LMCU.

The whole process will be secure, fast and efficient.

You will need access to the internet in order to use our electronic signature system.

Mark, one of our members who now lives in Birmingham, said, "This is really useful for working people, especially if you live or work a long way from a branch".

## Savings & Loans

The most important service that we offer to our members is a place where you can save safely and get a loan that is fair and affordable.

If you need to buy something for your home, taking a loan from the credit union means that you can shop around for the best deal – it puts you in control and gives you a choice.

If you need a washing machine, for instance, you can buy it from any retailer – whoever is cheapest – get it paid for, delivered and installed, and spread the cost over up to 18 months.

If you haven't got cash or credit, where can you go? You could go to one of the 'weekly payment' shops, such as Brighthouse, where an ordinary 9kg washing machine can cost as much as £1,400.

That's exactly what one of our members almost did recently, but she called us and we gave her a loan – she bought a 9kg washing machine from Curry's for £299.99, delivered and installed!



That's over £1,000 that has stayed in her pocket – money she can spend on her children, or save for emergencies.

So next time you need to replace something, don't panic – talk to the credit union and we'll help if we can.

## Compare interest rates

If you look at the high street banks they are advertising loans with interest rates as low as 4.9%APR, which is fine if you want to borrow more than £7,500.

But what if you just want a small loan, say £2,000 for a holiday? Then the rate shoots up to 21%APR and more, depending on the bank.

Compare that to the credit union rate of 13.68% APR – that means you could save at least £71 if you borrowed £2,000 for 12 months.

## Try your luck!

Our monthly private Lottery costs £1 a month per 'ticket' - there are 8 prizes, ranging from around £80 to £1,000 each month.

Winning members are chosen at random by the computer and you will be notified by email if you're a winner - you can withdraw your winnings or add it to your savings for a rainy day. Profits raised by the lottery are used for training and community outreach expenses.

If you want to take part, just ask in branch or send an email to [info@creditunion.co.uk](mailto:info@creditunion.co.uk) giving your name, membership number and how many lottery 'tickets' you want each month, and we'll enter you in the monthly draw. Good luck!

## Debit card payments

You can use your debit card to make payments to your credit union account – for savings or to make an extra payment off your loan – remember, there are no penalties for paying a loan off early.

Just visit our website and click on card payments.



## Visit us on Facebook and Twitter

If you are on Facebook then please visit our page for all the latest news and don't forget to 'like' us!



## CUOK! Payday Loan

Our payday loan has gone from strength to strength and was recently included in Which? Magazine as a best buy product.

Before you take a payday loan, talk to us about getting a longer term, more manageable loan – if you really have to take a payday loan, then apply on-line for the CUOK! payday loan from your credit union. It will save you pounds!





# Money matters

## Be aware!

There are always people who want to get something for nothing and think up ingenious ways to part you from your cash.

There are a number of scams going around at the moment, and one is when you get a call from someone saying they are from your bank. They say there's a problem with your account and give you a number to call 'your bank'. You hang up, but they don't, so when you pick the phone up to call the number, they are still on the line. They play a tape so it sounds like a busy bank, you think you're talking to your bank and answer all their questions. They may even tell you that you should close your account and give you account details to transfer your money for safekeeping.

If you get a call like this, use another phone to call the number they give you – if you don't have another phone, wait ten minutes and make sure you have a dialling tone before you dial the number.

And remember, here are 8 things your credit union or bank will never do – even if you call them:

1. Ask for your full PIN or any online banking passwords over the phone or via email
2. Send someone to your home to collect cash, bank cards or anything else
3. Ask you to email or text personal or banking information
4. Send an email with a link to a page which asks you to enter your online banking log-in details
5. Ask you to authorise the transfer of funds to a new account or hand over cash
6. Call to advise you to buy diamonds, land or other commodities
7. Ask you to carry out a test transaction online
8. Provide banking services through any mobile apps other than the bank's official apps

## Dividend

At the AGM on 20th February 2015 a dividend for the year of 0.5% was approved and this has been credited to members' accounts. This compares favourably with the high street banks at the moment.

Please note that the dividend is paid gross and no tax has been deducted. As always, it is your obligation to declare all your earnings to the HMRC, including the dividend received, and pay the correct tax. London Mutual Credit Union is required to report to HMRC dividends in excess of £250 paid into your credit union account.

## Junior Account and Child Trust Fund Dividend

We have paid a 5% dividend on our Junior Accounts and Child Trust Fund Accounts this year, so this is a good time to open savings account for your young family.

The dividend can vary from year to year, depending on the profit of the credit union, but this is the sixth year that we have paid 5% dividend to encourage our young members to save and see their money grow.

## ISA

We are not opening any new ISA accounts this year, but if you have an existing ISA with the credit union, you can deposit up to £15,240 for 2015/2016 and the new ISA interest rate will be 1.5%AER.

### 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 £85,000. 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 £85,000 each (making a total of £170,000). The £85,000 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.



# Auditor's Report

## London Mutual Credit Union Limited

### Report of the Board of Directors for the year ended 30th September 2014

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

#### Principal Activities

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

#### Results of Operations and Dividends

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

#### Board of Management

The Board during the year were:

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

#### Board of Management's Responsibilities

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;

- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The Board are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the credit union and to enable them to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. They are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Auditors

The auditors, Messrs Appleby & Wood, have indicated their willingness to accept re-appointment under the provisions of the Co-operative and Community Benefit Societies Acts 2014 and the Credit Unions Act 1979.

*Signed on behalf of the Board of Management*

**Heather Crawford**  
Director  
5th January 2015

## Revenue Account For The Year Ended 30th September 2014

	Note	2014		2013	
		£	£	£	£
<b>Income</b>					
Entrance Fees			6,140		4,072
Interest from Loans to Members	1 (b)		1,959,942		1,669,992
Deposit and Current Account Interest	1 (b)		30,461		14,557
Sundry Income - Commission			9,634		232
Grants and Donations Receivable	1 (c)		116,948		232,763
Written off Debts Recovered			7,633		13,647
CUCA Fees			407,039		367,703
Transferred from Growth Fund			38,719		97,572
			<b>2,576,516</b>		<b>2,400,538</b>
<b>Less Expenses</b>					
Occupancy Costs		139,285		133,288	
Stationery and Post		81,017		62,457	
Administration Salaries and NIC		984,964		933,865	
External Audit and Accountancy		12,000		11,400	
Bank Charges and Interest		-		15,866	
Data Processing Charges and Software		31,796		33,224	
General Expenses		42,034		33,691	
Loans and Savings Insurance		-		1,385	
Provision for Bad Debts		311,921		302,784	
Depreciation		147,939		140,094	
Telephone		20,922		22,436	
Insurance - Fidelity Bond		5,606		4,211	
Debt Recovery/Legal and Professional/Internal Audit		54,640		47,847	
Marketing, promotion and development		61,014		50,269	
Directors' Expenses and Honoraria		37,476		36,597	
ABCUL Dues		22,768		20,622	
FCA Fees		2,465		1,674	
CUCA Fees Payable		406,184		351,874	
Junior Savers Interest Payable		16,573		14,523	
ISA Interest Payable		62,989		46,507	
Mortgage Interest Payable		-		13,442	
FSCS Fees		9,260		7,140	
Training		7,016		1,044	
			<b>2,457,869</b>		<b>2,286,240</b>
Surplus for the year before taxation			118,647		114,298
Corporation Tax	1 (e)		(6,092 )		(3,106 )
Surplus for the year before distribution			112,555		111,192
Transfer from/(to) General Reserve-Statutory			-		(22,238 )
Unappropriated Surplus			112,555		88,954
Dividend Paid 2013			(89,573 )		(97,008 )
Transfer from/(to) Voluntary Reserve			(22,982 )		8,054

All amounts relate to continuing operations.

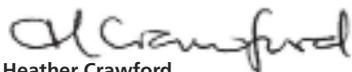
The retained surplus for the year was the only recognised gain or loss in the year.

## Balance Sheet as at 30th September 2014

	Note	2014		2013	
		£	£	£	£
<b>Fixed Assets</b>	5		2,368,464		2,444,603
Loans Due from Members		11,992,409		10,267,932	
Less Provision for Bad Debts		(1,262,658)		(1,051,151)	
			<b>10,729,751</b>		<b>9,216,781</b>
<b>Current Assets</b>					
Prepayments and Debtors		57,121		51,841	
Current & Deposit Account		7,964,517		5,701,838	
Cash in Hand		137,882		166,715	
		<b>8,159,520</b>		<b>5,920,394</b>	
<b>Current Liabilities - due within one year</b>					
Provision for ISA Interest		34,946		36,254	
Provision for Juvenile Savers Interest		16,573		14,532	
Sundry Creditors	9	2,259,581		1,572,885	
Corporation Tax		6,092		2,911	
PAYE and NIC		-		2,919	
		<b>2,317,192</b>		<b>1,629,501</b>	
<b>Net Current Assets</b>			5,842,328		4,290,893
Mortgage - amounts falling due over one year 1 (i)			-		(627,690)
			<b>18,940,543</b>		<b>15,952,277</b>
Represented by:					
ISA			3,565,431		2,759,246
Child Trust Fund			74,721		65,658
Share Capital			12,161,268		10,001,435
Grants			417,361		388,439
General Reserves	4		2,721,762		2,737,499
			<b>18,940,543</b>		<b>15,952,277</b>



**Louis R McLeod**  
Director



**Heather Crawford**  
Director



**Abu Barkatoolah**  
Secretary

5th January 2015

# Notes to the Financial Statements for the year ended 30th September 2014

## 1. Accounting Policies

### a) Accounting Policies

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

### b) Interest

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

### c) Grants

Grants and donations are accounted for when receivable.

### d) CUCA Fees

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

### e) Corporation Tax

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

### f) Dividends

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

### g) Comparative Figures

The comparative figures are for the year ended 30th September 2013.

### h) Fixed Assets

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

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

- (2) ABCUL Banking Services project  
This was developed through ABCUL. London Mutual Credit Union Ltd was one of nine credit unions who each contributed the same amount towards setting up a bank current account for people who previously could not get a current account. As new credit unions join the Project, they will each make a contribution : part of which will be paid to London Mutual Credit Union Ltd. Grants of £85,614 have been received towards this cost. As it is expected that these costs will be recouped within ten years, they and the related grants are being written off over ten years.
- (3) Grants for capital expenditure  
Other grants for fixtures and fittings and the Pay Day Loan Project are being written off over the same period as the related expenditure ie 10 years.

## 2. Statement of Total Recognised Gains and Losses

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

## 3. Historical Cost Profit and Loss

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

## 4. Reserves

	Growth Fund	General Reserve		Total
		Voluntary	Statutory	
	£	£	£	£
Balance at 1st October 2013	1,433,417	623,954	680,128	2,737,499
From Revenue Account for the year	-	22,982	-	22,982
Growth Fund debts provision	(38,719)	-	-	(38,719)
Balance at 30th September 2014	1,394,698	646,936	680,128	2,721,762

## 5. Fixed Assets

	Leasehold Property	Computer & Equipment	Fixtures & Fittings	Freehold Premises	Banking & Pay Day Loan Project	Total
<b>Cost</b>	£	£	£	£	£	£
b/forward 1.10.13	113,649	329,110	380,773	2,117,653	213,508	3,154,693
Additions (Contribution)	-	54,323	11,609	5,868	-	71,800
Balance c/forward 30.9.14	113,649	383,433	392,382	2,123,521	213,508	3,226,493
<b>Depreciation:</b>						
Depreciation b/forward 1.10.13	60,512	239,714	169,204	136,615	104,045	710,090
Depreciation for the year	10,621	275,493	37,718	42,470	21,351	147,939
Balance c/forward 30.9.14	71,133	206,922	206,922	179,085	125,396	858,029
Net Book Value 2014	42,516	107,940	185,460	1,944,436	88,112	2,368,464
Net Book Value 2013	53,137	89,396	211,569	1,981,038	109,463	2,444,603

## 6. Growth Fund

	2014	2013
	£	£
Balance b/f 1.10.13	-	-
Received - grants	-	-
transfer to Reserves (note 4)	-	-
Less bad debts written off	-	-
transfer to General Revenue (as agreed by DWP)	-	-
	-	-

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

## 7. Related Party Transactions

Loans are issued to directors on the same terms as those on offer to other members. In addition, expenses and honorarium amounting to £37,476 were paid to directors during the year.

## 8. Capital Commitments

	2014	2013
	£	£
Capital expenditure contracted for, unpaid at the end of the year and not provided for in the financial statements.	-	-
Capital Expenditure authorised by the Board, but not yet contracted for	-	-

## 9. Creditors and Accrued Charges

	2014	2013
	£	£
CUCA bank balance	2,207,878	1,513,556
Other creditors and accruals	51,703	59,329
	<b>2,259,581</b>	<b>1,572,885</b>

## 10. Operating lease commitments for land and buildings

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



# Stop Press

## Southwark Smart Savers

Southwark Council are launching a scheme to give 11 year olds in Southwark a voucher for £10 to open a London Mutual Credit Union account.

The vouchers will be sent out in May with instructions on how to open an account - this is a great way to encourage youngsters to save and Southwark Smart Savers will be giving them a sound financial base by teaching them about money matters, budgeting, saving and handling cash.

If your child already has a credit union account they will be able to deposit the voucher to their account.

We are looking forward to welcoming a new generation of Smart Savers!

For more details visit [southwarksmartsavers@southwark.gov.uk](mailto:southwarksmartsavers@southwark.gov.uk)



## London Mutual Credit Union Limited

### General enquiries:

Telephone: 020 7787 0770

Fax: 020 7277 8755

Email: [info@creditunion.co.uk](mailto:info@creditunion.co.uk)

Website: [creditunion.co.uk](http://creditunion.co.uk)

### Branches and opening hours:

4 Heaton Road  
Peckham,  
London SE15 4TH

79 Denmark Hill  
Camberwell  
London SE5 8RS

10 Acre Lane  
Brixton  
Lambeth  
London SW2 5SG

347 Royal College Street  
Camden Town  
London NW1 9QS

#### **Opening hours are:**

Monday to Friday -9.30am to 4.30pm

18 Pilgrimage Street  
Bermondsey  
London SE1 4LL

#### **Opening hours are:**

Monday to Wednesday - 9.30am to 4.30pm

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