

# **Lewisham Plus Credit Union Limited Annual Report and Financial Statements Year Ended 30 September 2022**



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

**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*

## Contents

President's Foreword	2
Progress against Business Plan and Five Year Trends	3
CEO's Report	4
Treasurer's Report	5
Supervisory Committee Report	6
Directors and Officers	7
Directors' Report	9
Independent Auditor's Report	12
Revenue Account	15
Balance Sheet	16
Statement of Changes in Equity	17
Statement of Cash Flows	17
Notes to the Financial Statements	18

---

## Vision, Mission, Values and Objectives

*To promote financial inclusion and be a trusted and preferred provider of financial services in Lewisham and Bromley*

### Our Mission

To deliver an excellent service of savings and loans to an increasing number and range of members in a way that is sensitive to their needs.

### 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

What another year it's been!

I think we had all hoped that seeing the back of Covid would bring a normalisation of the world and a return to growth that would ultimately benefit most people. Sadly, with the events in Eastern Europe and economic uncertainties nearer to home, this was not to be and we have instead transitioned into a cost of living crisis and an uncertainty affecting the finances and prospects of the majority of our members.

In the reports below, you will read more from Ravi, our CEO, Paul our Treasurer and the two Barneys, our Secretary and chair of Supervisory Board respectively, about all of the things we have been involved with in the last year in order to ensure we continue to support our members, to ensure we remain financially sound, and to meet the ever growing regulatory commitments placed on us as a financial organisation. I won't attempt to repeat all their good words other than to summarise that we are in good shape and I would add that with the continued support of staff, Board, volunteers, Partners and you, our members, Lewisham + Bromley Credit Union this year celebrated its 30th year of serving our local communities, and has and will continue to weather the stormy waters we continue to find ourselves in.

We have spent, and will continue to spend, considerable time in looking for ways to help our members particularly with the cost-of-living crisis, be that in understanding the help available for increased energy costs, suggestions on how to budget and signposting what other help and support is available out there. <https://pluscu.co.uk/managing-the-cost-of-living>

I said last year how proud I was of everyone involved with our credit union and the commitment they have all shown. That is a very strong view I continue to hold and whilst I dearly hope that the pain we are all feeling of how the economy is affecting us will be relatively short lived, I know that LPCU will continue to be here to help and support its members.

***Mark Plummer, President 2021/22***



## Progress against Business Plan

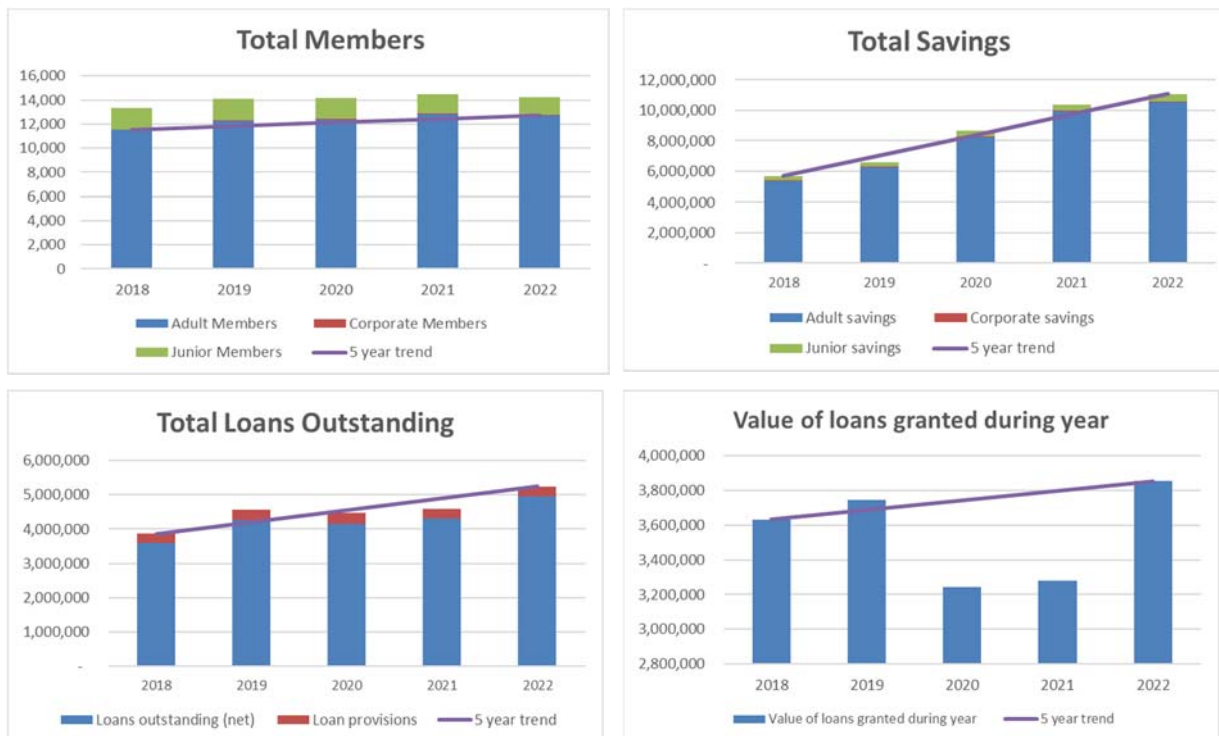
Lewisham Plus Credit Union had a successful year providing adult and junior savings, local society accounts and affordable loans for local people. Highlights for members are:

- Adult membership was down 1% to 12,692 adults, plus 1,478 juniors and 51 corporate members. **During the year 979 adults, 107 juniors and 6 corporate members joined the credit union**, but we also had to close 758 adult and 101 junior dormant accounts and 262 bad debtor accounts, and 91 adults left for other reasons or died.
- Active adult membership was 10,110 members (79.6%) at year end.
- **Savings grew by £0.6m (5.9%)** to £10.5m for adults, £487k for juniors and £55k for corporate members. This was back to normal after excess saving during the pandemic.
- Net loans (loans after provisions for doubtful debts) **increased by £662k (15.4%) to £4.97m**. We issued 6,925 loans totalling £3.85m, up from 6,817 loans totalling £3.28m, last year. This is a good result, with more members choosing to borrow from us.
- Dividend (subject to approval at AGM) has been **increased to 0.50% for adult and corporate members** (0.25% in 2021) and **1.50% for juniors** (0.75% in 2021).
- **Surplus after tax and dividends of £98k** beating our business plan for the year and sustaining a healthy capital ratio of 10.5%. This was achieved despite much lower external funding or grants in the year, down to £28k from £177k last year.

## Five Year Trends

During the year to September 2022 the credit union returned to loan growth and more normal saving rates, marking the end of the coronavirus pandemic impact – seen most clearly below in the reduced value of loans granted during 2020 and 2021.

We are in good shape as we move forward to support our members though the economic gloom clouds ahead with the Cost of Living Crisis and a recession through 2023 and beyond.



## CEO's Report

Dear Members

Hello! Here we are again. Another year has passed and it's time to give you an update. Following the tumultuous beginning to the new decade, this year should have been a walk in the park with lockdown over and the pandemic at an end. It was anything but!

As the economy opened up we started seeing more of our members in branches but the foot fall has remained low. Having some members of staff working at home with an additional branch to staff and service, we had to spread our staffing resources carefully. We eliminated the reception posts at the Green Man and Bromley and used those resources to improve other services. We introduced an additional mid-morning BACS processing, so that members got their funds much earlier, rather than the usual 2pm transfers. The early transfers meant that members did not have to visit a branch to access cash. As there was a marked reduction in visits to branches, we withdrew cashier access on Wednesdays and Thursdays at The Green Man and Bromley branches, using those resources to help other members.



We continue to review our products and services and the way we deliver them. The last two years have made us more innovative if nothing else, and we have found new ways to help our members and deliver services. We have retained most of the various methodologies we used during the pandemic to serve our members and to improve our communication with our members.

We were able to go out and about in the community with our gazebo for People's day and Phoenix Festival, after four years. It was good to meet with members and non-members at these events again and make the wider community aware of our products and services.

During the year, we established some valuable partnerships with a number of local charities and social enterprises such as Deptford First, Dinardos, Goldsmiths college, Inspire Lewisham, Home Start Bromley etc. Partnerships are very important to us and we are always looking to work collaboratively to help our community. Thanks to Home Start Bromley, we were able to distribute 250 pairs of children's shoes from Russell and Bromley to our delighted members. I am pleased to say that our relationships with our long term partners, Phoenix, Lewisham Homes and Clarion remain strong.

Our four branch managers continue to oversee the day-to-day operations of each of our branches. Our senior managers with many decades of experience continue to guide and mentor junior colleagues in areas such as finance, underwriting, credit control and our partnership work. The collective senior team are vitally important to the success of the credit union.

We continue to train all our staff on various aspects of our work and it has been a very busy time for some. Colleagues have been moving around our four locations helping to cover holidays and sickness.

We are trying to improve our reach through digital marketing across all the main channels Facebook, Twitter, Instagram and Linked In. After the extensive confinement to barracks, we plan to get out there promoting our work in the two boroughs, working with local partners. We want to see greater growth in our membership and greater engagement from schools and young people. Please encourage your family and friends to join and benefit from amazing service and excellent rates of interest.

I am very grateful to all our volunteers, who support us in many ways, especially the board and the supervisory team, whose support and guidance has been tremendous throughout the year.

I very much look forward to another year of growth and prosperity for all.

**Ravi Ravindran, CEO for 2021/22**



## Treasurer's Report

The credit union reported a good financial result, based on a return to the levels of saving and lending we were last seeing before the pandemic.

Given the good overall result, the board has proposed an increased dividend of 0.50% for adults and 1.50% for juniors. We know this is not enough to offset high inflation, but it is double the dividend that we were able to provide in 2021 and will help a little for our members' savings.

Growing the live loan book to £5.24m (excluding debts written off, £4.97m after provisions) was important and has started to increase our loans to assets ratio. In September 2018 our loan to asset ratio was 58% (excluding provisions), on member savings of £5.4m. This dropped to 34% by September 2021, but is now back to 41%, on £10.6m in member savings.



Interest income earned from loans increased by 6.3% to £957k. The average interest on loans was 18.3% compared to 20.7% in 2021. On average our members are paying 2.4% less interest on their loans than a year ago, a benefit we are happy to see as a social enterprise, as long as we can balance the books and sustain the credit union.

Homelessness prevention activity remained low due to the moratorium on evictions and low numbers of referrals. Lewisham Homes continued their support for the credit union and that was again very much appreciated. We are also seeing improved returns on investments as base rates increase and this will help with income in the year ahead.

We continued our policy of paying at least the London Living Wage for all employees, and have increased total staff hours to support our services. The London Living Wage has increased by 8.1% for the year ahead, so staff costs will rise significantly in 2022/23. We managed to contain other expenses and reduced fraud losses for the year compared with 2021.

Our costs for bad and doubtful debts increased from £200k (4.3% of outstanding loan balance) to £250k (4.8%), recognising the worsening economic situation and financial pressure on our members. Recovery of bad debts increased to £105k, 38.9% of debt write-offs for the year and a good result for the hard-working credit control team.

There were no major IT system upgrades this year, but we did manage to move all desktops and laptops able to use the new operating system to Windows 11 and retire some older PCs. In the year ahead we will be upgrading our primary server to protect service reliability and will be considering our options for future core systems.

Having received services from our current auditors Alexander Sloan Chartered Accountants since 2016, we have tendered for audit for the year ahead and the board will be bringing our recommendation to members at the AGM in 2023.

This report would not be complete without recognising the tremendous contribution of our Assistant Treasurer, Jane Gregory. She has patiently worked to learn how the credit union financial systems work, bringing her experience of accounting to bear and making a big difference to monthly and annual financial activities. Thank you Jane.

*Paul Treece*

*Treasurer for 2021/22*

## Supervisory Committee Report

The Supervisory Committee is satisfied with the performance of the Directors and staff of Lewisham Plus Credit Union during the year 2021/22.

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.

This year the Committee has comprised three members: Barney Wanstall (current chair), Ash Saluja and Mark O’Connor.



Members of the Committee have attended Board meetings as observers and have reviewed the Board agendas, minutes and other papers. The Committee has also closely followed changes in loan policy and any developments with respect to Credit Control and loan delinquency. As a result, the Committee can confirm that in its opinion 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 also conducts regular checks on the operations of the credit union, for instance in relation to the issuance of new loans, the acceptance of new members, the payment of staff and other matters to ensure the credit union is operating in an appropriate and compliant manner. Much of this work is performed by a part-time member of staff who is dedicated to this task, and reports to the Committee.

Against the backdrop of a worsening economic climate which has now developed into a cost of living crisis for so many people, we have been paying close attention to how LPCU has responded to the increased financial stress on many members, whilst ensuring that the financial soundness of the credit union is maintained. As part of this, we have also focused on reducing the use of the suspense account and trying to ensure that all incoming funds are immediately credited to the relevant member even where we have not received normal payment details.

We also continue to monitor LPCU expenditure, both routine and “strategic”, to ensure that this expenditure serves members’ interests appropriately and that LPCU is delivering its uniquely sustainable, human and competitive service.

### ***Barney Wanstall***

#### ***Chair of Supervisory Committee 2021/22***

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

<b>Director</b>	<b>No.</b>	<b>%</b>	<b>Director</b>	<b>No.</b>	<b>%</b>
Oluwafela Ajayi	10/14	71%	Barney Hearnden	14/14	100%
Geoff Cave	11/14	79%	Keith Howick	14/14	100%
Donna Davis	12/14	86%	Tim Pagan	12/14	86%
Jane Gregory	12/14	86%	Louisa Papadouri	12/14	86%
Bill Hackney	13/14	93%	Mark Plummer	13/14	93%
Gareth Hall	14/14	100%	Paul Treece	14/14	100%

## Directors and Officers

The current members of the Board are as follows:



**Oluwafela Ajayi (Health and Safety Director)** | Appointed 2021. Fela has over 20 years' experience as a health and safety professional and works for an international firm of architects. He has been involved in a number of other voluntary roles within the local community in Lewisham.



**Geoff Cave (Member Services Director)** | 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.



**Donna Davis (Risk Management and Compliance Director)** | Appointed 2020. Donna retired after 25 years working for the Financial Conduct Authority and the Office of Fair Trading, where she held a variety of different roles including interpretation and enforcement of consumer protection legislation and supervision of consumer credit firms. She joined the Supervisory Committee in 2016, resigning that role to join the Board.



**Jane Gregory (Assistant Treasurer)** | Appointed 2021. Jane is a chartered accountant and management consultant, who spent much of her career working in the charitable sector, with responsibility for finance, governance and operations matters. She was a trustee and treasurer for the Upper Norwood Library Trust for six years and remains a regular volunteer.



**Bill Hackney (Complaints Director)** | Appointed 2021. Bill has over 30 years of experience in the investment management industry, during which time he has held a variety of different roles, involving responsibility for multiple matters including risk management, IT, insurance and finance.



**Gareth Hall (Strategy & Business Planning Director)** | Appointed 2019. Gareth is a solicitor and recently retired as a partner in the law firm Devonshires. He has extensive experience in advising businesses (including housing associations) on a variety of matters including financial services regulation and commercial contracts.



**Barney Hearnden (Secretary)** | Appointed 2016. Barney is a consultant 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.

**Keith Howick (Credit Control Director)** | Appointed 2016. Keith is a patent and trademark attorney and retired from his firm in 2014 after 30 years, which included serving as senior partner and managing partner. He was a board member of the Intellectual Property Regulation Board, and is chairman of the Board of Tulse Hill and Dulwich Hockey Club.



**Tim Pagan (HR Director)** | Appointed 2016. Tim 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.





**Louisa Papadouri (Loans Director)** | Appointed 2021. Louisa is Head of Finance and Operations for LP Squared, a company providing consultancy services to companies in the financial services sector. With three decades of involvement in the sector, she has a wealth of experience in the fields of finance, banking and business strategy.

**Mark Plummer (President and Marketing & Communications Director)** | Appointed 2015 (appointed President 2021). Mark has worked in private banking for over 30 years, and has extensive experience of managing financial services business, particularly for personal customers.



**Paul Treece (Treasurer and IT Director)** | Appointed 1992. Paul was a founder member of the credit union, alongside his wife Lisa. He works professionally as a principal solution architect, and has over 30 years of experience in the IT industry. He is also secretary for the ABCUL London and South East Forum, and Treasurer for the Grove Centre Church.

Director participation in board committees is shown below (“C” denotes Chair):

Finance & Technology	Gareth Hall (C), Jane Gregory, Mark Plummer, Paul Treece
Governance & Compliance	Donna Davis (C), Gareth Hall, Barney Hearnden
Loans & Credit Control	Keith Howick (C), Jane Gregory, Bill Hackney, Louisa Papadouri
Nominations	Barney Hearnden (C), Keith Howick, Tim Pagan
Operations	Tim Pagan (C), Oluwafela Ajayi, Geoffrey Cave, Bill Hackney, Paul Treece

As CEO, Ravi Ravindran attends all committees other than the Nominations Committee (where he attends for certain agenda items), and certain members of staff, volunteers and members of the Supervisory Committee participate as members of Loans & Credit Control.

The current members of the Supervisory Committee are:



**Barney Wanstall (Chair)** | 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.



**Mark O'Connor** | Appointed 2018. Mark is a Chartered Accountant and now works for an infrastructure fund after a number of years with PwC.

**Ash Saluja** | Appointed 2019. Ash is Head of Financial Services in the law firm CMS. He has over 20 years' experience of advising banks and other financial services firms on regulatory and commercial issues.



## Directors' Report for the Year Ended 30 September 2022

The Directors present their report and the financial statements for the year ended 30 September 2022.

**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:

Oluwafela Ajayi, Geoffrey Cave, Donna Davis, Jane Gregory, William Hackney, Gareth Hall, Barney Hearnden (Secretary), Keith Howick, Timothy Pagan, Louisa Papadouri, Mark Plummer and Paul Treece.

### Fair review of the business

A total of 12 Directors, all unpaid volunteers, served on the Board in 2021/22. This represents a full complement of Directors under our Rules. We have put in place a succession plan to anticipate potential future changes in members of the Board and Supervisory Committee as well as senior management.

The Directors have met every month during the year and have in addition held two weekend strategy meetings to cover long-term planning and other strategic matters. We now have five Board committees, covering Loans & Credit Control, Operations, Finance & Technology, Governance & Compliance, and Nominations. These committees meet at least four times a year, and they provide formal reports to the Board on a quarterly basis. This has enabled the main Board to discuss issues and develop ideas in more depth, and to achieve more in its meetings.

The Board has taken additional steps this year to assess the effectiveness of the Board and, more broadly, the governance of the credit union. We fully meet all 30 of the essential standards in the Code of Governance promulgated by our trade association, ABCUL, as well as 12 out of 15 of the so-called "gold" standards in the Code. We partially comply with the remaining three gold standards, and the Board does not consider the residual elements of those three standards to be material for the operation of the credit union. We also conducted a self-assessed review of the effectiveness of the Board, with an extensive feedback survey followed by a wide-ranging discussion at one of our strategy days. Whilst the findings were encouraging, we identified certain points which we have worked to improve. Our President also led a one-to-one review exercise for all Directors during Q4 2022.

We held our 2022 AGM in a hybrid format, with members able to attend in person or online. This was a positive experience and we plan to do the same in 2023. It was a pleasure to use our AGM to present long service awards to a number of our staff.

We have been pleased to have a year that was largely unaffected by Covid-19, and we have been able to keep all of our branches open. Our financial performance was similar to the previous year, and in broad terms we have been able to replace the grant income received in the prior year with income from lending. During the year we saw some encouraging growth in the loan book without any material adverse impact in terms of delinquency rates as yet. This has been due in part to our offer of loans of up to £15,000 at very attractive rates of interest.

While we are deeply concerned by the current economic outlook, and the pressure on households from the cost of living crisis, we are well placed to continue to support members due to our strong capital position. We are, however, mindful of the increase in energy and other costs, which will impact the credit union itself as well as our members. In a world of rising interest rates, the Board is also conscious that we should aim to remain competitive in terms of our dividend for savers. It will not be easy to achieve the right balance as we navigate the current uncertain market conditions.

We saw, for the first time in our history, a small reduction in the number of members during the year. A key focus for the coming year will be to redouble our efforts to raise our profile in the community so that people are aware of the benefits of joining the credit union. We used one of our newsletters during the year to provide practical tips for members on ways to budget effectively and minimise expenditure.

During the year we marked the 30<sup>th</sup> anniversary of the founding of the credit union. We held a celebration for staff, and attended a number of community events with our gazebo, distributing merchandise branded with our 30<sup>th</sup> anniversary logo (as featured on the front cover).

We have completed a number of other initiatives this year, including the following: improving our online loan application process; reconnecting with local schools after the difficulties of Covid; working with Lewisham Council, Deptford First and Dinardos to support their new projects in our community; updating our policies covering compliance, complaints, vulnerable members and business continuity; active engagement with our regulators, PRA and FCA; participating in a variety of events organised by our trade association ABCUL; putting our audit out to tender to ensure that we receive the best service from our auditors; commencing work on planning for a new core system; and undertaking a review of our risk framework.

The Directors would once again like to express their appreciation for the tremendous dedication and enthusiasm of all of our staff, led by our CEO, Ravi Ravindran. They are vital to the successful operation of the credit union. The credit union also depends on the support of volunteers, who perform a wide range of valuable services. The Board would like to thank each member of staff and volunteer for their commitment in the past year.

### **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 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 annual dividends.

### **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 appointment of auditors of the credit union is to be proposed at the forthcoming Annual General Meeting, following a re-tender of the audit during the year.

Approved by the Board on 11<sup>th</sup> January 2023 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 2022 which comprise the revenue account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2022 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 Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the credit union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the credit union in accordance with the requirements of the legislation; or
- a satisfactory system of control over transactions has not been kept by the credit union in accordance with the requirements of the legislation; or
- the Revenue Account and Balance Sheet are not in agreement with the books of account of the credit union; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the credit union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the credit union or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the credit union through discussions with directors and other management, and from our wider knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the credit union, including Corporate and Community Benefit Society legislation and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the credit union's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud and their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with PRA, FCA and HMRC.

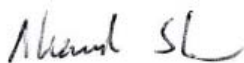
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the credit union's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Alexander Sloan**

180 St Vincent Street

Glasgow

G2 5SG

Date: 11 JANUARY 2023

## Revenue Account for the Year Ended 30 September 2022

	Note	2022 £	2021 £
Loan interest receivable and similar income	3	988,191	922,316
Interest payable and similar charges	4	(26,116)	(19,235)
Net interest income		962,075	903,081
Fees and commissions receivable	5	30,758	29,814
Fees and commissions payable	6	(50,171)	(42,600)
Net fees and commissions		(19,413)	(12,786)
Other operating income	7	28,371	176,846
Administrative expenses	8	(566,339)	(577,492)
Depreciation and amortisation		(39,308)	(40,434)
Other operating expenses	9	(115,988)	(106,552)
Impairment on loans for bad and doubtful debts		(145,673)	(117,544)
Surplus before tax		103,725	225,119
Corporation Tax	13	(5,930)	(4,214)
Surplus for the financial year		97,795	220,905
Total comprehensive income for the year		97,795	220,905

The revenue account has been prepared on the basis that all operations are continuing operations.

The notes on pages 18 to 28 form an integral part of these financial statements.



## Balance Sheet as at 30 September 2022

	Note	2022 £	2021 £
<b>Assets</b>			
Cash and balances at central banks	14	45,559	28,988
Loans and advances to banks	14	7,653,605	7,507,091
Loans and advances to customers	15	4,968,966	4,306,814
Tangible fixed assets	17	54,881	82,407
Prepayments and accrued income		44,939	48,517
<b>Total assets</b>		<b>12,767,950</b>	<b>11,973,817</b>
<b>Liabilities</b>			
Customer accounts	18	11,074,975	10,393,507
Other liabilities	19	52,846	43,857
Accruals and deferred income	20	240,025	234,144
		11,367,846	10,671,508
Other reserves	22	518,464	486,948
General reserve	22	881,640	815,361
<b>Total reserves</b>		<b>1,400,104</b>	<b>1,302,309</b>
<b>Total liabilities</b>		<b>12,767,950</b>	<b>11,973,817</b>

Approved and authorised by the Board on 11<sup>th</sup> January 2023 and signed on its behalf by:



Barney Hearnden  
Secretary



Mark Plummer  
Director



Paul Treece  
Director

The notes on pages 18 to 28 form an integral part of these financial statements

## Statement of Changes in Equity for the Year Ended 30 September 2022

	Other reserve £	Appropriation reserve £	General reserve £	Total £
At 1 October 2021	462,000	24,948	815,361	1,302,309
Surplus for the year	-	31,516	66,279	97,795
Other reserve movements	-	-	-	-
At 30 September 2022	462,000	56,464	881,640	1,400,104

	Other reserve £	Appropriation reserve £	General reserve £	Total £
At 1 October 2020	450,000	19,681	611,723	1,081,404
Surplus for the year	12,000	24,502	184,403	220,905
Other reserve movements	-	(19,235)	19,235	-
At 30 September 2021	462,000	24,948	815,361	1,302,309

## Statement of Cash Flows for the Year Ended 30 September 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Surplus for the year		97,795	220,905
<u>Adjustments to cash flows from non-cash items</u>			
Depreciation and amortisation	10	39,308	40,434
Corporation tax expense	13	5,930	4,214
Provision movement		145,673	117,545
Interest income on loans	15	(956,977)	(900,140)
Distribution on member shares		26,116	19,235
		(642,155)	(497,807)
<u>Working capital adjustments</u>			
Decrease/(increase) in other receivables and prepayments		3,578	(6,888)
Increase in trade and other payables	19	7,273	7,494
Increase/(decrease) in deferred income, inc. government grants		5,881	(2,727)
		16,732	(2,121)
<b>Cash flows from changes in operating assets and liabilities</b>			
Loan repayments less loans advanced		149,152	613,943
Customer balance cash movement		655,352	1,709,655
Movement on funds on deposit		(29,661)	(2,021,988)
		774,843	301,610
Income taxes paid	13	(4,214)	(4,947)
<b>Net cash flow from operating activities</b>		145,206	(203,265)
<b>Cash flows from investing activities</b>			
Acquisitions of property plant and equipment		(11,782)	(39,717)
Net increase in cash and cash equivalents		133,424	(242,982)
Cash and cash equivalents at 1 October		2,171,303	2,414,285
Cash and cash equivalents at 30 September		2,304,727	2,171,303

The notes on pages 18 to 28 form an integral part of these financial statements

## Notes to the Financial Statements for the Year Ended 30 September 2022

### 1. General information

Lewisham Plus Credit Union Limited 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.

#### Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Credit Union has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 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 2022

### 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 or 20% straight line for longer life assets
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.

### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the credit union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.



## Notes to the Financial Statements for the Year Ended 30 September 2022

### 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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest income on loans	956,977	900,140
Interest income on bank deposits	31,214	22,176
	<u>988,191</u>	<u>922,316</u>

### 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:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Ordinary share dividend	22,513	17,010
Juvenile share distribution	3,603	2,225
Total distributions	<u>26,116</u>	<u>19,235</u>

## Notes to the Financial Statements for the Year Ended 30 September 2022

The distributions on members' shares represent distributions paid in the year which were approved at the last Annual General Meeting. The dividend rates approved at the 2022 and 2021 AGMs were:

	2022 %	2021 %
<b>Distributions paid during the period</b>		
Juvenile distribution	0.75	0.75
Ordinary share dividend	0.25	0.25

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.

	2022 %	2021 %
<b>Proposed distributions in respect of the period</b>		
Proposed distribution on juvenile shares	1.50	0.75
Proposed dividend on ordinary shares	0.50	0.25

### 5. Fees and commissions receivable

	2022 £	2021 £
Insurance commission	513	528
Annual service charges	8,791	8,707
Transfer of aged balances from suspense a/c	19,252	17,964
Entrance fees	<u>2,202</u>	<u>2,615</u>
Fees and commissions receivable	<u>30,758</u>	<u>29,814</u>

Included within Annual Service Charges is £5,720 relating to Engage commission (2021: £5,897).

### 6. Fees and commissions payable

	2022 £	2021 £
Bank charges	35,045	30,313
Trade association dues	<u>15,126</u>	<u>12,287</u>
Fees and commissions payable	<u>50,171</u>	<u>42,600</u>

### 7. Other operating income

	2022 £	2021 £
Other income	18,005	105,956
Growth fund	<u>4,923</u>	<u>12,000</u>
	22,928	117,956
Government grants receivable	<u>5,443</u>	<u>58,890</u>
	<u>28,371</u>	<u>176,846</u>

Included within Government grants is £0 from Fair4All Finance (2021 £21,727).

## Notes to the Financial Statements for the Year Ended 30 September 2022

### 8. Administrative expenses

	2022 £	2021 £
Employee remuneration	445,670	442,208
Auditors' remuneration	8,294	6,772
Member communication and advertising	42,476	35,370
Legal, professional and credit reference agency costs	21,142	23,496
Computer software and maintenance costs	29,918	38,598
Other admin costs	18,839	31,048
	<u>18,839</u>	<u>31,048</u>
Administrative expenses	<u>566,339</u>	<u>577,492</u>

### 9. Other operating expenses

	2022 £	2021 £
Regulatory costs (including LP/LS insurance)	50,455	42,477
Office costs	65,533	64,075
	<u>65,533</u>	<u>64,075</u>
Other operating expenses	<u>115,988</u>	<u>106,552</u>

### 10. Operating surplus

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	39,308	40,434
Operating lease expense – property	34,312	30,108
	<u>34,312</u>	<u>30,108</u>

### 11. Staff costs

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

	2022 £	2021 £
Wages and salaries	402,061	399,688
Social security costs	27,798	26,477
Pension costs, defined contribution scheme	15,811	16,043
	<u>15,811</u>	<u>16,043</u>
	<u>445,670</u>	<u>442,208</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:

	2022 No.	2021 No.
Directors	12	11
Administration and support	20	21
	<u>20</u>	<u>21</u>
	<u>32</u>	<u>32</u>

### 12. Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	8,294	6,772
	<u>8,294</u>	<u>6,772</u>

## Notes to the Financial Statements for the Year Ended 30 September 2022

### 13. Corporation tax

Tax charged/(credited) in the revenue account

	<b>2022</b>	<b>2021</b>
	£	£
<b>Current taxation</b>		
UK corporation tax	5,930	4,214
UK corporation tax adjustment to prior periods	-	-
	<u>5,930</u>	<u>4,214</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2021 – lower than the standard rate of corporation tax in the UK 19%).

The differences are reconciled below:

	<b>2022</b>	<b>2021</b>
	£	£
Surplus before tax	<u>97,795</u>	<u>225,119</u>
Corporation tax at standard rate	18,581	42,772
Effect of transactions exempt from taxation	<u>(12,651)</u>	<u>(38,558)</u>
Total tax charge	<u>5,930</u>	<u>4,214</u>

### 14. Loans and advances to banks

	<b>2022</b>	<b>2021</b>
	£	£
Cash at bank	2,259,168	2,142,315
Short-term deposits	<u>5,394,437</u>	<u>5,364,776</u>
Loans and advances to banks	7,653,605	7,507,091
Cash balances	<u>45,559</u>	<u>28,988</u>
Total cash and bank balances and deposits	7,699,164	7,536,079
Less amounts maturing more than 8 days	<u>(5,394,437)</u>	<u>(5,364,776)</u>
Cash and cash equivalents in statement of cash flows	<u>2,304,727</u>	<u>2,171,303</u>

### 15. Loans and advances to customers

	<b>2022</b>	<b>2021</b>
	£	£
<b>Loan movement in the period</b>		
Opening balance	5,372,990	5,226,340
Interest accrued on loans during period	956,977	900,140
Loans advanced during the period	3,853,697	3,279,934
Repayments received during period	(4,002,849)	(3,893,877)
Loans de/re-recognised	<u>(127,868)</u>	<u>(139,547)</u>
	6,052,947	5,372,990
Loan impairment	<u>(1,083,981)</u>	<u>(1,066,176)</u>
	<u>4,968,966</u>	<u>4,306,814</u>



**Notes to the Financial Statements for the Year Ended 30 September 2022**

	2022 £	2021 £
<b>Loan repayments</b>		
Loans repayments due within one year	3,700,016	3,482,738
Due after one year	2,352,931	1,890,252
Loan impairment	(1,083,981)	(1,066,176)
	<u>4,968,966</u>	<u>4,306,814</u>
<b>Classification of loans</b>		
Loans to individual members	<u>4,968,966</u>	<u>4,306,814</u>
	<u>4,968,966</u>	<u>4,306,814</u>

**16. Loan impairment**

	Provision for written off debts	Doubtful debt provision	Total provision
Opening impairment	774,858	291,318	1,066,176
Charge to Revenue Account	269,206	(18,932)	250,274
Bad debt recovered	(104,601)	-	(104,601)
Loans de/re-recognised	<u>(127,868)</u>	<u>-</u>	<u>(127,868)</u>
Closing provision	<u>811,595</u>	<u>272,386</u>	<u>1,083,981</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 2021	346,504	79,475	425,979
Additions	0	11,782	11,782
Disposals	0	(9,449)	(9,449)
At 30 September 2022	<u>346,504</u>	<u>81,808</u>	<u>428,312</u>
<b>Depreciation</b>			
At 1 October 2021	276,594	66,978	343,572
Charge for the year	29,213	10,095	39,308
Disposals	0	(9,449)	(9,449)
At 30 September 2022	<u>305,807</u>	<u>67,624</u>	<u>373,431</u>
<b>Carrying amount</b>			
At 30 September 2022	<u>40,697</u>	<u>14,184</u>	<u>54,881</u>
At 30 September 2021	<u>69,910</u>	<u>12,497</u>	<u>82,407</u>

## Notes to the Financial Statements for the Year Ended 30 September 2022

### 18. Customer accounts

	2022 £	2021 £
<b>Customer balance movement in the period</b>		
Opening balance	10,393,507	8,664,617
Deposited during the period	16,476,573	16,201,808
Withdrawn during the period	<u>(15,795,105)</u>	<u>(14,472,918)</u>
	<b>11,074,975</b>	<b>10,393,507</b>
<b>Classification of Customer balances</b>		
Individual member shares	10,533,030	9,948,264
Corporate shares	<u>55,365</u>	<u>46,290</u>
Member balances	10,588,395	9,994,554
Juvenile deposits	<u>486,580</u>	<u>398,953</u>
	<b>11,074,975</b>	<b>10,393,507</b>

### 19. Other liabilities

	Note	2022 £	2021 £
<b>Due within one year</b>			
Accrued expenses		46,916	39,643
Corporation tax liability	13	<u>5,930</u>	<u>4,214</u>
		<b>52,846</b>	<b>43,857</b>

### 20. Accruals and deferred income

	Growth Fund 2022 £	Other 2022 £	Total 2022 £	Total 2021 £
Deferred income brought forward	4,922	229,222	234,144	236,871
Deferred income received	-	32,342	32,342	158,469
Deferred income released	<u>(4,922)</u>	<u>(21,539)</u>	<u>(26,461)</u>	<u>(161,196)</u>
Deferred income	-	240,025	240,025	234,144

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

#### Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Within one year	27,500	27,500
Later than one year and not later than five years	87,500	95,000
Later than five years	<u>40,000</u>	<u>60,000</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £34,312 (2021 - £30,108).

## Notes to the Financial Statements for the Year Ended 30 September 2022

### 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:

	2022 %	2021 %
<b>Regulatory Requirement</b>		
Minimum capital to asset ratio	5.65	5.49
Actual Capital to Asset Ratio	10.52	10.67

### 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.

#### 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:

## Notes to the Financial Statements for the Year Ended 30 September 2022

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>2022</b>	<b>2021</b>
	£	£
<b>Security for loans</b>		
Attached Shares	1,133,447	1,002,805

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>2022</b>	<b>2021</b>
	£	£
<b>Loans not individually impaired</b>		
Not past due	4,626,331	4,011,084
<b>Individually impaired</b>		
Not past due	-	-
Up to 3 months past due	349,572	323,906
Between 3 months and 6 months due	121,350	74,243
Between 6 months and 1 year past due	63,757	64,516
Over 1 year past due	80,342	124,383
Impaired and written off for internal purposes	811,595	774,858
	<u>1,426,616</u>	<u>1,361,906</u>
	6,052,947	5,372,990
Impairment allowance	<u>(1,083,981)</u>	<u>(1,066,176)</u>
	<u>4,968,966</u>	<u>4,306,814</u>

## Notes to the Financial Statements for the Year Ended 30 September 2022

### 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:

	2022 Amount £	2022 Rates received in year %	2021 Amount £	2021 Rates received in year %
<b>Financial assets</b>				
Loans to members	4,968,966	19.3	4,306,814	20.90
	2022 Amount £	2022 Rates paid in year %	2021 Amount £	2021 Rates paid in year
<b>Financial liabilities</b>				
Juvenile deposits	486,580	0.75	398,953	0.56
Member shares	10,588,395	0.21	9,994,554	0.17
	11,074,975	0.24	10,393,507	0.19

### 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

	2022 £	2021 £
Salaries and other short term employee benefits	238,261	240,581
Post-employment benefits	8,695	8,833
	246,956	249,414

Eight members of staff were considered Key Management during the year (2021 – nine).

#### Summary of transactions with other related parties

Loans to key management and other staff and Directors are issued on standard terms and conditions. At the year-end £93,958 (2021 - £54,527) was owed by Directors, staff, and their close family, in respect of loans from the Credit Union, and they held shares totalling £159,249 (2021 - £165,928).



**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 2022

	Note	2022 £	2021 £
<b>Income</b>			
Interest income on loans		956,977	900,140
Interest income on bank deposits		<u>31,214</u>	<u>22,176</u>
Interest Received		988,191	922,316
Fees and commissions receivable	5	30,758	29,814
Other operating income	7	<u>28,371</u>	<u>176,846</u>
		<b>1,047,320</b>	<b>1,128,976</b>
<b>Expenditure</b>			
Employee remuneration		445,670	442,208
Auditors' remuneration		8,294	6,772
Bank charges		35,045	30,313
Trade association dues		15,126	12,287
Regulatory costs		7,611	5,958
LP/LS insurance		42,844	36,519
Occupancy costs		65,533	64,075
Other admin costs		18,839	31,048
Member communication and advertising		42,476	35,370
Legal, professional and credit reference agency costs		21,142	23,496
Computer software and maintenance costs		29,918	38,598
Depreciation and amortisation		39,308	40,434
Impairment on loans for bad and doubtful debts		<u>145,673</u>	<u>117,544</u>
		<b>917,479</b>	<b>884,622</b>
Operating Surplus/(Deficit)		<u>129,841</u>	<u>244,354</u>
Surplus before tax		129,841	244,354
Corporation Tax	13	<u>(5,930)</u>	<u>(4,214)</u>
Surplus for the financial year before dividend		123,911	240,140
Ordinary share dividend		(22,513)	(17,010)
Juvenile share distribution		<u>(3,603)</u>	<u>(2,225)</u>
Surplus for the financial year after dividend		<b>97,795</b>	<b>220,905</b>

