



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 2018



**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, Values and Objectives

To promote financial inclusion and be the trusted and preferred provider of local financial services in Lewisham and Bromley.

Our Values

- Placing members' mutual interests first
- Operating in an ethical way in accordance with the Co-operative Principles
- Being at the forefront of financial inclusion and embracing the diversity of our community
- Working with integrity, respect and equality of opportunity
- Supporting, valuing, training, engaging and encouraging staff and volunteers, who will always strive to exceed expectations.

Our Objectives

- To increase membership and grow our organisation sustainably
- To support and serve the financial needs of the people of Lewisham and Bromley
- For the members, staff and Board to reflect the diversity of the community we serve
- To embrace innovation and technology, while maintaining face-to-face services through our branches
- To ensure good governance, oversight, management and regulatory compliance
- To develop partnerships with key stakeholders who support our vision.

President's Foreword

I am delighted once again to introduce Lewisham Plus Credit Union's Annual Report. This has been the second year in which I've had the honour to undertake the role of President.



I would like to start my foreword by paying tribute to one of our directors, Peter Dulley, who sadly died earlier in the year. In his time as a director, Peter was particularly concerned to use his professional knowledge to improve our branch network and health and safety standards. Peter also gave a great deal of his time to several other local community organisations and had a real desire to help others; he has been sadly missed by us all.



Peter's work is perhaps a reminder of how much the credit union depends on attracting volunteers with various skills in order for it to function. We have been extremely fortunate in not only retaining most of the existing volunteers, whether they fulfil the role of directors, supervisors, or support the paid staff, but also in attracting new ones. As chairman of the Board I can assure the membership that the current volunteers bring to the organisation a great deal of specialist knowledge and I believe it to be one of the great strengths of this credit union.

As you will see from the accounts and the narrative reports which follow, this has been a good year for the credit union as evidenced by the growth of the loan book and reduction in bad debts. Those outcomes are a result of both changes to policy and a more rigorous application of procedures, combined with the hard work of staff. You will note our performance against the Business Plan within this report but something that often goes unnoticed is how consistent the Treasurer has been in his Business Plan projections (which are done on a three year rolling basis). Having confidence in the accuracy of the Business Plan has been vitally important when undertaking our strategic and operational planning.

One of the issues which is becoming more of a concern to everyone now is IT and data security. During the past year we have taken steps to improve the IT systems further and added to the security measures which previously existed. We have also taken steps to ensure that we meet the requirements of the new General Data Protection Regulation. We are fortunate to have a Treasurer who is an IT professional and able to undertake much of this work himself, for which we are extremely grateful.

Last year I touched on the need for the credit union to ensure continuous improvement in the face of a rapidly changing financial services market. Increasing the choice of loan products and improving web and mobile access are all key themes of our work programme and I look forward to being able to report on the fruits of that work at future AGMs.

I couldn't write this foreword without mentioning the demise of Wonga. The Archbishop of Canterbury had said that one of his aims was to see Wonga driven out of business. Sadly, they didn't go out of business because people chose to use credit unions instead and we know that other high-cost providers still attract customers. Nevertheless, we continue to strive towards a position where more people choose to borrow from us rather than high cost lenders, and in that context, we reviewed our vision and core values this year with our new vision being:

To promote financial inclusion and be the trusted and preferred provider of local financial services in Lewisham and Bromley.

I hope that all of our members will help to spread the word about credit unions, particularly to those who aren't aware of how much they could save if they borrowed from us rather than one of the many high-cost lenders. The figures are very stark indeed, even for a short-term loan;

borrowing £600 for 6 months from Sunny, who charge 1,293% APR, would cost £591.84 in interest compared to £64.56 when using the Credit Union's SAYB product.

Once again, I would like to conclude this foreword by thanking all the staff and other volunteers, including my fellow directors, for their dedication and hard work during the past year. I know that many go above and beyond what is strictly necessary in order to help our members and to fulfil our vision for this organisation. I hope that our members will also recognise those efforts when they have contact with our staff.

Frank Whittle, President 2017/18

Progress against Business Plan

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

- Membership grew by 927 (7.5%) to 11,510 adults, 1,785 juniors and 28 corporate members, helped by the BBC Matter of Life and Debt series in autumn 2017.
- Active adult membership was 9,414 members (81.8%) at year end.
- Savings increased by £598k (11.7%) to £5.37m for adults, £300k for juniors and £32k for corporate members.
- Loans increased by £679k (23.3%) to £3.6m, exceeding our target of £3.4m. We issued 6,462 loans totalling £3.63m, up from 5,776 loans totalling £3.16m last year.
- Dividend (subject to AGM) increased to 0.50% for adults and 1.25% for junior savers.
- Surplus after tax and dividends of £79,386, increasing capital ratio to 9.18%.

Five Year Trends

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



CEO's Report

It gives me great pleasure to tell you all what we have been up to at LPCU this past year and about some exciting plans for the year ahead.

If you remember we started our silver jubilee celebrations half way through our last financial year and continued into this financial year, concluding our celebrations with an event for all our partners both local and national. The well attended event focussed on financial inclusion with presentations and discussions on how we can all work together to improve financial inclusion in our community.

Throughout the year, my colleagues and I worked on acquiring new skills on financial wellbeing, customer engagement and digital marketing as well as reviewing our lending and collection procedures with the support of the Barclays Credit Union development programme. We also managed to establish a Facebook page and currently have over 500 regular followers.



We experienced some changes in staffing levels with Jo Naraine and Antoine Simpson Clarke leaving LPCU after a number of years as our telephonist and cashier respectively. On a positive note Janet Palmer, who was away on maternity leave, has returned to her role as credit union officer and will be based at our New Cross office within the New Cross Learning facility.

Both our branches and our online facilities remained busy as usual and we try to provide an excellent customer service through both delivery channels. We would like to further improve our performance and will be launching an app to make it easier to transfer funds and improve communication. We are also hoping to make our loan application process more slick and speed up the turnaround time.

We experienced good growth in our Life Saver programme with a number of new schools coming on board. This is a fantastic opportunity for young people to understand finance and appreciate the concepts of savings and budgeting. We are currently running this programme in fifteen schools and we will be bringing another four on board.

Our campaign against loan sharks (supported by England's Illegal money lending team) resulted in 36 new members being rewarded £25 each for regular savings.

If you enjoyed the first series of 'A matter of Life and Debt' on the BBC, you are in for a longer treat. LPCU will be featured on the second series of fifteen programmes which will be aired in November 2018 and also repeated in 2019. The new series will be covering wider issues, including the impact of changes to government policies.

This year also saw the rolling out of universal credit and this has been one key issue that has been troubling some of our members. As we have come to recognise, the troubled benefit was poorly thought out and poorly delivered. We have been helping our members to overcome the shortfall of funds, working alongside our social housing partners and councils. We have also held meetings with DWP on this subject to discuss how we can ease the problem.

I am grateful to my colleagues, who have worked harder than ever to deliver a bigger and better service. I would also like to express my sincere thanks to our volunteer directors and the supervisory committee for all the help and guidance extended to me and my colleagues. I would also like to express my thanks to all our partners for supporting our work.

I will conclude by saying this: please remember we are here to help you, your family, your neighbours and friends, and would like to be seen as the first point of call for financial help and support in Lewisham and Bromley. I look forward to another year of growth and prosperity for all.

Ravi Ravindran, CEO for 2017/18

Treasurer's Report

Lewisham Plus made a surplus of £79,386 for the year, after the FRS102 adjustment for dividend paid following the March 2018 AGM. This was sufficient to improve the regulatory capital ratio, from 9.07% to 9.18%, and to recommend an increased 0.50% dividend for adults and 1.25% for junior accounts, paid in 2019. If next year's business plan is achieved we hope to increase the dividend again in 2020.

The improved result this year had three main causes:

- Lending exceeded our plan, raising overall interest income by 15% to £729,442 (2017: £634,556). This was achieved despite an increasing number of members benefitting from lower rates on their Save as You Borrow and Loyalty loans.
- Bad debt and provisions costs were reduced by 6.5% to £164,146 (2017: £175,712). This was a good outcome due to improved credit control and bad debt recovery.
- Staff costs were 4% lower at £361,194 (2017: £377,234). This was a temporary reduction due to sickness and absence and will not be sustained into 2018. We remain committed to pay at least the London Living Wage to all staff.



The surplus this year is higher than the residual £36,000 income drawn from legacy Growth Fund capital (2017: £48,000). For the first time in more than a decade the credit union is operating at a net profit. It is a credit to all involved that this has finally been achieved.

Bad debt written off was £166,952, which is 4.32% of the end of year unsecured loan balance of £3,863,498 before provisions/impairment adjustments, down from 5.51% in 2017. Of this, £16,800 was fully underwritten by local authority funding for homeless prevention and emergency support loans.

Lewisham Plus complies with the Prudential Regulation Authority rules for credit unions. The increase in our capital ratio will help towards the required 10% (8% with a 2% buffer) when we reach 15,000 members in a few years' time.

We completed using our grant from the BIG Lottery Celebrate England scheme towards celebrating our 25th anniversary with our Financial Inclusion event in February. We are also grateful for ongoing support, this year from Lewisham Council, Lewisham Homes and Bromley Council, and our tenancy at The Green Man with Phoenix Community Housing Association.

As I also look after the IT for the credit union, I am pleased to report that we were able to significantly improve our defences and contingency arrangements against cyber attack, and the inter-branch networks were upgraded to improve reliability and performance. In the next year we will be completing further upgrades to keep our systems secure and in support. We also established the integration needed to enable innovative new services due to launch soon.

Lewisham Plus also implemented the Privacy Notices and staff training required to comply with the GDPR requirements that were introduced in May 2018.

The revised vision, values and core objectives statement included in this report crystalizes the rationale for what we do. The credit union has been able to contribute to the welfare of many of our members, and I am very pleased that we are now doing that on a sustainable basis.

Paul Treece

Treasurer 2017/18

Supervisory Committee Report

The Supervisory Committee is satisfied with the performance of the Directors and staff of Lewisham Plus Credit Union during the year 2017/2018.

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, Barney Wanstall (current chair) and Donna Davis. The Committee has recruited two further members during 2018 – Catherine Shelley and Mark O’Connor. Catherine has a valuable legal background and serves the community as a priest in the local area. Mark works for PwC and has strong experience in audit and compliance of financial services companies. He has also been volunteering with the credit union over the last two years in performing and coordinating the Supervisory Committee’s regular checks on credit union operations.

Members of the Committee have attended Board meetings as observers and have reviewed the agendas, minutes and papers of them closely. The Committee has also attended most meetings of the Board’s Loans and Credit Control Committee – where the crucial work of loan delinquency, credit control and loan policy is analysed and determined. 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 Committee has been particularly concerned this year with the strategic changes and new products that the Board has been contemplating and implemented. We are pleased to see the Board balancing the need to innovate and remain relevant in an increasingly digital age, whilst also proceeding with caution to safeguard member funds and be faithful to the Common Bond, purpose and local community to which we serve. The Committee has also particularly focussed on improving procedures in respect of unidentified cash receipts and revisiting the improvements suggested in Credit Control from the previous year.

Barney Wanstall

Chair of Supervisory Committee 2017/18



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.

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. (left, bottom row)

Barney Hearnden (Secretary) | Appointed 2016. Barney is a partner in the London office of the law firm CMS. 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. (left, 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.

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)

Paul Treece (Treasurer) | 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 DXC Technology, 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. (middle, bottom row)

Frank Whittle (President) | Appointed 2015. Frank was one of the founding directors of the credit union, and re-joined the board 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, right, top row)

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

Director	No.	%	Director	No.	%
Geoffrey Cave	14/15	93%	John McCarthy	12/15	80%
Peter Dulley	6/8	75%	Tim Pagan	11/15	73%
James Gardner	8/15	53%	Mark Plummer	14/15	93%
Barney Hearnden	14/15	93%	Paul Treece	15/15	100%
Keith Howick	15/15	100%	Frank Whittle	14/15	93%

The members of the Supervisory Committee for 2017/18 have been:

Barney Wanstall | Appointed 2015. 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 now works for a large insurance company. (picture right)



Donna Davis | Appointed 2016. Donna has extensive experience of financial services regulation and consumer protection with the Office of Fair Trading and the Financial Conduct Authority. This included interpretation and enforcement of consumer protection legislation and supervision of consumer credit firms. She was a volunteer with the Credit Union before joining the Supervisory Committee. (picture left)

Mark O'Connor | Appointed 2018. Mark is a Chartered Accountant and Senior Associate at PricewaterhouseCoopers LLP. He works with clients in the Investment Management sector. Mark lives in Brockley and helps coordinate many of the supervisory committee's regular checks and tests.



Catherine Shelley | Appointed 2018. Catherine is a lawyer by background, with experience in community organisations and governance, including starting a credit union from scratch in Brighton (now the East Sussex Credit Union). Catherine is now a parish priest in Mottingham, Bromley where an LPCU collection point has been established.

Auditors

Alexander Sloan
180 St Vincent Street | Glasgow | G2 5SG

Directors' Report for the Year Ended 30 September 2018

The Directors present their report and the financial statements for the year ended 30 September 2018.

Principal activity

The principal activity of the Credit Union continues to be that defined in the Credit Unions Act 1979. The Credit Union's common bond covers anyone living or employed in Bromley, Lewisham or the SE19 postcode area.

Directors of the Credit Union

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

Geoffrey Cave, Peter Dulley (died on 2 May 2018), James Gardner, Barney Hearnden (Secretary), Keith Howick, John McCarthy, Timothy Pagan, Mark Plummer, Paul Treece and Frank Whittle

Fair review of the business

A total of 10 directors, all unpaid volunteers, served on the board in 2017/2018. We are very sad to report that one of our directors, Peter Dulley, passed away on 2 May 2018. Throughout his time on the board, Peter showed tremendous dedication to the Credit Union, and guided our premises strategy in particular. We greatly miss his presence at board meetings.

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. Our four separate board committees, covering Loans & Credit Control, Operations, Finance & Development, and Governance & Compliance have continued to operate, providing a forum to develop initiatives and address issues outside the full board meetings.

Our CEO, Ravi Ravindran, has continued to lead the executive team, who have overseen another successful year of operation. Our initiatives and achievements this year include the following: reviewing and updating our vision statement; updating our data policies for the new GDPR legislation; implementing a number of improvements to our IT systems; updating various policies including those relating to lending and HR matters; completing the Barclays credit union programme; launching our social media presence; laying the groundwork for new online initiatives to improve the service to members; and completing our 25th anniversary celebrations, which included a stimulating symposium with partner organisations on the day of our AGM.

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 also 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 again 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).

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 12th February 2019 and signed on its behalf by:



Barney Hearnden
Secretary

Independent Auditor's Report to the Members of Lewisham Plus Credit Union Limited

Opinion

We have audited the financial statements of Lewisham Plus Credit Union Ltd (the 'Credit Union') for the year ended 30 September 2018, which comprise the Revenue Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 Societies Act 2014. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2018 and of its surplus 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 Co-operative and Community Benefits Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information

and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities (as set out on page 10), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Credit Union audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Alexander Sloan
180 St Vincent Street
Glasgow
G2 5SG

Date: 15 February 2019

Revenue Account for the Year Ended 30 September 2018

	Note	2018 £	2017 £
Loan interest receivable and similar income	3	742,860	651,068
Interest payable and similar charges	4	(14,240)	(22,836)
Net interest income		728,620	628,232
Fees and commissions receivable	5	16,366	21,642
Fees and commissions payable	6	(35,180)	(52,432)
Net fees and commissions		(18,814)	(30,790)
Other operating income	7	115,171	155,433
Administrative expenses	8	(453,719)	(451,768)
Depreciation and amortisation		(28,321)	(25,742)
Other operating expenses	9	(96,856)	(93,927)
Impairment on loans for bad and doubtful debts		(164,146)	(175,712)
Surplus before tax		81,935	5,726
Corporation Tax	13	(2,549)	(3,220)
Surplus for the financial year		79,386	2,506
Total comprehensive income for the year		79,386	2,506

The notes on pages 17 to 27 form an integral part of these financial statements

Balance Sheet as at 30 September 2018

	Note	2018 £	2017 £
Assets			
Cash and balances at central banks	14	51,328	41,498
Loans and advances to banks	14	2,688,477	2,730,737
Loans and advances to customers	15	3,599,151	2,919,410
Tangible fixed assets	17	100,836	110,241
Prepayments and accrued income		38,280	35,622
Total assets		<u>6,478,072</u>	<u>5,837,508</u>
Liabilities			
Customer accounts	18	5,701,379	5,103,869
Other liabilities	19	21,056	27,503
Accruals and deferred income	20	118,343	162,552
		<u>5,855,102</u>	<u>5,293,924</u>
Other reserves	22	341,965	328,240
General reserve	22	295,329	215,344
Total reserves		<u>637,294</u>	<u>543,584</u>
Total liabilities		<u>6,478,072</u>	<u>5,837,508</u>

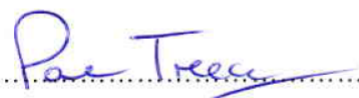
Approved and authorised by the Board on 12th February 2019 and signed on its behalf by:



Barney Hearnden
Secretary



Frank Whittle
Director



Paul Treece
Director

The notes on pages 17 to 27 form an integral part of these financial statements

Statement of Changes in Equity for the Year Ended 30 September 2018

	Other reserve £	Appropriation reserve £	General reserve £	Total £
At 1 October 2017	314,000	14,240	215,344	543,584
Surplus for the year	-	-	79,386	79,386
Other reserve movements	-	13,725	(13,725)	-
At 30 September 2018	314,000	27,965	281,005	622,970

	Other reserve £	Appropriation reserve £	General reserve £	Total £
At 1 October 2016	314,000	23,752	203,326	541,078
Surplus for the year	-	-	2,506	2,506
Other reserve movements	-	(9,512)	9,512	-
At 30 September 2017	314,000	14,240	215,344	543,584

Statement of Cash Flows for the Year Ended 30 September 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Surplus for the year		79,386	2,506
<u>Adjustments to cash flows from non-cash items</u>			
Depreciation and amortisation	10	28,321	25,742
Corporation tax expense	13	2,549	3,220
Provision movement		164,146	213,391
Interest income on loans		(729,442)	(634,556)
Distribution on member shares		14,240	22,836
		(440,800)	(366,861)
<u>Working capital adjustments</u>			
Decrease/(increase) in other receivables and prepayments		(2,658)	4,949
Decrease in trade and other payables	19	8,548	(27,113)
Decrease in deferred income, including government grants		(44,209)	(102,551)
		(38,319)	(124,715)
Cash flows from changes in operating assets and liabilities			
Loan repayments less loans advanced		(114,446)	38,690
Customer balance cash movement		583,270	267,410
Movement on funds on deposit		83,293	(25,910)
		552,117	280,190
Income taxes paid	13	(3,220)	(4,451)
Net cash flow from operating activities		69,778	(215,838)
Cash flows from investing activities			
Acquisitions of property plant and equipment		(18,916)	(11,599)
Net decrease in cash and cash equivalents		50,862	(227,437)
Cash and cash equivalents at 1 October		980,407	1,207,843
Cash and cash equivalents at 30 September		1,031,269	980,407

The notes on pages 17 to 27 form an integral part of these financial statements

Notes to the Financial Statements for the Year Ended 30 September 2018

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 2018

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:

Asset class	Depreciation method and rate
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 2018

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 loan and the net present value of the expected cash flows.

3. Interest receivable and similar income

	2018 £	2017 £
Interest income on loans	729,442	634,556
Interest income on bank deposits	13,418	16,512
	742,860	651,068

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:

	2018 £	2017 £
Ordinary share dividend	11,283	19,673
Juvenile share distribution	2,957	3,163
Total distributions to customers	14,240	22,836

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 2018 and 2017 AGMs were:

Notes to the Financial Statements for the Year Ended 30 September 2018

	2018 %	2017 %
Distributions paid during the period		
Juvenile distribution	1.25	1.50
Ordinary share dividend	0.25	0.50

At the forthcoming Annual General Meeting the Directors will propose the following distributions based on the results for the current year. If approved these distributions will be included in next year's financial accounts once they have been paid.

	2018 %	2017 %
Proposed distributions in respect of the period		
Proposed distribution on juvenile shares	1.25	1.25
Proposed dividend on ordinary shares	0.50	0.25

5. Fees and commissions receivable

	2018 £	2017 £
Insurance commission	618	630
Annual service charges	10,444	9,555
Credit Union Current Account charges	-	7,580
Entrance fees	5,304	3,877
Fees and commissions receivable	16,366	21,642

Included within Annual Service Charges are £7,142 relating to Engage commission (2017 £6,701).

6. Fees and commissions payable

	2018 £	2017 £
Bank charges	24,981	22,713
Credit Union Current Account	-	19,041
Trade association dues	10,199	10,678
Fees and commissions payable	35,180	52,432

7. Other operating income

	2018 £	2017 £
Other income	19,549	33,220
Growth fund	36,000	48,000
Credit Union expansion project	-	2,592
	55,549	83,812
Government grants receivable	59,622	71,621
	115,171	155,433

Notes to the Financial Statements for the Year Ended 30 September 2018

8. Administrative expenses

	2018 £	2017 £
Employee remuneration	359,280	374,602
Auditors' remuneration	5,640	5,635
Member communication and advertising	36,210	25,435
Legal, professional and credit reference agency costs	23,484	19,863
Computer costs	10,512	6,516
Other admin costs	18,593	19,717
Administrative expenses	453,719	451,768

9. Other operating expenses

	2018 £	2017 £
Regulatory costs (inc. LP/LS insurance)	33,251	36,512
Office costs	63,605	57,415
Other operating expenses	96,856	93,927

10. Operating surplus

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	28,321	25,742
Operating lease expense – property	30,720	27,736

11. Staff costs

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

	2018 £	2017 £
Wages and salaries	319,872	342,473
Social security costs	24,295	22,143
Pension costs, defined contribution scheme	15,113	9,986
	359,280	374,602

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:

	2018 No.	2017 No.
Directors	11	12
Administration and support	19	20
	30	32

12. Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	5,640	5,250

Notes to the Financial Statements for the Year Ended 30 September 2018

13. Corporation tax

Tax charged/(credited) in the revenue account

	2018 £	2017 £
Current taxation		
UK corporation tax	2,549	3,220
UK corporation tax adjustment to prior periods	-	-
	<u>2,549</u>	<u>3,220</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2017 – higher than the standard rate of corporation tax in the UK 19.5%).

The differences are reconciled below:

	2018 £	2017 £
Surplus before tax	<u>68,210</u>	<u>5,726</u>
Corporation tax at standard rate	12,960	1,145
Effect of transactions exempt from taxation	<u>(10,411)</u>	<u>2,075</u>
Total tax charge	<u>2,549</u>	<u>3,220</u>

14. Loans and advances to banks

	2018 £	2017 £
Cash at bank	979,942	938,909
Short-term deposits	<u>1,708,535</u>	<u>1,791,828</u>
Loans and advances to banks	2,688,477	2,730,737
Cash balances	<u>51,328</u>	<u>41,498</u>
Total cash and bank balances and deposits	2,739,805	2,772,235
Less amounts maturing more than 8 days	<u>(1,708,535)</u>	<u>(1,791,828)</u>
Cash and cash equivalents in statement of cash flows	<u>1,031,270</u>	<u>980,407</u>

15. Loans and advances to customers

	2018 £	2017 £
Loan movement in the period		
Opening balance	3,567,773	2,971,907
Interest accrued on loans during period	729,442	634,556
Loans advanced during the period	3,633,034	3,160,681
Repayments received during period	<u>(3,518,588)</u>	<u>(3,199,371)</u>
Loans de/re-recognised	-	-
	<u>4,411,661</u>	<u>3,567,773</u>
Loan impairment	<u>(812,510)</u>	<u>(648,363)</u>
	<u>3,599,151</u>	<u>2,919,410</u>

Notes to the Financial Statements for the Year Ended 30 September 2018

Loan repayments

Loans repayments due within one year	2,902,643	2,358,996
Due after one year	1,509,018	1,208,777
Loan impairment	(812,510)	(648,363)
	<u>3,599,151</u>	<u>2,919,410</u>

Classification of loans

Loans to individual members	<u>3,599,151</u>	<u>2,919,410</u>
	<u>3,599,151</u>	<u>2,919,410</u>

16. Loan impairment

	Provision for written off debts	Doubtful debt provision	Total provision
Opening impairment	428,832	219,531	648,363
Charge to Revenue Account	166,952	44,814	211,766
Bad debt recovered	(47,619)	-	(47,619)
Closing provision	<u>548,165</u>	<u>264,345</u>	<u>812,510</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 £
Cost or valuation			
At 1 October 2017	281,672	55,264	336,936
Additions	14,220	4,696	18,916
Disposals	0	(5,000)	(5,000)
At 30 September 2018	<u>295,892</u>	<u>54,960</u>	<u>350,852</u>
Depreciation			
At 1 October 2017	176,923	49,772	226,695
Charge for the year	23,762	4,559	28,321
Disposals	0	(5,000)	(5,000)
At 30 September 2018	<u>200,685</u>	<u>49,331</u>	<u>250,016</u>
Carrying amount			
At 30 September 2018	<u>95,207</u>	<u>5,629</u>	<u>100,836</u>
At 30 September 2017	<u>104,749</u>	<u>5,492</u>	<u>110,241</u>

Notes to the Financial Statements for the Year Ended 30 September 2018

18. Customer accounts

	2018 £	2017 £
Customer balance movement in the period		
Opening balance	5,103,869	4,813,623
Deposited during the period	12,716,629	11,757,359
Withdrawn during the period	(12,119,119)	(11,235,681)
Movement on Credit Union Current Account (CUCA)	-	(231,432)
	<u>5,701,379</u>	<u>5,103,869</u>
Classification of Customer balances		
Individual member shares	5,369,821	4,787,962
Corporate shares	31,905	8,404
Credit Union Current Account	-	-
Member balances	5,401,726	4,796,366
Juvenile deposits	299,653	307,503
	<u>5,701,379</u>	<u>5,103,869</u>

19. Other liabilities

	Note	2018 £	2017 £
Due within one year			
Accrued expenses		18,507	24,283
Corporation tax liability	13	2,549	3,220
		<u>21,056</u>	<u>27,503</u>

20. Accruals and deferred income

	Growth Fund 2018 £	Other 2018 £	Total 2018 £	Total 2017 £
Deferred income brought forward	88,922	73,630	162,552	265,103
Deferred income received	-	70,962	70,962	50,291
Deferred income released	(36,000)	(79,171)	(115,171)	(152,841)
Deferred income	<u>52,922</u>	<u>65,421</u>	<u>118,343</u>	<u>162,552</u>

21. Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Later than one year and not later than five years	<u>7,500</u>	<u>22,500</u>

The Credit Union also has a Protected Tenancy at an annual commitment of £20,000 (2017 - £20,000). The amount of non-cancellable operating lease payments recognised as an expense during the year was £30,720 (2017 - £27,736).

Notes to the Financial Statements for the Year Ended 30 September 2018

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:

	2018 %	2017 %
Regulatory Requirement		
Minimum capital to asset ratio	5.00	5.00
Actual Capital to Asset Ratio	9.18	9.07

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 2018

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:

	2018 £	2017 £
Security for loans		
Attached Shares	780,941	715,223

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.

	2018 £	2017 £
Note		
Loans not individually impaired		
Not past due	3,342,767	2,684,699
Individually impaired		
Not past due	-	-
Up to 3 months past due	292,709	245,103
Between 3 months and 6 months due	76,179	81,357
Between 6 months and 1 year past due	84,153	72,760
Over 1 year past due	67,688	55,022
Impaired and written off for internal purposes	548,165	428,832
	1,068,894	883,074
	4,411,661	3,567,773
Impairment allowance	(812,510)	(648,363)
	3,599,151	2,919,410

Notes to the Financial Statements for the Year Ended 30 September 2018

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:

	2018 Amount £	2018 Rates received in year %	2017 Amount £	2017 Rates received in year %
Financial assets				
Loans to members	3,599,151	20.27	2,919,410	21.74
	2018 Amount £	2018 Rates paid in year %	2017 Amount £	2017 Rates paid in year
Financial liabilities				
Juvenile deposits	299,653	0.99	307,503	1.20
Member shares	5,401,726	0.20	4,796,366	0.39
	5,701,379	0.24	5,103,869	0.45

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

	2018 £	2017 £
Salaries and other short term employee benefits	159,367	154,862
Post-employment benefits	13,977	3,593
	173,344	158,455

Summary of transactions with other related parties

Loans to key management are issued on standard terms and conditions. At the year-end £35,584 (2017 - £31,078) was owed by Directors, staff, and their close family, in respect of loans from the Credit Union, and they held shares totalling £109,259 (2017 - £101,938).

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 2018

	Note	2018 £	2017 £
Income			
Interest income on loans		729,442	634,556
Interest income on bank deposits		13,418	16,512
Interest Received		742,860	651,068
Fees and commissions receivable	5	16,366	21,642
Other operating income	7	115,171	155,433
		<u>874,397</u>	<u>828,143</u>
Expenditure			
Employee remuneration		359,280	374,602
Auditors' remuneration		5,640	5,635
Bank charges		24,981	22,713
Credit Union Current Account		-	19,041
Trade association dues		10,199	10,678
Regulatory costs		5,868	8,218
LP/LS insurance		27,383	28,294
Occupancy costs		63,605	57,415
Other admin costs		18,593	19,717
Member communication and advertising		36,210	25,435
Legal, professional and credit reference agency costs		23,484	19,863
Computer software and maintenance costs		10,512	6,516
Depreciation and amortisation		28,321	25,742
Impairment on loans for bad and doubtful debts		164,146	175,712
		<u>778,222</u>	<u>799,581</u>
Operating Surplus/(Deficit)		<u>96,175</u>	<u>28,562</u>
Surplus before tax		96,175	28,562
Corporation Tax	13	(2,549)	(3,220)
Surplus for the financial year before dividend		93,626	25,260
Ordinary share dividend		(11,283)	(19,673)
Juvenile share distribution		(2,957)	(3,163)
Surplus for the financial year before dividend		<u>79,386</u>	<u>2,506</u>

Where next for Financial Inclusion?



To conclude its 25th Anniversary year, on 23rd February 2018 Lewisham Plus Credit Union hosted an important event with local partners, to explore 'Where next for



Financial Inclusion?' The event was chaired by Jim Minton, Chief Executive of Toynbee Hall, and was attended by The Worshipful Mayor of Bromley, Kathy Bance MBE, who has a keen interest in financial inclusion and relief of poverty.

Forty people drawn from Lewisham, Bromley, DWP, housing providers, social enterprises, churches and credit unions across south London, heard speakers present their experience, concerns and hopes for an inclusive community.

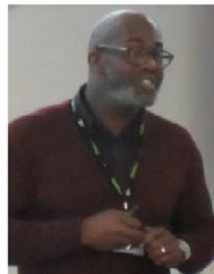


Challenges to Financial Inclusion



- High levels of poverty
- Increased living costs
- Welfare Reforms
- Changes to Council Tax benefits
- Access to bank/building society accounts
- Hike in non-priority debts where lender uses bailiffs
- 'Bright House' effect
- Rent payments not seen as priority
- Lots of residents not equipped for online claims

Lewisham Plus CEO, Ravi Ravindran, gave an outline of how the credit union had developed over 25 years, with three branches serving 11,600 adults, 17 organisations and 1,600 juniors. This included collaboration with both councils to prevent homelessness and LifeSavers clubs in schools supported by the Church of England.



Sebastian Taylor, Head of Customer Service for Phoenix Community Housing Association, spoke about challenges to Financial Inclusion and gave examples of innovative services helping residents to increase income, improve awareness and receive help in kind though local collaboration.



Scott McKinven, Financial Inclusion Manager at Clarion Housing Group, spoke about Clarion Futures for communities, jobs, training, money and digital work across the country, and the 20% of residents who had gone without heat or food to make ends meet. Scott congratulated Lewisham Plus on the 25th anniversary, having been a supporter for 18 years.

Mick Lear, Head of Benefits for Lewisham Council, outlined the large number of people receiving benefits and assistance across the borough and the challenges of reduced funding. He hoped to develop a generic support model to address multiple needs through a single contact.

Gareth Evans, of the Financial Inclusion Centre, explained how supply-side initiatives could make a real difference. He gave evidence from London Mutual's CUOK Loans, diverting payday borrowing and saving millions for users. A re-branded national product for credit unions would be launching soon, including with Lewisham Plus. He also spoke about innovative pilot Rent to Own and Prize Linked Savings schemes.

Before the final panel session, Professor Bill Lee, of the University of Sheffield, gave a comparison of credit unions in the UK and in New Zealand. Credit Union membership in the UK has doubled to 3.1% over ten years, compared to 6-7% in New Zealand.

Overall, it was a very worthwhile event, and a great opportunity to bring together partners and supporters to focus together on the benefits for the whole community when organisations work together. Thank you to all our partners and supporters.



