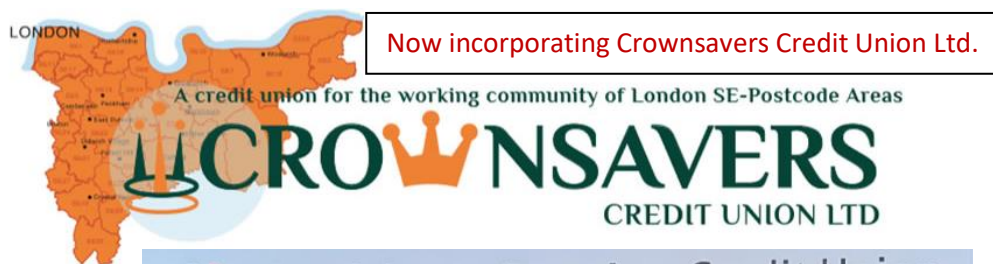


Lewisham Plus Credit Union Limited Annual Report and Financial Statements Year Ended 30 September 2023



Lewisham Plus Credit Union Limited also trades as Lewisham+Bromley 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*

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Vision, Mission, Values and Objectives

To promote financial inclusion and be a trusted and preferred provider of savings and loans in Lewisham and Bromley and for employees of our participating employers

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 and employees of our participating employers
- 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
- To ensure good governance, oversight, management and regulatory compliance
- To develop partnerships with key stakeholders who support our vision.

President's Foreword

There are fulsome reports on the key events in the Directors, CEO and Treasurers' reports, so I will confine my thoughts to two key themes that have been major factors in the last year: the ongoing cost of living crisis and our merger with Crownsavers.

I have been lucky enough to be a Director of our Credit Union since 2015 and I know there had been discussions about joining forces with our local sister credit union, Crownsavers, for many years before then and since. It was the very sad and untimely passing of their CEO, Dolores Beckford in 2020 which ultimately led to the Crownsavers Board asking us to consider a merger.



The sheer scale of work involved in achieving this has been both monumental and necessarily meticulous. It has included working with our Regulators and following a wide range of regulatory requirements, adapting our systems and processes, renegotiating contracts, taking on Crownsavers premises in Catford, engaging with Crownsavers members to ensure continuity of service and taking the Crownsavers staff on a journey to now be valued colleagues in Lewisham Plus. Whilst every Board and staff member of both organisations has gone above and beyond to make all this happen, I have to call out the efforts of Paul Treece, our Treasurer, Jane Gregory our Assistant Treasurer and Ravi Ravindran, our CEO in particular, without whom the merger could not have been achieved. They have given vast amounts of their own time to make this work.

The merger has now been completed and our enlarged Lewisham Plus Credit Union has nearly 15,000 members and loans and savings of £7.5m and £15.7m. We have also taken on Crownsavers' payroll lending capability, meaning we can provide loans to the employees of organisations and businesses in our local areas, which are paid direct from their salaries. Joining forces with Crownsavers makes us a bigger, stronger organisation, able to help even more people in our local community.

We know from the daily conversations our brilliant staff have with our members, how tough life can be. This has been especially the case over the last year where we have seen everything from global conflicts and an energy crisis to political shenanigans and huge economic pressures which have seen costs for everyone rise steeply across the board. On the ground, we have seen and helped many of our members who have struggled with everything from keeping a roof over their heads, to the lights staying switched on, getting uniforms for their kids or simply to put food on the table. Our help has included providing advice and support, providing loans for a huge variety of purposes where it is safe and affordable to do so, as well as encouraging savings.

It might seem odd to talk about savings when money is tight, but even small amounts put away can build up and help improve those all-important credit scores and provide a buffer when there is an emergency. We have also spent a huge amount of time introducing members to other organisations who might be able to assist them, which has drawn us ever closer to our Partners who include Lewisham and Bromley Councils; many of the local Housing Associations; Dinardos, who support housing to vulnerable adults with mental health conditions; Deptford First; and Citizens Advice, to name just a few. This support to our members and local community will continue unabated in the months and years ahead.

Mark Plummer,

President 2022/23

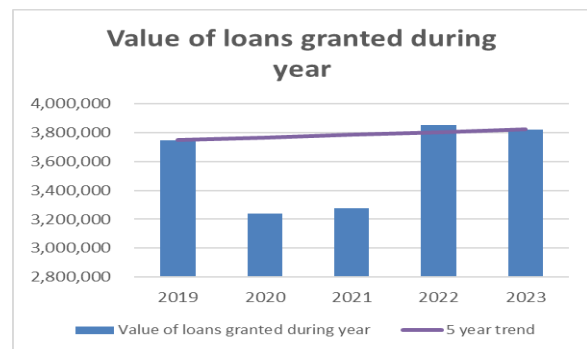
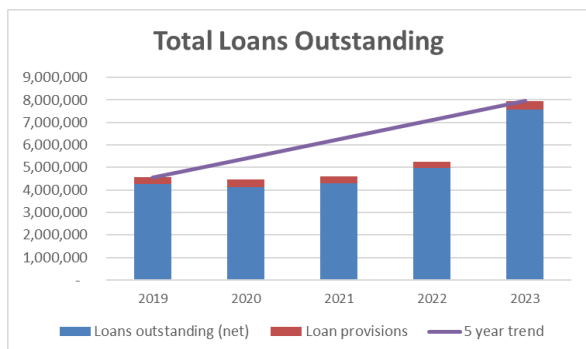
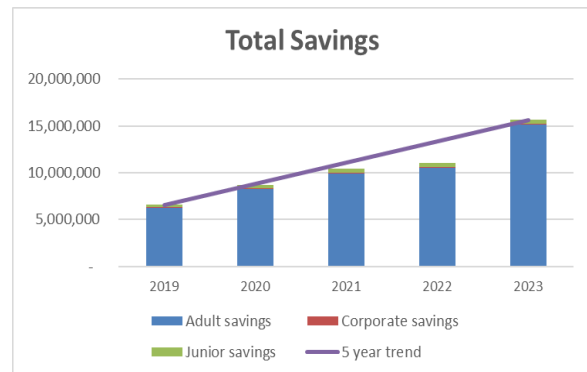
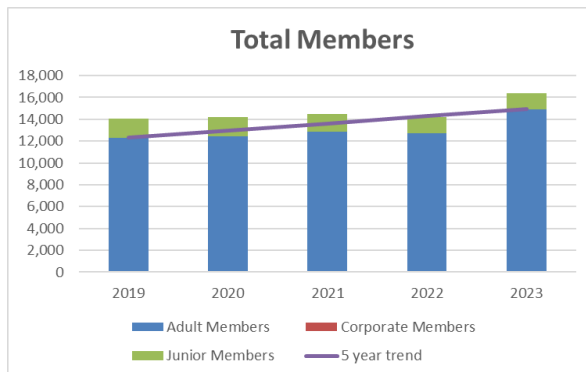
Progress against Business Plan

Lewisham Plus Credit Union had a successful year overall. Highlights for members are:

- **Adult membership was up 17% to 14,869 adults**, plus 1,441 juniors and 58 corporate members. This included 2,155 adults transferred from Crownsavers and a further 360 Crownsavers members who were already members of Lewisham Plus.
- Active adult membership was 12,352 members (83.1%) at year end.
- **Savings grew by £4.6m (41.4%)** to £15.1m for adults, £467k for juniors and £87k for corporate members. This included £4.6m transferred from Crownsavers, so savings were flat for the year on a comparative basis.
- Net loans (loans after provisions for doubtful debts) **increased by £2.6m (52.0%) to £7.5m**. This included £2.2m (net) transferred from Crownsavers, so was 6.7% up for the year on a comparative basis.
- We issued 6,895 loans totalling £3.8m (excluding Crownsavers lending), both very similar to the loans volume in the prior year (6,925 loans totalling £3.8m). Lending remained higher than in the Covid period (2019-20) but was limited by cost of living affordability for many of our members.
- Dividend (subject to approval at AGM) is proposed as **0.50% for adult and corporate members** (0.5% in 2022) and **1.50% for juniors** (1.50% in 2022). This includes dividends for Crownsavers members joining Lewisham Plus, and was a good result given the additional costs for the merger. We plan to increase dividend in 2024.
- **Surplus after tax and dividends of £52k** beating our plan for the year. Unfortunately Crownsavers had negative capital at the point of transfer. Our new capital ratio of 8.8% has been supported by a subordinated loan of £200k from Lewisham Council.

Five Year Trends

During the year to September 2023 the credit union supported our members through the economic downturn and the Cost of Living Crisis. Members, savings and loans outstanding at 30 September 2023 all include transfers in from Crownsavers Credit Union Limited.



CEO's Report

Dear Members,

I am delighted to have this chance to give you an update on our activities for the past year. It has been an exceptionally busy year, more so than normal. Following lengthy discussions with all stakeholders and regulators, we merged with Crownsavers in August. The process required approval from many parties and this was finally concluded just before our financial year end.

We are grateful to the Crownsavers membership for enabling us to create a bigger and better credit union for all of Lewisham and Bromley. This is indeed a fantastic opportunity to create a sustainable and strong credit union for all to benefit. Many hours of hard work by the board and staff from both organisations managed to deliver a seamless transfer. We are now considered a large credit union and with that label comes greater responsibility and stringent regulations. I am pleased to say we have a very proactive and talented board and a vigilant supervisory committee that guide and monitor our activities to ensure that the members' interests are paramount. Our product range has been expanded to meet the needs of the larger merged operation with many members who save regularly via payroll deductions. We now have a larger group of 25 staff who are dedicated to serving all our members' needs. You will be pleased to know that we operate a policy of continuous development and training designed to ensure all colleagues have the skills they need.



Our branch network has increased to five including the office at Catford Broadway, offering easy access to people who work or shop in central Lewisham. I am proud to say we have more branches than any of the high street banks in the area, allowing face to face financial access for those who need it.

Whilst the merger was the main focus of our year, we have continued with our regular activities, collaborating with both Lewisham and Bromley councils and other community organisations. We have been working with Lewisham Works and also with food projects and social supermarkets within the boroughs. We have also been able to increase our engagement with young people via the youth parliament in Lewisham and Bromley council's corporate parenting team.

We continue to work with other partners to deliver services to clients. Partnerships are very important to us and we are always looking to work collaboratively to help our community. Relationships with our valued long-term partners such as Clarion, Deptford First, Dinardos, Inspire Lewisham and Phoenix remain strong. We are continuing our work with school age children via the Life Saver project and we would like to increase our engagement with local schools.

I would like to say thanks to our staff team, who continue to work hard to support our members and express my gratitude to all our volunteers, who support us in many ways, especially the board and the supervisory team.

Finally, I would like to conclude by saying a big Thank You to all our members, who have supported us over the last 32 years and continue to support us today.

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

Ravi Ravindran, CEO for 2022/23

Treasurer's Report

As you will have read in the other reports, the standout activity for this year has been the successful transfer of engagements for Crownsavers Credit Union Limited.

I was asked to step in to support Crownsavers in January 2023. With Jane Gregory, our Assistant Treasurer, I proceeded to help resolve a succession of accounting and system issues for them, starting with their accounts for the year ending September 2022. It was not an easy task and not clear-cut that it would be possible to complete the merger, given the poor state of Crownsavers' financials.



The board considered this very carefully, and so did the members when it came to the Special General Meeting held in June 2023 to confirm the proposal to proceed (photo below).



We were fortunate to receive a £30,000 grant from Fair4All Finance towards the costs of the merger and to enable Crownsavers to stay afloat and lending until the transfer date. We were also supported by Lewisham Council, with a £200,000 subordinated loan which helped to offset some of the impact on our capital. We are engaged in securing a further £200,000 subordinated loan, which if successful will complete the amount we need for £5m more assets.

The IT and data transfer of Crownsavers member, savings and loans records into Lewisham Plus was also a big job. To reduce risk I ran a full rehearsal ahead of the actual date, to make sure that we were able to complete the merger without interruption to services. Bill Hackney, our Complaints Director and deputy IT Director gave valued support with the upgrades required in the Catford Broadway office to link it to Lewisham Plus IT systems. The main Lewisham Plus server and IT security systems were also upgraded during the year.

The financial environment remains challenging, with high inflation affecting costs and in particular staffing to keep up with the London Living Wage. We have seen shares flat this year due to people using savings to support their living costs and finding higher returns elsewhere.

Our dividend (subject to approval at AGM) is proposed as 0.50% for adult and corporate members (0.5% in 2022) and 1.50% for juniors (1.50% in 2022). This includes dividends for Crownsavers members joining Lewisham Plus, who previously had no dividend, and was a good result given the additional costs of the merger. We plan to increase dividend in 2024.

In the medium term the merger with Crownsavers should make us a stronger credit union and help all our members. In the short term, we have lots still to do in the year ahead to iron out the wrinkles that have naturally arisen from joining together two sizeable organisations.

We completed our audit tender and Alexander Sloan remain as auditors for the year ahead.

Paul Treece

Treasurer for 2022/23

Supervisory Committee Report

The Supervisory Committee is satisfied with the performance of the Directors and staff of Lewisham Plus Credit Union during the year 2022/23.

The Supervisory Committee acts as the “eyes and the ears” of the membership of a credit union, sometimes called the “members watchdog.” We discharge our responsibilities by monitoring and independently challenging the actions of the Board of Directors and by undertaking reviews of areas of the credit union’s work.



Two long serving and valued committee members have resigned since the last AGM, Barney Wanstall (former chair) in March 2023 and Mark O’Connor in October, and both go with our thanks for their strong support of Lewisham Plus over years. The current Committee members are me as the new Chair, Ash Saluja, Stephen Grainge and Fergus Clark. Within the Committee we continue to have extensive credit union and financial services experience.

I was appointed in March and have worked with credit unions in the North, including Bradford and Sheffield. Stephen and Fergus joined the Supervisory Committee in July. Stephen is a chartered accountant and has wide experience of regulated insurance businesses as a Finance Director. Fergus was previously Chair of the Crownsavers Supervisory Committee and is a risk management specialist and independent director. Ash Saluja, who is head of financial services in law firm CMS and has been with us since 2019, continues with his Supervisory Committee role.

Members of the Supervisory Committee were at all Board meetings during the year, including those at which the key aspects of the transfer of engagements from Crownsavers to Lewisham Plus were agreed. The Committee was supportive of the transfer following input and challenge into the proposed strategy and approach. The Committee also decides upon an audit programme for reviewing the activities of the credit union on an annual basis and provides reports to the Board on progress with this work and actions arising from it and the Board has supported the implementation of agreed recommendations. To reflect the new circumstances, for 2023-24 this audit work will be extended to the operations transferred from Crownsavers.

The Committee also continues to monitor expenditure, both routine and “strategic” to ensure it serves members interests appropriately and that Lewisham Plus Credit Union is delivering its unique services to Members.

Simon Loveitt

Chair of Supervisory Committee 2022/23

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

Director	No.	%	Director	No.	%
Oluwafela Ajayi	10/16	62%	Barney Hearnden	16/16	100%
Geoff Cave	15/16	94%	Keith Howick	16/16	100%
Donna Davis	12/16	75%	Tim Pagan	13/16	81%
Jane Gregory	16/16	100%	Louisa Papadouri	12/16	75%
Bill Hackney	15/16	94%	Mark Plummer	12/16	75%
Gareth Hall	16/16	100%	Paul Treece	16/16	100%

Directors and Officers

The current members of the Board are as follows:



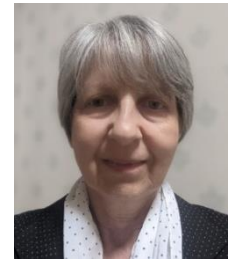
Oluwafela Ajayi (Health and Safety Director) | Appointed 2021. Fela has over 20 years' experience as a health and safety professional and works for an international firm of architects. He has been involved in a number of other voluntary roles within the local community in Lewisham.



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.



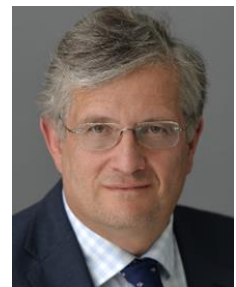
Donna Davis (Risk Management and Compliance Director) | Appointed 2020. Donna retired after 25 years working for the Financial Conduct Authority and the Office of Fair Trading, where she held a variety of different roles including interpretation and enforcement of consumer protection legislation and 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 solicitor and recently retired after 37 years with the London office of the law firm CMS. His professional experience includes 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 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
Investment	Paul Treece (C), Jane Gregory, Bill Hackney

As CEO, Ravi Ravindran attends all committees other than the Nominations Committee.

The current members of the Supervisory Committee are:

Simon Loveitt (Chair) | Appointed 2023. Simon has over 30 years' experience with credit unions in the North, including Bradford and Sheffield. He moved to London in 2023, and is currently serving as a Community Minister for two United Reformed Churches, in Brockley and New Cross.



Fergus Clark | Appointed 2023. Fergus has over 25 years of banking experience, primarily in risk management. He is a solicitor and an independent director of a medium-sized financial institution. Fergus was previously the Chair of the Supervisory Committee of Crownsavers Credit Union.

Stephen Grainge | Appointed 2023. Stephen has wide experience of working in regulated insurance businesses in the UK and Europe and for the last 12 years he was Finance Director for Tesco Underwriting Limited, Tesco's UK Motor and Home insurance company.



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 2023

The Directors present their report and the financial statements for the year ended 30 September 2023.

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 or employed by certain local employers including Lewisham Council and the Lewisham and Greenwich NHS Trust.

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 2022/23. This represents a full complement of Directors under our Rules. Since the year end, Donna Davis has given notice to resign from the board at the 2024 AGM. Donna has been a supremely dedicated servant for the credit union, first as a Supervisory Committee member and then as our Director of Risk and Compliance. We are very pleased that she will continue to volunteer with the credit union on specific projects. The Board is working on the appointment of a suitable successor to Donna.

We now have four individuals on our Supervisory Committee. Both Barney Wanstall and Mark O'Connor resigned during the year as a result of their full-time work commitments. We are grateful for their valuable contribution to the credit union in recent years and hope they may be able to resume playing a role with the credit union in the future. Nevertheless, we are glad to report that we have added three new members to replace them during the year in Simon Loveitt (who has assumed the role of Chair), Stephen Grainge and Fergus Clark, each of whom has extensive experience which will be of great benefit to the credit union. We have a succession plan covering the Board and Supervisory Committee as well as senior management, which has helped us to manage the changes during the past year.

The Directors have met once a month during the year and have in addition held one extra board meeting in connection with the transfer of engagements from Crownsavers and two weekend strategy meetings to cover long-term planning and other strategic matters. We now have six Board committees, covering Loans & Credit Control, Operations, Finance & Technology, Governance & Compliance, Investment and Nominations. These committees typically meet four times a year, and they provide formal reports to the Board on a quarterly basis. This governance structure has enabled us to improve the efficiency of the main Board and enhanced the quality of discussion and decision making.

The principal focus of the past year, besides maintaining the normal day to day operation of the business, has been our merger with Crownsavers Credit Union. Discussions with Crownsavers began in earnest in January 2023 and culminated in a transfer of engagements on 31 August 2023, under which all of the assets, liabilities and staff of Crownsavers transferred to Lewisham Plus. This has created a stronger, more resilient credit union dedicated to serving the communities of the London Boroughs of Bromley and Lewisham, and represents a significant milestone in the promotion of financial wellbeing and inclusion in South East London. It has also brought 17 employer payroll partnerships, with organisations including London Borough of Lewisham, and Lewisham and Greenwich NHS Trust. There

has been a significant amount of work involved in planning for and executing the merger and then integrating the former Crownsavers business but we are pleased to say that this is now close to completion.

We held two members meetings this year, both of which were hybrid meetings to maximise participation by allowing members to attend in person or online. The first was our AGM and the second was a Special General Meeting to approve a change to our common bond and to authorise the directors to proceed with the transfer of engagements from Crownsavers. Both meetings were well attended, especially the SGM to discuss the merger.

We have completed a number of other initiatives this year, including the following: reviewing and updating our loan policy to ensure that we continue to offer appropriate and good value loan products to our members; working with Lewisham Council, Deptford First and Dinardos to support their projects in our community; undertaking a project to ensure that we are compliant with the new FCA Consumer Duty; reviewing and acting upon the new regulatory requirements for credit unions introduced by the PRA in August 2023; continuing to engage actively with our regulators, PRA and FCA; participating in a variety of events organised by our trade association ABCUL; completing our audit tender which resulted in the re-appointment of Alexander Sloan at the AGM.

The Directors would once again like to express their appreciation for the commitment and professionalism 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 contribution 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:

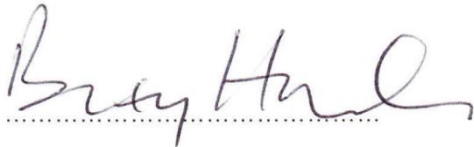
- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 10 January 2024 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 2023 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 2023 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 Unions 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.

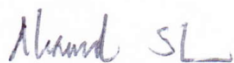
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance 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: 12 January 2024

Revenue Account for the Year Ended 30 September 2023

	Note	2023 £	2022 £
Loan interest receivable and similar income	3	1,167,787	988,191
Interest payable and similar charges	4	(55,696)	(26,116)
Net interest income		<u>1,112,091</u>	<u>962,075</u>
Fees and commissions receivable	5	36,538	30,758
Fees and commissions payable	6	(47,515)	(50,171)
Net fees and commissions		(10,977)	(19,413)
Other operating income	7	48,651	28,371
Administrative expenses	8	(727,631)	(566,339)
Depreciation and amortisation		(41,467)	(39,308)
Other operating expenses	9	(129,730)	(115,988)
Impairment on loans for bad and doubtful debts		<u>(164,975)</u>	<u>(145,673)</u>
Surplus before tax		85,962	103,725
Corporation Tax	13	(34,277)	(5,930)
Surplus for the financial year		<u>51,685</u>	<u>97,795</u>
Total comprehensive income for the year		<u>51,685</u>	<u>97,795</u>

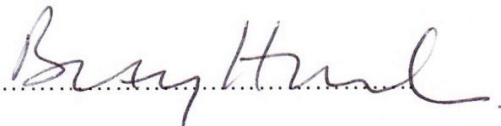
The revenue account has been prepared on the basis that all operations are continuing operations.

The notes on pages 18 to 29 form an integral part of these financial statements.

Balance Sheet as at 30 September 2023

	Note	2023 £	2022 £
Assets			
Cash and balances at central banks	14	44,570	45,559
Loans and advances to banks	14	10,139,096	7,653,605
Loans and advances to customers	15	7,552,271	4,968,966
Tangible fixed assets	17	39,164	54,881
Intangible assets	18	22,437	-
Prepayments and accrued income		71,098	44,939
Total assets		17,868,636	12,767,950
Liabilities			
Customer accounts	20	15,663,124	11,074,975
Other liabilities	21	313,658	52,846
Accruals and deferred income	22	240,065	240,025
		16,216,847	11,367,846
Subordinated loan	23	200,000	-
Other reserves	25	543,150	518,464
General reserve	25	908,639	881,640
Total reserves		1,651,789	1,400,104
Total liabilities		17,868,636	12,767,950

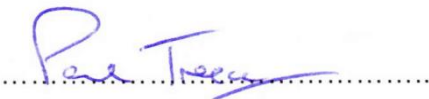
Approved and authorised by the Board on 10th January 2024 and signed on its behalf by:



Barney Hearnden
Secretary



Mark Plummer
Director



Paul Treece
Director

The notes on pages 18 to 29 form an integral part of these financial statements

Statement of Changes in Equity for the Year Ended 30 September 2023

	Other reserve £	Appropriation reserve £	General reserve £	Total £
At 1 October 2022	462,000	56,464	881,640	1,400,104
Surplus for the year		24,686	26,999	51,685
Other reserve movements	-	-	-	-
At 30 September 2023	462,000	81,150	908,639	1,451,789

	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

Statement of Cash Flows for the Year Ended 30 September 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Surplus for the year		51,685	97,795
<u>Adjustments to cash flows from non-cash items</u>			
Depreciation and amortisation	10	41,467	39,308
Corporation tax expense	13	34,277	5,930
Provision movement	4	164,056	145,673
Interest income on loans	15	(1,016,701)	(956,977)
Distribution on members shares		55,470	26,116
		(721,431)	(739,924)
<u>Working capital adjustments</u>			
(Increase)/decrease in other receivables and prepayments		(16,403)	3,578
Change in other liabilities		14,630	7,273
Change in deferred income		40	5,881
		(1,733)	16,732
Cash flows from changes in operating assets and liabilities			
Loan repayments less loans advanced		518,162	149,126
Customer balance cash movement		(221,732)	655,353
Movement on funds on deposit	14	(1,313,808)	(29,661)
		(1,017,378)	774,818
Corporation tax paid		(3,008)	(4,213)
Net cash flow from operating activities		(1,691,865)	145,207
Investing activities			
Cash acquired on acquisition		2,682,607	-
Purchase of tangible fixed assets		(20,048)	(11,782)
Net cash generated from/(used in) investing activities		2,662,559	(11,782)
Financing activities			
Cash movement on subordinated loans		200,000	-
Net cash generated from/(used in) financing activities		200,000	-
Net increase in cash and cash equivalents		1,170,694	133,424
Cash and cash equivalents at beginning of year		2,304,727	2,171,303
Cash and cash equivalents at end of year		3,475,421	2,304,727

The notes on pages 18 to 29 form an integral part of these financial statements

Notes to the Financial Statements for the Year Ended 30 September 2023

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.

During the year a transfer of engagements took place, which saw Crownsavers Credit Union merge with Lewisham Plus Credit Union.

The transfer of the whole of the stock, property and other assets and all engagements of Crownsavers Credit Union to Lewisham Plus Credit Union in consideration of the issue of shares and loans in the books of Lewisham Plus Credit Union took place on the effective date of 31st August 2023.

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.

Business Combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Notes to the Financial Statements for the Year Ended 30 September 2023

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

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.

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 or 20% straight line for longer life assets
Tenant's improvements	Straight line over lower of the life of the asset or the lease

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net assets acquired. It is initially recognised as an asset in the Balance Sheet and amortised over its useful life which is considered to be 2 years.

Notes to the Financial Statements for the Year Ended 30 September 2023

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.

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

	2023 £	2022 £
Interest income on loans	1,016,701	956,977
Interest income on bank deposits	151,086	31,214
	1,167,787	988,191

Notes to the Financial Statements for the Year Ended 30 September 2023

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:

	2023 £	2022 £
Ordinary share dividend	48,784	22,513
Juvenile share distribution	6,686	3,603
Total distributions	<u>55,470</u>	<u>26,116</u>

The distributions on members' shares represent distributions paid in the year which were approved at the last Annual General Meeting. Dividend rates approved at the 2023 and 2022 AGMs were:

	2023 %	2022 %
Distributions paid during the period		
Juvenile distribution	1.50	0.75
Ordinary share dividend	<u>0.50</u>	<u>0.25</u>

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.

	2023 %	2022 %
Proposed distributions in respect of the period		
Proposed distribution on juvenile shares	1.50	1.50
Proposed dividend on ordinary shares	<u>0.50</u>	<u>0.50</u>

5. Fees and commissions receivable

	2023 £	2022 £
Insurance commission	445	513
Annual service charges	8,536	8,791
Transfer of aged balances from suspense a/c	24,458	19,252
Donations received	807	-
Entrance fees	<u>2,292</u>	<u>2,202</u>
Fees and commissions receivable	<u>36,538</u>	<u>30,758</u>

Included within annual service charges is £5,280 relating to Engage commission (2022: £5,720).

6. Fees and commissions payable

	2023 £	2022 £
Bank charges	37,152	35,045
Trade association dues	<u>10,363</u>	<u>15,126</u>
Fees and commissions payable	<u>47,515</u>	<u>50,171</u>

7. Other operating income

	2023 £	2022 £
Other income	20,363	18,005
Growth fund	<u>-</u>	<u>4,923</u>
Government grants receivable	<u>28,288</u>	<u>5,443</u>
	<u>48,651</u>	<u>28,371</u>

Included within Government grants is £30,000 from Fair4All Finance to support the transfer of engagements from Crownsavers Credit Union Limited (2022 £0).

Notes to the Financial Statements for the Year Ended 30 September 2023

8. Administrative expenses

	2023	2022
	£	£
Employee remuneration	499,638	445,670
Auditors' remuneration	13,748	8,294
Member communication and advertising	61,477	42,476
Legal, professional and credit reference agency costs	19,627	21,142
Computer software and maintenance costs	46,370	29,918
Grant to Crownsavers Credit Union Limited	24,000	-
Other admin costs	<u>62,771</u>	<u>18,839</u>
Administrative expenses	<u>727,631</u>	<u>566,339</u>

9. Other operating expenses

	2023	2022
	£	£
Regulatory costs (including LP/LS insurance)	55,277	50,455
Office costs	<u>74,453</u>	<u>65,533</u>
Other operating expenses	<u>129,730</u>	<u>115,988</u>

10. Operating surplus

Arrived at after charging/(crediting)

	2023	2022
	£	£
Depreciation and amortisation expense	41,467	39,308
Operating lease expense – property	<u>32,355</u>	<u>34,312</u>

11. Staff costs

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

	2023	2022
	£	£
Wages and salaries	450,913	402,061
Social security costs	31,044	27,798
Pension costs, defined contribution scheme	<u>17,681</u>	<u>15,811</u>
	<u>499,638</u>	<u>445,670</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:

	2023	2022
	No.	No.
Directors	12	12
Administration and support	<u>21</u>	<u>20</u>
	<u>33</u>	<u>32</u>

12. Auditors' remuneration

	2023	2022
	£	£
Audit of the financial statements	<u>13,748</u>	<u>8,294</u>

Notes to the Financial Statements for the Year Ended 30 September 2023

13. Corporation tax

Tax charged/(credited) in the revenue account

	2023 £	2022 £
Current taxation		
UK corporation tax	34,277	5,930
UK corporation tax adjustment to prior periods		-
	<u>34,277</u>	<u>5,930</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK of 25% (2022 – lower than the standard rate of corporation tax in the UK 19%).

The differences are reconciled below:

	2023 £	2022 £
Surplus before tax	<u>85,962</u>	<u>103,725</u>
Corporation tax at standard rate	21,490	19,708
Effect of transactions exempt from taxation	<u>12,787</u>	<u>(13,778)</u>
Total tax charge	<u>34,277</u>	<u>5,930</u>

14. Loans and advances to banks

	2023 £	2022 £
Cash at bank	3,430,851	2,259,168
Short-term deposits	<u>6,708,245</u>	<u>5,394,437</u>
Loans and advances to banks	10,139,096	7,653,605
Cash balances	<u>44,570</u>	<u>45,559</u>
Total cash and bank balances and deposits	10,183,666	7,699,164
Less amounts maturing more than 8 days	<u>(6,708,245)</u>	<u>(5,394,437)</u>
Cash and cash equivalents in statement of cash flows	<u>3,475,421</u>	<u>2,304,727</u>

15. Loans and advances to customers

	2023 £	2022 £
Loan movement in the period		
Opening balance	6,052,947	5,372,990
Transferred in from Crownsavers Credit Union	2,363,515	-
Interest accrued on loans during period	1,016,701	956,977
Loans advanced during the period	3,823,318	3,853,697
Repayments received during period	(4,456,174)	(4,002,849)
Loans de/re-recognised	<u>1,008,202</u>	<u>(127,868)</u>
	9,808,509	6,052,947
Loan impairment	<u>(2,256,238)</u>	<u>(1,083,981)</u>
	<u>7,552,271</u>	<u>4,968,966</u>

Notes to the Financial Statements for the Year Ended 30 September 2023

	2023 £	2022 £
Loan repayments		
Loans repayments due within one year	6,241,860	3,700,016
Due after one year	3,566,650	2,352,931
Loan impairment	<u>(2,256,238)</u>	<u>(1,083,981)</u>
	<u>7,552,271</u>	<u>4,968,966</u>
Classification of loans		
Loans to individual members	<u>7,552,271</u>	<u>4,968,966</u>
	<u>7,552,271</u>	<u>4,968,966</u>

16. Loan impairment

	Provision for written off debts	Doubtful debt provision	Total provision
Opening impairment	811,595	272,386	1,083,981
Charge to Revenue Account	270,061	(6,998)	263,063
Bad debt recovered	(99,088)		(99,088)
Loans de/re-recognised	878,184	130,098	<u>1,008,282</u>
Closing provision	<u>1,860,752</u>	<u>395,486</u>	<u>2,256,238</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 2022	346,504	81,808	428,312
Additions including assets transferred in	29,618	40,047	69,665
Disposals	-	(10,391)	<u>(10,391)</u>
At 30 September 2023	<u>376,122</u>	<u>111,464</u>	<u>487,586</u>
Depreciation			
At 1 October 2022	305,807	67,624	373,431
Depreciation on assets transferred in	26,790	19,632	46,422
Charge for the year	26,641	12,319	38,960
Disposals	-	(10,391)	<u>(10,391)</u>
At 30 September 2023	<u>359,238</u>	<u>89,184</u>	<u>448,422</u>
Carrying amount			
At 30 September 2023	<u>16,884</u>	<u>22,280</u>	<u>39,164</u>
At 30 September 2022	<u>40,697</u>	<u>14,184</u>	<u>54,881</u>

Notes to the Financial Statements for the Year Ended 30 September 2023

18. Intangible assets

	Goodwill
	£
Cost or valuation	
At 1 October 2022	-
Arising on transfer of engagements from Crownsavers	24,944
At 30 September 2023	<u>24,944</u>
Depreciation	
At 1 October 2022	-
Charge for the year	2,507
At 30 September 2023	<u>2,507</u>
Carrying amount	
At 30 September 2023	<u>22,437</u>
At 30 September 2022	<u>-</u>

19. Acquisition of a business

On 31 August 2023 the company acquired the business of Crownsavers Credit Union.

	Fair Value
	£
Tangible fixed assets	3,195
Loans to members	2,248,821
Other debtors	9,756
Cash and cash equivalents	2,682,607
Trade and other payables	<u>(214,912)</u>
Total identifiable net assets	<u>4,729,467</u>
Goodwill	<u>24,944</u>
Total consideration	<u>4,754,411</u>
Satisfied by:	£
Issue of shares	<u>4,754,411</u>

Contributions by the acquired credit union for the reporting period since acquisition cannot be obtained as the two credit unions have amalgamated their businesses.

20. Customer accounts

	2023	2022
	£	£
Customer balance movement in the period		
Opening balance	11,074,975	10,393,507
Transferred in from Crownsavers Credit Union	4,754,411	-
Deposited during the period	17,519,679	16,476,573
Withdrawn during the period	<u>(17,685,941)</u>	<u>(15,795,105)</u>
	<u>15,663,124</u>	<u>11,074,975</u>
Classification of Customer balances		
Individual member shares	15,109,012	10,533,030
Corporate shares	<u>86,886</u>	<u>55,365</u>
Member balances	15,195,898	10,588,395
Juvenile deposits	<u>467,226</u>	<u>486,580</u>
	<u>15,663,124</u>	<u>11,074,975</u>

Notes to the Financial Statements for the Year Ended 30 September 2023

21. Other liabilities

	Note	2023 £	2022 £
Due within one year			
Accrued expenses		79,545	46,916
Lewisham Housing Options scheme funds transferred in from Crownsavers		196,913	-
Corporation tax liability	13	<u>37,200</u>	<u>5,930</u>
		<u>313,658</u>	<u>52,846</u>

22. Accruals and deferred income

	Fair4All Merger Grant 2023 £	Other 2023 £	Total 2023 £	Total 2022 £
Deferred income brought forward	-	240,025	240,025	234,144
Deferred income received	30,000	13,436	43,436	32,342
Deferred income released	<u>(30,000)</u>	<u>(13,396)</u>	<u>(43,396)</u>	<u>(26,461)</u>
Deferred income	-	240,065	240,065	240,025

23. Subordinated loan

	Note	2023 £	2022 £
Lewisham Borough Council		200,000	-
Payable after one year		<u>200,000</u>	<u>-</u>

This debt is subordinate to the interests of all other creditors, including members and juvenile depositors, except deferred shares. In accordance with the PRA rulebook it is counted as regulatory capital. The debt is repayable on 25/09/2033. Interest is charged on the loan of £200,000 at a rate of Bank of England base rate plus 3%.

24. Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2023 £	2022 £
Within one year	37,813	27,500
Later than one year and not later than five years	80,000	87,500
Later than five years	<u>20,000</u>	<u>40,000</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £32,355 (2022 - £34,312).

25. 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.

Notes to the Financial Statements for the Year Ended 30 September 2023

26. 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:

	2023 %	2022 %
Regulatory Requirement		
Minimum capital to asset ratio	6.32	5.65
Actual Capital to Asset Ratio	8.79	10.52

27. 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 any 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:

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.

28. Credit Risk Disclosure

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

	2023 £	2022 £
Security for loans		
Attached Shares	2,114,679	1,133,447

Notes to the Financial Statements for the Year Ended 30 September 2023

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.

	2023 £	2022 £
Loans not individually impaired		
Not past due	6,950,765	4,626,331
Individually impaired		
Not past due	-	-
Up to 3 months past due	579,936	349,572
Between 3 months and 6 months due	166,181	121,350
Between 6 months and 1 year past due	87,444	63,757
Over 1 year past due	163,431	80,342
Impaired and written off for internal purposes	1,860,752	811,595
	<u>2,857,744</u>	<u>1,426,616</u>
	9,808,509	6,052,947
Impairment allowance	<u>(2,256,238)</u>	<u>(1,083,981)</u>
	<u>7,552,271</u>	<u>4,968,966</u>

29. 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:

	2023 Amount £	2023 Rates received in year %	2022 Amount £	2022 Rates received in year %
Financial assets				
Loans to members	7,552,271	13.5	4,968,966	19.3
	2023 Amount £	2023 Rates paid in year %	2022 Amount £	2022 Rates paid in year
Financial liabilities				
Juvenile deposits	467,226	1.43	486,580	0.75
Member shares	15,195,898	0.32	10,588,395	0.21
Subordinated loan	200,000	0.11	-	-
	<u>15,863,124</u>	<u>0.35</u>	<u>11,074,975</u>	<u>0.24</u>

30. 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.

Notes to the Financial Statements for the Year Ended 30 September 2023

31. 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

	2023 £	2022 £
Salaries and other short term employee benefits	255,315	238,261
Post-employment benefits	<u>9,284</u>	<u>8,695</u>
	<u>264,599</u>	<u>246,956</u>

Nine members of staff were considered Key Management during the year (2022 – eight).

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 £109,777 (2022 - £93,958) was owed by Directors, staff, and their close family, in respect of loans from the Credit Union, and they held shares totalling £167,232 (2022 - £159,249).

The following page does not form part of the statutory accounts

Detailed Revenue Account for the Year Ended 30 September 2023

	Note	2023 £	2022 £
Income			
Interest income on loans		1,016,701	956,977
Interest income on bank deposits		<u>151,086</u>	<u>31,214</u>
Interest Received		1,167,787	988,191
Fees and commissions receivable	5	36,538	30,758
Other operating income	7	<u>48,652</u>	<u>28,371</u>
		<u>1,252,977</u>	<u>1,047,320</u>
Expenditure			
Employee remuneration		499,638	445,670
Auditors' remuneration		13,748	8,294
Bank charges		37,378	35,045
Trade association dues		10,363	15,126
Regulatory costs		8,591	7,611
LP/LS insurance		46,686	42,844
Occupancy costs		74,453	65,533
Other admin costs		86,771	18,839
Member communication and advertising		61,477	42,476
Legal, professional and credit reference agency costs		19,627	21,142
Computer software and maintenance costs		46,370	29,918
Depreciation and amortisation		41,467	39,308
Impairment on loans for bad and doubtful debts		<u>164,975</u>	<u>145,673</u>
		<u>1,111,545</u>	<u>917,479</u>
Operating Surplus/(Deficit)		<u>141,432</u>	<u>129,841</u>
Surplus before tax		141,432	129,841
Corporation Tax	13	<u>(34,277)</u>	<u>(5,930)</u>
Surplus for the financial year before dividend		107,155	123,911
Ordinary share dividend		(48,784)	(22,513)
Juvenile share distribution		<u>(6,686)</u>	<u>(3,603)</u>
Surplus for the financial year after dividend		<u>51,685</u>	<u>97,795</u>

