



Lewisham Plus Credit Union Limited also trades as Bromley Plus Credit Union  
Registered Office: 262 Kirkdale, Sydenham, London, SE26 4RS

# **Lewisham Plus Credit Union Limited Annual Report and Financial Statements Year Ended 30 September 2016**



**Society No. 295C  
FCA No. 213588  
Registered 2 March 1992**

*Authorised by the Prudential Regulation Authority  
and regulated by the Financial Conduct Authority and  
the Prudential Regulation Authority*

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## Vision and Values

### Our Vision

- Local community will be strengthened where people belong to Lewisham Plus
- Every adult and child entitled to do so will save with Lewisham Plus and receive an attractive dividend on savings
- Members will borrow from Lewisham Plus in preference to other lenders
- The Christian churches will continue to regard the credit union as an important part of their ministry and be encouraged as they serve others together.

### Our Values

- Placing members' mutual interests first will always differentiate us from profit-motivated financial institutions
- Volunteer officers will extend their skills through training and supervision in order to provide a quality service
- Business will be conducted with due regard for confidentiality
- Integrity, respect and equality of opportunity are paramount.

***Our individual and friendly service is volunteer led but professionally managed. We work for a fair and inclusive local community.***

Lots of community-minded people are volunteers with Lewisham Plus Credit Union. There are many opportunities and usually something to suit each person's abilities and preferences. Volunteers give as much or as little time as they are able and help regularly or when the need arises. We arrange our own training for new volunteers and also participate in London-wide training events.

Please contact Tim Pagan, the HR Director or any member of staff to find out more about volunteering and to let us know when you might be available.

## President's Foreword

I am delighted once again to be able to introduce the Lewisham Plus Credit Union Annual Report for the year 2015-2016.

I stepped down as chair in September 2016 and I was delighted to see Frank Whittle, a long serving and much-respected colleague, elected as the new chairman.

In this celebratory year we look back at the development of the credit union over its 25 years, from the time we operated on a Friday night at tables in the Grove Centre in Jews Walk, Sydenham, through to today with 3 office branches, 10,000 members and an active level of business which you can see from the financial accounts in this report.



Looking back I can also see that the commitment and galvanizing work put in by founding members Paul Treece and Frank Whittle, has always been a source of inspiration for me. We have been fortunate to have the support of many excellent people - staff, board members and volunteers - down the years. Liz Ballaster decided to step down earlier this year after her long involvement with the credit union. I am very grateful for her support in so many ways during my time as chair. Liz has been instrumental in recruiting a number of new key members to the Board of Directors and the Supervisory Committee. We are very grateful to her for her efforts in ensuring that Lewisham Plus is in good hands for the next stage of its journey.

I have many memorable highlights from my time in the credit union and there are two I would like to pick out.

First, one of the most gratifying is to see members becoming more strategic in their financial planning. When the credit union introduced the Save As You Borrow loan product, which has a compulsory savings element secured against the loan, many members who had not saved before were surprised by the amount they had saved during the term of the loan. This brings a sense of achievement in the control of their finances and allows them to make better use of their credit union account.

Secondly, when I visit the credit union branches in Sydenham, the Green Man, St Paul's Cray and The Albany, I am always struck by how helpful our staff are and the time given to members, often in spite of the stress of numbers and the complexity of transactions.

Finally, in my reports down the years, members may have noticed my references to the tensions involved in running a credit union - the need to provide robust financial services in order to be of service to the community, and maintaining a personal customer service while expanding our membership and making use of the latest technology.

In my view the strength of the credit union comes from the desire of all those involved, our directors, staff and volunteers, to maintain the ethos which inspired the founders 25 years ago. This ethos continues to inform the decision making within the credit union in these difficult times and I hope it will continue to do so in future years as it continues to develop and be challenged by future events.

*John McCarthy*

*President 2015/16*

## Progress against Business Plan

Lewisham Plus Credit Union had a successful year providing savings, current accounts and affordable loans for local people. Highlights for members are:

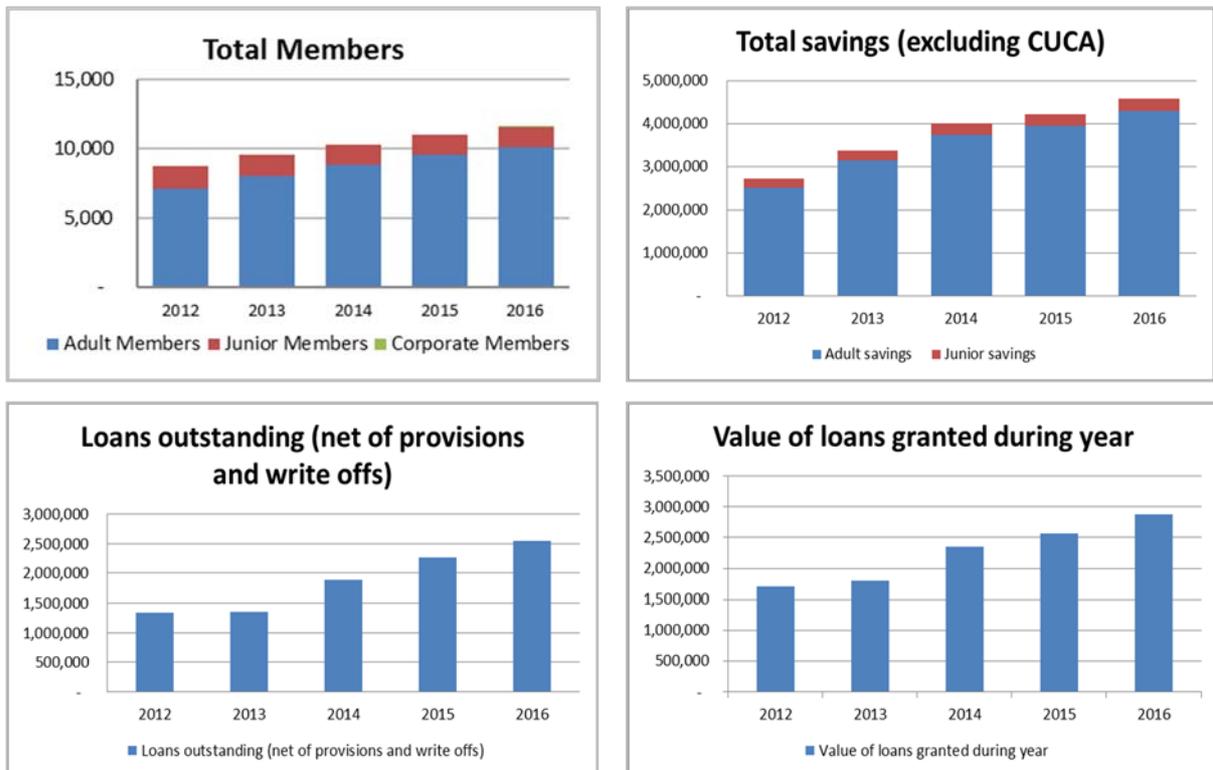
- We didn't quite manage our financial targets for the year, but achieved steady growth that will help us towards long term sustainability
- Dividend (subject to AGM) of 0.5% for adults and 1.5% for junior savers
- We supported 1,200 members through closure of their CUCA accounts, with another 723 completed after the year end. Over 500 members had migrated to the Engage Current Account by November 2016
- Engage Smartcash for junior savers was launched to improve the attractiveness of the credit union's services to increasingly tech-savvy young people.

## Key Indicators of Growth

- Membership grew by 503 (5%) to 10,095 adults, 1,508 juniors and 4 corporate members
- Active adult membership grew from 8,555 (89%) to 9,081 (90%)
- Savings increased by £340k (9%) to £4.31m for adults (excluding CUCA) and £270k for juniors
- Loans increased by £321k (13%) to £2.72m, though missing our target of £2.8m
- Our next target is to reach £3.0m in loans by 30th September 2017.

## Five Year Trends

The tables below show the growth of the credit union over the last five years:



## Manager's Report

This is my first full year at the Credit Union, and it has been an eventful year, starting with the LPCU annual general meeting, followed by the annual conference of the Association of British Credit Unions, where I met many colleagues from other Credit Unions. In late July we celebrated our fifth anniversary at Bromley with the local MP and councillors attending. We also had a visit from Oscar Guzman from Colombia, representing the World Council of Credit Unions, to share ideas.



Throughout the year we had the onerous task of closing nearly 1,800 CUCA accounts and migrating members to the new Engage account. We managed to complete the migration by early December, thanks to the support of all my colleagues who worked very hard to enable LPCU to meet the required deadlines. We did have some systemic issues with the migration, but in the main it has been drama free. All the glitches we experienced at the beginning of the process have been fixed and the accounts are working well, giving access to the latest technology to all our members.

I am very excited about the New Year as it also happens to be our 25th year in existence. We are hoping to engage as many members as possible to celebrate this milestone. We also hope to have some new products to help our increasing membership avoid expensive and unaffordable loans and debts. We anticipate we will be able to offer a better online access with the latest state of the art technology to help our members achieve their financial goals.

I am pleased to say that as we have grown, we have managed to help more people than ever before with loans and other financial help such as emergency support with eviction, homeless prevention, help with fuel and many more. These extensive services would not be possible without help from our partners at the London boroughs of Lewisham and Bromley, Phoenix, Lewisham Homes, Affinity Sutton Group and the Church of England.

I am also pleased to say our Life Savers program in partnership with the Church of England is going from strength to strength. We will be involved in at least four more schools this coming year. The world out there can be a dangerous place for the young and the old if you are not financially savvy. I would really like to focus on encouraging the young people of Lewisham and Bromley to be better financial decision makers. The key to making better decisions is better financial education, and I would like to see more of our young members actively participating in the many activities of the Credit Union in this special year, acquiring essential life skills. I would also welcome adult members to engage more readily with the team at LPCU for help and guidance to improve their financial position.

I have greatly enjoyed the challenge of the role and the very steep learning curve that came with it. I had a lot of things to learn, understand and appreciate: learn about the systems, understand the culture, and appreciate the hard work and dedication of Staff, Directors and Volunteers. I have been lucky to have Janet Greenwood, the outgoing CEO, still working with LPCU, who has helped me settle into my role. I am also grateful to all my colleagues at LPCU for their help and support and in particular to my senior colleagues, Lisa Treece and Liam Carlisle. I also wish to express my appreciation to all the directors who spent time with me and for all the help and support provided to me over the last year.

It is difficult to please all the people all of the time, but here at LPCU we will continue to try our hardest to help as many people as possible. Looking forward to working with you all in the coming year.

*Ravi Ravindran*

*CEO from February 2016*

## Treasurer's Report

Lewisham Plus made a profit of £21,075 for the year as a whole, sufficient to recommend a 0.5% dividend for adults, and 1.5% for junior saver accounts. This is a reduction from last year, due in part to the CUCA exit activities which took a huge amount of staff time this year.

Income dropped by £49,372 excluding last year's Lloyds Banking Group capital grant. This was due to reducing income from CUCA and grants, offset by a useful £24,366 increase in interest on loans.

Expenses were £13,965 up on last year. Staff costs rose for the London Living Wage and the appointment of our new CEO, but we reduced expenditure on IT and premises. The fit-out of our Bromley office is now fully depreciated, removing £20k per year from ongoing charges. CUCA expenses hardly reduced on the previous year, but will finish entirely in 2017.

Bad debt costs ("impairment losses" in the new terminology) rose due to higher delinquency, and PRA rule changes that increased provisions. Bad debt declined from 6.2% to 5.8% of the loan balance, but needs to reduce further. Our staff work hard to make good loan decisions and to recover loans effectively, but the directors have decided to increase the resources available for credit control for the next year to improve this if we can.

The Prudential Regulation Authority issued updated rules for credit unions in February 2016, affecting a number of costs and financial ratios. Lewisham Plus is compliant with these.

The credit union has now adopted the new Financial Reporting Standard FRS102, which also increased costs for provisions in line with the requirement.

Capital held in reserves improved from 8.86% to 9.53%, well over the new 5% required by the PRA for 10,000 adult members (the 8% requirement has been moved to 15,000 members).

### CU Current Account (CUCA)

Lewisham Plus launched the Credit Union Current Account in 2008, with support from partner organisations and The Growth Fund administered by DWP. It had been a very successful service for our members, with more than 2,000 accounts at the peak.

However, we were informed in 2015 that the national agreement which allows us to offer the CUCA, between the Association of British Credit Unions Limited and Co-operative Bank plc, would be terminated. This was a consequence of the Co-op Bank's well publicised financial troubles and their withdrawal from some market sectors. The Co-op remain committed to providing credit unions with banking services, but ceased their support for CUCA.

Lewisham Plus introduced the Engage Classic Pre-Paid Card, provided by Contis Financial Services as a step towards a replacement CUCA product, and in October 2016 we were the first credit union in the country to launch the new Contis Engage Current Account Card.

By the end of 2016, we had assisted all our CUCA members to migrate their accounts, either to one of the Engage products or to another bank account of their choice. This has been a complicated and challenging process for our members, but the migration process has now been fully completed, and we believe that the Engage Current Account is providing good functionality for our members.

*Paul Treece*

*Treasurer 2015/16*



## Supervisory Committee Report

The Supervisory Committee is satisfied with the performance of the Directors and staff of Lewisham Plus Credit Union during the year 2015/2016.

The Supervisory Committee is “the eyes and ears of the membership” of a credit union, sometimes called the “members’ watchdog”. Its responsibilities are discharged by monitoring the actions of the Board of Directors and by undertaking reviews of specific areas of the organisation’s work. At the beginning of the year, the Committee comprised two members, David Smith (current Chair) and David Blane, with Barney Wanstall as observer. Barney was subsequently elected to the Committee at the AGM. Both David Blane and Barney Wanstall are Chartered Accountants with extensive relevant experience, including in audit in financial services institutions.



Members of the Committee have attended most of the Directors’ meetings as observers, and in addition have received the agendas, minutes and papers for all Board meetings and reviewed these closely. As a result, the Committee can confirm that decisions made by the Board were in accordance with the rules and policies of the Credit Union, and management actions were in the interests of members. All loans made to Directors, staff and volunteers were reported to the Committee. The quarterly accounts and financial performance returns to the FSA have been reviewed against the bank records with satisfactory results throughout the year.

As previously reported, in 2014 - 15 the Board and Committee commissioned an internal audit review examining a comprehensive range of internal financial controls. 21 very helpful recommendations were made by the auditors, all of which were accepted by LPCU management and Board. Implementation of the recommendations was completed this year.

The Committee has been particularly concerned this year to update its annual workplan in accordance with requirements and good practice in the internal audit of credit unions. The Committee and LPCU have particularly benefited from additional voluntary assistance in pursuing the programme from members of staff of Barney Wanstall’s current employer, PwC, to whom we are grateful.

*David Smith*

*Chair of Supervisory Committee 2015/16*



## Directors and Officers

The current members of the Board are as follows:

**Geoff Cave** | Appointed 2008. Geoff is a civil servant and is actively involved in the Sydenham community, particularly in his role as editor of Sydenham Life magazine. (left, bottom row)

**Peter Dulley** | Appointed 2014. Peter is a chartered surveyor, having retired recently after running his own practice for more than 25 years. He is a trustee of Community Links Bromley, a Rotarian and churchwarden at his local church.



**James Gardner** | Appointed 2008. James became the credit union's first Manager in 2003 and was invited to join the board when he retired. He has long experience of financial services, working in branch and regional management roles at the Woolwich Building Society and Barclays.

**Barney Hearnden (Secretary)** | Appointed 2016. Barney is a partner in the law firm CMS Cameron McKenna LLP. He specialises in advising financial services businesses on matters such as corporate governance, commercial contracts and regulation. (second from left, top row)

**Keith Howick** | Appointed 2016. Keith is a patent and trademark attorney and retired recently from his firm after 30 years, which included serving as senior partner and managing partner. He is a board member of the Intellectual Property Regulation Board, and chairman of the Board of Tulse Hill and Dulwich Hockey Club. (second from right, top row)

**John McCarthy** | Appointed 1992. John was a founder member of the credit union, and recently stepped down as President, having served in that role since 2003. He has practised as an architect for many years. (right, top row)

**Tim Pagan** | Appointed 2016. Tim recently retired after a 37 year career in the probation service, most recently as head of corporate services for the London wide service, with responsibility for HR, IT and property. He is a fellow of the Chartered Institute of Personal Development. (middle, bottom row)

**Mark Plummer** | Appointed 2015. Mark has worked in private banking for over 30 years, and has extensive experience of managing financial services business, particularly for personal customers. (right, bottom row)

**Arun Prasad Ganesan** | Appointed 2016. Arun has worked in the banking sector for a number of large international banks for over 10 years, and has particular experience of project and business management and implementation.



**Paul Treece** | Appointed 1992. Paul was a founder member of the credit union, alongside his wife Lisa. He works professionally as a principal solution architect, currently with CSC Computer Sciences Ltd, and has 30 years of experience in the IT industry. He is secretary for the ABCUL London and South East Forum, and church treasurer for the Grove Centre Church.

**Frank Whittle** | Appointed 2015. Frank was one of the founding directors of the credit union, and re-joined the board recently after retiring from a 41 year career in environmental health, most recently managing the private housing and disability adaptations service for a London council. (main picture, left, top row)

Director attendance at board meetings over the year is shown below:

Director	No.	%	Director	No.	%
Nene Addo*	0/1	0%	John McCarthy	14/15	93%
Liz Ballaster*	6/6	100%	Tim Pagan	8/10	80%
Geoffrey Cave	12/15	80%	Mark Plummer	11/15	73%
Peter Dulley	13/15	86%	Arun Prasad Ganesan	2/14	14%
James Gardner	10/15	66%	Paul Treece	15/15	100%
Barney Hearnden	10/10	100%	Frank Whittle	13/15	86%
Keith Howick	10/13	77%			

\*Resigned during the year

The current members of the Supervisory Committee are as follows:



**David Blane** | Appointed 2015. David has worked in audit functions for insurance companies and one of the Big Four accounting and professional services firms for over 10 years. (picture left)

**David Smith** | Appointed 2006. David joined the credit union as a volunteer following retirement. He is a scientist by training, and spent his career in research management, most recently as finance director of a large medical research funding agency. He is a magistrate at Croydon and Camberwell courts. (picture right)



**Barney Wanstall** | Appointed 2016. Barney is a chartered accountant. He has spent a number of years working for a Big Four accounting firm, advising insurance companies on a range of regulatory matters, and has recently moved to work for a large insurance company. (picture right)



## Auditors

Alexander Sloan  
 38 Cadogan Street  
 Glasgow  
 G2 7HF

## Directors' Report for the Year Ended 30 September 2016

The Directors present their report and the financial statements for the year ended 30 September 2016.

### Principal activity

The principal activity of the Credit Union continues to be that defined in the Credit Union Act 1979. The Credit Union's common bond covers anyone living or employed in Bromley and Lewisham.

### Directors of the Credit Union

The directors who held office during the year were as follows:

Nene Addo (resigned 6 March 2016)

Elizabeth Ballaster (resigned 29 August 2016)

Geoffrey Cave

Peter Dulley

James Gardner

Barney Hearnden - Secretary and director (appointed 1 July 2016)

Keith Howick (appointed 26 November 2015)

John McCarthy

Timothy Pagan (appointed 23 May 2016)

Mark Plummer

Arun Prasad Ganesan (appointed 4 January 2016)

Paul Treece

Frank Whittle

### Fair review of the business

A total of 13 directors, all unpaid volunteers, served on the board in 2015/2016. Sadly, during the year we said goodbye to Liz Ballaster and Nene Addo. We are especially grateful to Liz for her dedication in managing volunteers for five years and, more recently, assuming secretarial duties as well. We were able to add four more directors to the board during the year, and now have a full complement, apart from a vacancy for an Assistant Treasurer. The new directors this year are Keith Howick (Risk Management Director), Tim Pagan (HR Director), Arun Prasad Ganesan (Projects Director) and Barney Hearnden (Secretary).

Having served as President for many years, John McCarthy decided to step down as President at the end of the financial year, and his position is being assumed by Frank Whittle, with Mark Plummer serving as Vice President. We are very grateful for the inspiration and leadership that John has provided over the years, and delighted that he will remain on the board.

The directors have met every month during the year, and have in addition held three weekend strategy meetings to cover long-term planning and other strategic matters. We have improved our governance model by introducing four separate board committees, covering Loans & Credit Control, Operations, Finance & Development, and Governance & Compliance. All directors participate in at least one committee, and this new structure allows matters to be discussed in detail outside the full board meetings, so that the board can concentrate on reviewing recommendations and making decisions.

We were delighted to be able to appoint Ravi Ravindran as our new CEO this year, while retaining the services of Jan Greenwood in a new role. We were also pleased to promote Pam Griffin to the post of Manager of the Green Man branch. These changes have significantly improved the overall strength and depth of our executive management team, and we have

also been able to commence a review of our operations to improve our capacity to support members. The directors would like to express their appreciation for the exceptional dedication and enthusiasm of all of our staff, which makes such an enormous contribution to the successful operation of the credit union.

The credit union relies heavily on the support of volunteers, who perform a wide range of valuable services. We would like to take this opportunity to thank each of them for their commitment in the past year, and to emphasise that there are continuing opportunities for all who may be interested. We have also benefitted this year from pro-bono support provided by staff at PwC (to support the work of the Supervisory Committee) and CMS (on legal and secretarial matters).

The new website has performed well during the year, and has in particular enabled more members to secure loans, and generally to interact with the credit union, without needing to visit our branches. The directors are actively exploring ways to further develop the products offered by the credit union to our members, once the CUCA is closed and resources can be redeployed.

This year we look forward to celebrating the 25th Anniversary of the establishment of the credit union. It has been a remarkable achievement, led by our founders, to develop the credit union successfully to its current position. The coming year will bring a range of celebrations in which we hope our members will participate to the full, as well as a renewed focus for the directors to plan ahead for another 25 successful years.

### **Principal risks and uncertainties**

The main financial risks arising from the Credit Union's activities are credit risk, liquidity risk and interest rate risk.

**Credit Risk-** The Credit Union is exposed to the risk of default on loans and bank balances. All loans are required by the Credit Union to be assessed against the Credit Union's lending policy.

**Liquidity Risk-** The Credit Union's policy is to maintain sufficient funds in liquid forms at all times to be able to meet its liabilities as they fall due and to meet the regulators' liquidity requirements.

**Interest Rate Risk-** The main interest rate risk arises from differences between interest rate exposures on assets and liabilities that form an integral part of the Credit Union's activities. The Credit Union considers interest rates when setting the level of proposed dividends each period.

### **Disclosure of information to the auditors**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Credit Union's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Credit Union 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 Credit Union legislation 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

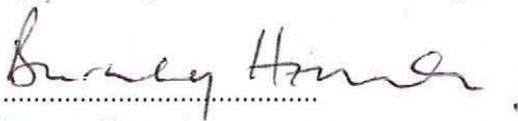
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Credit Union's transactions and disclose with reasonable accuracy at any time the financial position of the Credit Union and enable them to ensure that the financial statements comply with the Credit Unions Act 1979 and the Co-operative and Community Benefit Societies Act 2014. 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.

### Reappointment of auditors

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.

Approved by the Board on 8 February 2017 and signed on its behalf by:



Barney Hearnden  
Secretary



Lewisham's Janet Palmer (right) was chosen to be part of the national CU Futures scheme, photographed above with participants from other credit unions in London.

*"When I received the email from ABCUL regarding the CU Futures programme I jumped at putting myself forward. Not only do I feel it will benefit myself and my credit union but our members too and that for me is important - after all, I am one!"*

*I feel that the CU Futures programme will benefit my credit union as we've yet to embrace social platforms and use them to our advantage. We are now online and that is a huge jump in the right direction, but we need to get more accessible and put ourselves out there in order to draw in more traffic. This programme would enable us to do that in a positive manner. I'm committed to our credit union and its members and having a staff member on this programme would reflect our commitment to driving our credit union forward to the benefit of our members."* Janet Palmer, Lewisham Plus

## Independent Auditor's Report

We have audited the financial statements of Lewisham Plus Credit Union Ltd for the year ended 30 September 2016, set out on pages 8 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Credit Union's members, as a body, in accordance with the Co-operative and Community Benefit Society 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.

### Respective responsibilities of Directors and auditor

As explained more fully in the Director's Responsibility statement (set out on page 4), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

### Scope of the audit of the financial statements

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

### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30 September 2016 and of its profit 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.

### 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 maintained 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.



.....  
Alexander Sloan  
38 Cadogan Street  
Glasgow  
G2 7HF

Date: 8 February 2017

## Revenue Account for the Year Ended 30 September 2016

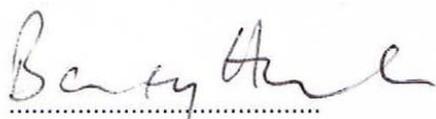
	<b>Note</b>	<b>2016</b> £	<b>2015</b> £
Loan interest receivable and similar income	3	616,158	592,798
Interest payable and similar charges	4	(21,182)	(18,495)
Net interest income		<u>594,976</u>	<u>574,303</u>
Fees and commissions receivable	5	112,811	154,570
Fees and commissions payable	6	(157,650)	(154,733)
Net fees and commissions		(44,839)	(163)
Other operating income	7	166,199	297,172
Administrative expenses	8	(418,123)	(392,951)
Depreciation and amortisation		(26,294)	(48,401)
Other operating expenses	9	(94,541)	(96,344)
Impairment on loans for bad and doubtful debts		<u>(150,284)</u>	<u>(140,498)</u>
Surplus before tax		27,094	193,118
Corporation Tax	13	(6,019)	(22,571)
Surplus for the financial year		<u>21,075</u>	<u>170,547</u>
Total comprehensive income for the year		<u>21,075</u>	<u>170,547</u>

The notes on pages 18 to 30 form an integral part of these financial statements

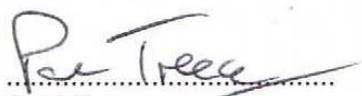
## Balance Sheet as at 30 September 2016

	Note	2016 £	2015 £
<b>Assets</b>			
Cash and balances at central banks	14	35,329	34,929
Loans and advances to banks	14	2,938,432	3,152,491
Loans and advances to customers	15	2,536,935	2,266,662
Tangible fixed assets	17	124,384	148,969
Prepayments and accrued income		40,571	28,459
<b>Total assets</b>		<b>5,675,651</b>	<b>5,631,510</b>
<b>Liabilities</b>			
Customer accounts	18	4,813,623	4,675,114
Other liabilities	19	55,847	91,658
Accruals and deferred income	20	265,103	344,735
		<b>5,134,573</b>	<b>5,111,507</b>
Other reserves	22	337,752	335,296
General reserve	22	203,326	184,707
<b>Total reserves</b>		<b>541,078</b>	<b>520,003</b>
<b>Total liabilities</b>		<b>5,675,651</b>	<b>5,631,510</b>

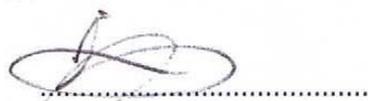
Approved and authorised by the Board on 8 February 2017 and signed on its behalf by:



Barney Hearnden  
Secretary



Paul Treece  
Director



Frank Whittle  
Director

The notes on pages 18 to 30 form an integral part of these financial statements

## Statement of Changes in Equity for the Year Ended 30 September 2016

	Other reserve £	Appropriation reserve £	General reserve £	Total £
At 1 October 2015	314,000	21,296	184,707	520,003
Surplus for the year	-	-	21,075	21,075
Other reserve movements	-	2,456	(2,456)	-
At 30 September 2016	314,000	23,752	203,326	541,078

	Other reserve £	Appropriation reserve £	General reserve £	Total £
At 1 October 2014	190,000	18,770	140,686	349,456
Surplus for the year	-	-	170,547	170,547
Other reserve movements	124,000	2,526	(126,526)	-
At 30 September 2015	314,000	21,296	184,707	520,003

The notes on pages 18 to 30 form an integral part of these financial statements

## Statement of Cash Flows for the Year Ended 30 September 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Surplus for the year		21,075	170,547
<u>Adjustments to cash flows from non-cash items</u>			
Depreciation and amortisation	10	26,294	48,401
Corporation tax expense	13	6,019	22,571
Provision movement		176,481	165,065
Interest income on loans		(593,902)	(569,536)
Distribution on member shares		21,182	18,495
		(342,851)	(144,457)
<u>Working capital adjustments</u>			
(Increase)/decrease in other receivables and prepayments		(12,112)	15,761
(Decrease)/increase in trade and other payables	19	(17,691)	32,177
Decrease in deferred income, including government grants		(79,632)	(67,684)
		(109,435)	(19,746)
<b>Cash flows from changes in operating assets and liabilities</b>			
Loan repayments less loans advanced		147,148	14,751
Customer balance cash movement		117,327	646,301
Movement on funds on deposit		(153,054)	(21,690)
		111,421	639,362
Income taxes paid	13	(24,139)	-
		(365,004)	475,159
<b>Cash flows from investing activities</b>			
Acquisitions of property plant and equipment		(1,709)	(5,310)
Net (decrease)/increase in cash and cash equivalents		(366,713)	469,849
Cash and cash equivalents at 1 October		1,574,556	1,104,707
Cash and cash equivalents at 30 September		1,207,843	1,574,556

The notes on pages 18 to 30 form an integral part of these financial statements

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 1. General information

Lewisham Plus 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 Unions Act 1979. The Credit Union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The address of its registered office is:

262 Kirkdale, Sydenham, London, SE26 4RS

### 2. Accounting policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The accounts are presented in UK Sterling and rounded to the nearest pound.

#### Key sources of estimation uncertainty

Impairment of Financial Assets:

The Credit Union assesses at each reporting date, whether 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. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the Revenue Account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

#### Revenue recognition

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. The recognition of interest is covered in the Finance Income and Costs Policy.

#### Grants

Grants are credited to deferred income. Grants for capital expenditure are released to the Revenue Account over the expected useful life of the asset. Grants for revenue expenditure are released to the Revenue Account as the expenditure is incurred.

## Notes to the Financial Statements for the Year Ended 30 September 2016

### Other grants

The Credit Union has received funding to lend to members for specific projects from local authorities. The loan funding, less outstanding loans, bad debts and bad debt provisions, will be returned to the local authority at the end of the respective projects. The current balance at the year end, which is due to the local authority, at this date, is included within creditors. Any bad debts on these loans are included as a cost within the Revenue Account. The amount of the creditor to the local authority which is released to cover the cost of the bad debts is recognised within the Revenue Account as income.

### Finance income and costs policy

Interest receivable on loans to members and bank interest is recognised using the effective interest rate basis, and is calculated and accrued on a daily basis.

### Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

### Tangible fixed assets

Tangible fixed assets is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

It is the policy of the Credit Union to expense software development costs as well as the costs of running and maintaining the website.

### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Office equipment	33% straight line
Tenant's improvements	Straight line over lower of the life of the asset or the lease

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

## Notes to the Financial Statements for the Year Ended 30 September 2016

### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Credit Union has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

### Financial instruments

#### Classification

Loans to members are a debt instrument measured at amortised cost using the effective interest rate.

#### Recognition and measurement

Loans to members are financial assets with fixed or determinable payments, and are not quoted in an active market. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest rate method. Loans are derecognised when the rights to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member.

#### Impairment

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 single loan is individually significant. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the expected cash flows.

### 3. Interest receivable and similar income

	2016 £	2015 £
Interest income on loans	593,902	569,536
Interest income on bank deposits	22,256	23,262
	616,158	592,798

### 4. Interest payable and similar charges

As non-deferred shares are classed as a liability the dividend on these shares is classed as interest for accounting purposes under FRS 102:

	2016 £	2015 £
Ordinary share dividend	17,574	15,123
Juvenile share distribution	3,608	3,372
Total distributions to customers	21,182	18,495

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 2016 and 2015 AGMs were:

## Notes to the Financial Statements for the Year Ended 30 September 2016

	2016 %	2015 %
<b>Dividends paid during the period</b>		
Juvenile dividend	1.50	1.50
Ordinary member dividend	.50	.50

At the forthcoming Annual General Meeting the Directors will propose the following dividends based on the results for the current year. If approved this dividend will be included in next year's financial accounts once it has been paid.

	2016 %	2015 %
<b>Proposed distribution to members</b>		
Proposed dividend on juvenile shares	1.50	1.50
Proposed dividend on ordinary shares	.50	.50

### 5. Fees and commissions receivable

	2016 £	2015 £
Insurance commission	712	524
Annual service charges	3,809	3,040
Credit Union Current Account charges	103,545	146,236
Entrance fees	4,745	4,770
Fees and commissions receivable	112,811	154,570

Included within Annual Service Charges are £1,440 relating to Engage commission (2015 - £693).

### 6. Fees and commissions payable

	2016 £	2015 £
Bank charges	18,380	14,552
Credit Union Current Account	127,755	129,580
Trade association dues	11,515	10,601
Fees and commissions payable	157,650	154,733

### 7. Other operating income

	2016 £	2015 £
Other income	37,250	35,350
Growth fund	60,000	72,000
Credit Union expansion project	6,525	15,122
Lloyds Bank plc grant	-	100,000
Government grants receivable	62,424	74,700
	166,199	297,172

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 8. Administrative expenses

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Employee remuneration	342,259	303,288
Auditors' remuneration	4,700	4,700
Member communication and advertising	31,909	34,339
Legal, professional and credit reference agency costs	15,041	15,224
Computer costs	8,583	21,010
Other admin costs	15,631	14,390
Administrative expenses	<u>418,123</u>	<u>392,951</u>

### 9. Other operating expenses

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Regulatory costs	34,796	31,508
Office costs	59,745	64,836
Other operating expenses	<u>94,541</u>	<u>96,344</u>

### 10. Operating surplus

Arrived at after charging/(crediting)

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Depreciation expense	26,294	48,401
Operating lease expense – property	<u>27,000</u>	<u>30,020</u>

### 11. Staff costs

The aggregate remuneration (including key management remuneration) was as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	321,126	285,596
Social security costs	19,888	17,692
Pension costs, defined contribution scheme	1,245	-
	<u>342,259</u>	<u>303,288</u>

The average number of persons employed by the Credit Union (including key management) during the year and the number of Directors, analysed by category was as follows:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Directors	13	13
Administration and support	20	18
	<u>33</u>	<u>31</u>

### 12. Auditors' remuneration

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	<u>4,700</u>	<u>4,700</u>

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 13. Corporation tax

Tax charged/(credited) in the revenue account

	<b>2016</b>	<b>2015</b>
	£	£
<b>Current taxation</b>		
UK corporation tax	6,019	4,652
UK corporation tax adjustment to prior periods	-	17,919
	<u>6,019</u>	<u>22,571</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 20%).

The differences are reconciled below:

	<b>2016</b>	<b>2015</b>
	£	£
Surplus before tax	<u>27,094</u>	<u>193,118</u>
Corporation tax at standard rate	5,419	38,624
Effect of revenues exempt from taxation	600	(16,053)
Total tax charge	<u>6,019</u>	<u>22,571</u>

### 14. Loans and advances to banks

	<b>2016</b>	<b>2015</b>
	£	£
Cash at bank	1,172,514	1,539,627
Short-term deposits	<u>1,765,918</u>	<u>1,612,864</u>
Loans and advances to banks	2,938,432	3,152,491
Cash balances	<u>35,329</u>	<u>34,929</u>
Total cash and bank balances and deposits	2,973,761	3,187,420
Less amounts maturing more than 8 days	<u>(1,765,918)</u>	<u>(1,612,864)</u>
Cash and cash equivalents in statement of cash flows	<u>1,207,843</u>	<u>1,574,556</u>

### 15. Loans and advances to customers

	<b>2016</b>	<b>2015</b>
	£	£
<b>Loan movement in the period</b>		
Opening balance	2,534,543	1,989,108
Interest accrued on loans during period	593,902	569,536
Loans advanced during the period	2,870,485	2,564,361
Repayments received during period	(3,017,633)	(2,579,112)
Loans derecognised	(9,390)	(9,350)
	<u>2,971,907</u>	<u>2,534,543</u>
Loan impairment	(434,972)	(267,881)
	<u>2,536,935</u>	<u>2,266,662</u>

## Notes to the Financial Statements for the Year Ended 30 September 2016

### Loan repayments

Loans due within one year	2,139,757	1,930,948
Due after one year	832,150	603,595
Loan impairment	(434,972)	(267,881)
	<u>2,536,935</u>	<u>2,266,662</u>

### Classification of loans

Loans to individual members	<u>2,536,935</u>	<u>2,266,662</u>
	<u>2,536,935</u>	<u>2,266,662</u>

## 16. Loan impairment

	Provision for written off debts	Doubtful debt provision	Total provision
Opening impairment	121,383	146,498	267,881
Charge to Revenue Account	117,571	32,713	150,284
Derecognised	(9,390)	-	(9,390)
Bad debt recovered	26,197	-	26,197
Closing provision	<u>255,761</u>	<u>179,211</u>	<u>434,972</u>

Under Financial Reporting Standard 102 (FRS 102), the criteria for writing off a loan is different from the Board writing off the loan for internal purposes. As a result for the financial statements loans written off by the Board that do not meet the criteria in FRS 102 for being written off are moved into the Provision for Written Off Debts. There is no net effect on the surplus or net assets of the Credit Union from this reallocation.

## 17. Tangible fixed assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>			
At 1 October 2015	277,320	59,947	337,267
Additions	-	1,709	1,709
At 30 September 2016	<u>277,320</u>	<u>61,656</u>	<u>338,976</u>
<b>Depreciation</b>			
At 1 October 2015	135,950	52,348	188,298
Charge for the year	20,053	6,241	26,294
At 30 September 2016	<u>156,003</u>	<u>58,589</u>	<u>214,592</u>
<b>Carrying amount</b>			
At 30 September 2016	<u>121,317</u>	<u>3,067</u>	<u>124,384</u>
At 30 September 2015	<u>141,370</u>	<u>7,599</u>	<u>148,969</u>

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 18. Customer accounts

	2016 £	2015 £
<b>Customer balance movement in the period</b>		
Opening balance	4,675,114	4,010,318
Deposited during the period	10,971,329	9,278,479
Withdrawn during the period	(10,614,811)	(8,674,692)
Movement on Credit Union Current Account (CUCA)	(218,009)	61,009
	<u>4,813,623</u>	<u>4,675,114</u>
<b>Classification of Customer balances</b>		
Individual member shares	4,310,857	3,963,380
Corporate shares	1,358	-
Credit Union Current Account	231,432	449,441
	<u>4,543,647</u>	<u>4,412,821</u>
Member balances	4,543,647	4,412,821
Juvenile deposits	269,976	262,293
	<u>4,813,623</u>	<u>4,675,114</u>

### 19. Other liabilities

	Note	2016 £	2015 £
<b>Due within one year</b>			
Other payables		-	1,396
Accrued expenses		51,396	67,691
Corporation tax liability	13	4,451	22,571
		<u>55,847</u>	<u>91,658</u>

### 20. Accruals and deferred income

	Note	Growth Fund 2016 £	Other 2016 £	Total 2016 £	Total 2015 £
Deferred income brought forward		196,923	147,812	344,735	412,419
Deferred income received		-	82,041	82,041	114,350
Deferred income released		(60,000)	(101,673)	(161,673)	(182,034)
Deferred income		<u>136,923</u>	<u>128,180</u>	<u>265,103</u>	<u>344,735</u>

### 21. Obligations under leases and hire purchase contracts

#### Operating leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Later than one year and not later than five years	<u>22,500</u>	<u>29,500</u>

The Credit Union also has a Protected Tenancy at an annual commitment of £20,000 (2015 - £20,000). The amount of non-cancellable operating lease payments recognised as an expense during the year was £27,000 (2015 - £30,020).

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 22. 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.

#### Appropriation Reserve

The appropriation reserve represents funds allocated by the Board for the future payment of dividends.

#### Other reserve

The other reserve represents reserves not allocated to any specific purpose.

### 23. Capital

Lewisham Plus Credit Union Ltd 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 the capital ratio that the Credit Union must maintain. The ratio is calculated after proposed dividends. The Credit Union's compliance with the ratio at the year end is set out below:

	2016 %	2015 %
<b>Regulatory Requirement</b>		
Minimum capital to asset ratio	5.00	5.00
Actual Capital to Asset Ratio	9.53	8.86

### 24. Financial Risk Management

Lewisham Plus Credit Union Ltd 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 Lewisham Plus Credit Union Ltd 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 Lewisham Plus Credit Union Ltd, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the lending policy of Lewisham Plus Credit Union Ltd 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 Lewisham Plus Credit Union Ltd 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.

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 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 Lewisham Plus Credit Union Ltd arises between the interest rate exposure on loans, bank deposits and shares that form an integral part of a Credit Union's operations. Lewisham Plus Credit Union Ltd 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.

**Other price risk:** The Credit Union does not hold any listed investments.

### 25. Credit Risk Disclosure

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

	<b>2016</b>	<b>2015</b>
	£	£
<b>Security for loans</b>		
Attached Shares	666,433	664,873

The carrying amount of the loans to members represents the Credit Union's maximum exposure to 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.

	<b>2016</b>	<b>2015</b>
Note	£	£
<b>Loans not individually impaired</b>		
Not past due	2,544,308	2,238,034
<b>Individually impaired</b>		
Not past due	-	-
Up to 3 months past due	-	-
Between 3 months and 6 months due	86,792	77,895
Between 6 months and 1 year past due	48,152	65,305
Over 1 year past due	36,894	31,926
Impaired and written off for internal purposes	255,761	121,383
	427,599	296,509
	2,971,907	2,534,543
Impairment allowance	(434,972)	(267,881)
	2,536,935	2,266,662

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 26. Interest Rate Disclosure

The following table shows the interest received during the year divided by the closing loan balance and the dividend paid during the year divided by the closing share balance:

	2016 Amount £	2016 Rates received in year %	2015 Amount £	2015 Rates received in year %
<b>Financial assets</b>				
Loans to members	2,536,935	23.41	2,266,662	25.13
		<b>2016</b>		<b>2015</b>
	2016 Amount £	Rates paid in year %	2015 Amount £	Rates paid in year
<b>Financial liabilities</b>				
Juvenile deposits	269,976	1.34	262,293	1.29
Member shares	4,312,215	.41	3,963,380	.38
CUCA	231,432	-	449,441	-
	4,813,623	.44	4,675,114	.40

### 27. 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.

### 28. Related party transactions

#### Key management personnel

The Credit Union classes Directors and members of the Senior Management team as Key Management.

The wife of the Treasurer is an employee of the Credit Union and she is also a member of Key Management.

#### Key management compensation

	2016 £	2015 £
Salaries and other short term employee benefits	128,746	104,756
Post-employment benefits	665	-
	129,411	104,756

#### Summary of transactions with other related parties

Loans to key management are issued on standard terms and conditions. At the year end £33,560 (2015 - £24,188) was owed by Directors, staff, and their close family, in respect of loans from the Credit Union, and they held shares totalling £113,640 (2015 - £139,030).

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 29. Transition to FRS 102

The financial statements have been updated to comply with Financial Reporting Standard 102 (FRS 102). This has involved the following changes to the figures in previous years:

- recalculating financial assets using amortised cost based on the effective interest rate. Any accrued interest previously included within debtors is now included as part of the financial asset balance.
- reallocating junior deposits to customer accounts.
- derecognising loans only where they meet criteria of FRS 102. This has led to an increase in the level of loans and a new provision for loans which the credit union has written off for internal purposes but which do not meet the criteria within FRS 102.
- recognising wages and salaries due to staff as a result of annual leave owed, but not yet taken, at the year end.

### Balance Sheet at 1 October 2014

Note	As originally reported £	Reclassified £	Remeasured £	As restated £
<b>Assets</b>				
Loans and advances to banks	2,695,881	-	-	2,695,881
Loans and advances to customers	1,876,942	-	-	1,876,942
Tangible fixed assets	192,060	-	-	192,060
Other receivables	44,220	-	-	44,220
	4,809,103	-	-	4,809,103
<b>Liabilities</b>				
Customer accounts	3,745,690	264,628	-	4,010,318
Other liabilities	712,082	(264,628)	1,875	449,329
	4,457,772	-	1,875	4,459,647
<b>Reserves</b>				
Other reserves	208,770	-	-	208,770
General reserves	142,561	-	(1,875)	140,686
	351,331	-	(1,875)	349,456
Total Liabilities and Reserves	4,809,103	-	-	4,809,103

**Notes to the Financial Statements for the Year Ended 30 September 2016**
**29. Transition to FRS102 (continued)**
**Balance Sheet at 30 September 2015**

Note	As originally reported £	Reclassified £	Remeasured £	As restated £
<b>Assets</b>				
Loans and advances to banks	3,187,420	-	-	3,187,420
Loans and advances to customers	2,248,277	18,385	-	2,266,662
Tangible fixed assets	148,969	-	-	148,969
Other receivables	46,844	(18,385)	-	28,459
	<u>5,631,510</u>	<u>-</u>	<u>-</u>	<u>5,631,510</u>
<b>Liabilities</b>				
Customer accounts	4,412,821	262,293	-	4,675,114
Other liabilities	696,737	(262,293)	1,949	436,393
	<u>5,109,558</u>	<u>-</u>	<u>1,949</u>	<u>5,111,507</u>
<b>Reserves</b>				
Other reserves	335,296	-	-	335,296
General reserves	186,656	-	(1,949)	184,707
	<u>521,952</u>	<u>-</u>	<u>(1,949)</u>	<u>520,003</u>
Total Liabilities and Reserves	<u>5,631,510</u>	<u>-</u>	<u>-</u>	<u>5,631,510</u>

**Revenue Account for the year ended 30 September 2015**

Note	As originally reported £	Reclassified £	Remeasured £	As restated £
Interest receivable and similar income	592,798	-	-	592,798
Interest payable and similar charges	(18,495)	-	-	(18,495)
Net Interest receivable	574,303	-	-	574,303
Fees and commissions receivable	154,570	-	-	154,570
Fees and commissions payable	(141,290)	-	-	(141,290)
Other operating income	297,172	-	-	297,172
Administrative expenses	(429,637)	23,317	(74)	(406,394)
Other expenses	(73,027)	(23,317)	-	(96,344)
Depreciation and amortisation	(48,401)	-	-	(48,401)
Impairment on loans	(140,498)	-	-	(140,498)
Surplus before taxation	193,192	-	(74)	193,118
Taxation	(22,571)	-	-	(22,571)
Surplus/(deficit) for the financial year	<u>170,621</u>	<u>-</u>	<u>(74)</u>	<u>170,547</u>

**The following pages do not form part of the statutory accounts**

This page does not form part of the statutory financial statements.

## Detailed Revenue Account for the Year Ended 30 September 2016

	Note	2016 £	2015 £
<b>Income</b>			
Interest income on loans		593,902	569,536
Interest income on bank deposits		22,256	23,262
Interest Received		616,158	592,798
Fees and commissions receivable	5	112,811	154,570
Other operating income	7	166,199	297,172
		895,168	1,044,540
<b>Expenditure</b>			
Employee remuneration		342,259	303,288
Auditors' remuneration		4,700	4,700
Bank charges		18,380	14,552
Credit Union Current Account		127,755	129,580
Trade association dues		11,515	10,601
Regulatory costs		9,144	8,191
LP/LS insurance		25,652	23,317
Office costs		59,745	64,836
Other admin costs		15,631	14,390
Member communication and advertising		31,909	34,339
Legal, professional and credit reference agency costs		15,041	15,224
Computer software and maintenance costs		8,583	21,010
Depreciation and amortisation		26,294	48,401
Impairment on loans for bad and doubtful debts		150,284	140,498
		846,892	832,927
Operating Surplus/(Deficit)		48,276	211,613
Surplus before tax		48,276	211,613
Corporation Tax	13	(6,019)	(22,571)
Surplus for the financial year before dividend		42,257	189,042
Ordinary share dividend		(17,574)	(15,123)
Juvenile share distribution		(3,608)	(3,372)
Surplus for the financial year before dividend		21,075	170,547

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