



Lewisham Plus Credit Union Limited Annual Report and Financial Statements Year Ended 30 September 2024



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

In September of 2023, Lewisham Plus completed its merger with Crownsavers. Since then the brilliant staff of both businesses have come together and worked hard to ensure the consolidation has been a success.

Fair4All Finance and Lewisham Council both provided subordinated loans that helped strengthen our capital base, which has allowed us to continue to grow and serve our members.

During the year we asked our members for their views. Nearly 1,800 responded. Here are just a few of the results:

- 47% said we have helped improve their mental health.
- 65% said we have helped improve their finances and allowed them to access affordable loans
- 83% think our loan application process is good or very good
- 91% were satisfied or very satisfied with the credit union overall

In addition to all these positives, Lewisham Plus has great plans for the future including advertising for our first business development manager who will help us to grow our payroll capabilities as well as the number of members we look after overall.

We have a very strong Board and Supervisory Committee who are all members in their own right as well as volunteers. All are incredibly generous with their time and commitment.

All these things set us up well to help more and more people across the Boroughs of Lewisham and Bromley and SE19, but we can only do so if new and existing members continue to save with us. Whilst we will always try to pay as much as we can, as a not-for-profit organisation, dividends (interest) on savings are inevitably limited. Nevertheless, every pound that community-minded individuals save with us, increases our ability to help those who need to borrow and to do so safely, ethically and at sensible rates.

Please continue to help us to help and support our local communities.

Mark Plummer

President 2023/24



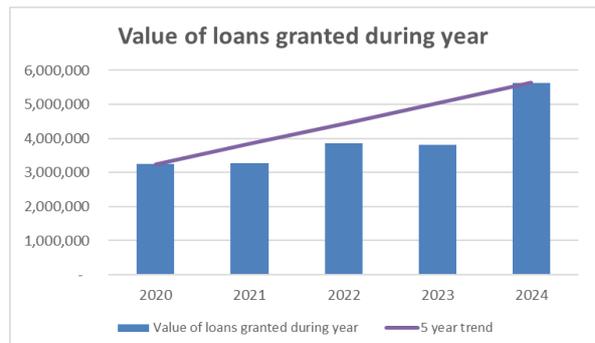
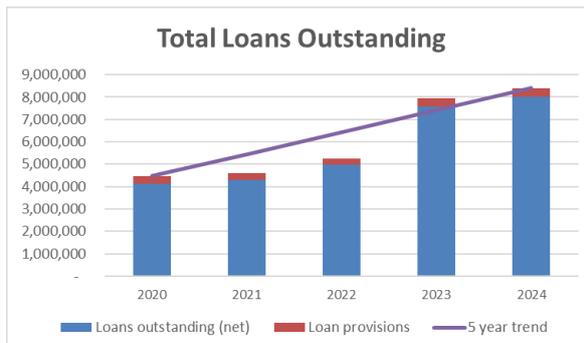
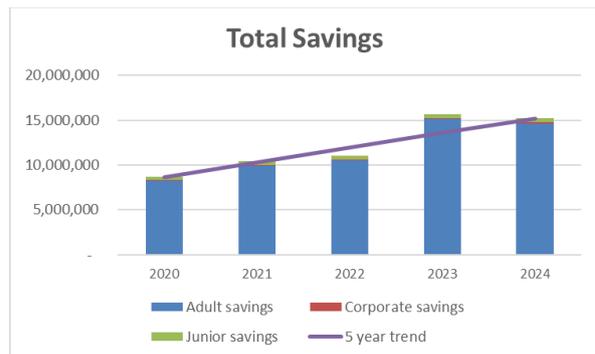
Progress against Business Plan

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 stable at 14,863 adults** (14,869 in 2023), plus 1,321 juniors and 62 corporate members. This was after merging 346 accounts for Crownsavers members who were already members of Lewisham Plus. **693 adult members joined in the year**, but this was offset by closed dormant accounts, bad debtors and leavers.
- **Active adult membership** was 12,297 members (82.7%) at year end.
- **Savings reduced by £439k (-2.8%)** to £14.66m for adults, £456k for juniors and £112k for corporate members. This reduction was reflective of national trends, as more people needed to draw on their savings to manage the increased cost of living.
- **We issued £5.64m loans, up by £1.8m (+47.3%)**, in 7,108 loans, up from 6,895 loans in 2023, excluding Crownsavers. The value of loans increased more than the volume.
- **Net loans increased by £0.5m (+6.0%) to £8.0m** (loans after provisions for doubtful debts). This was similar to the 6.7% growth achieved in 2023 excluding Crownsavers.
- Dividend (subject to approval at AGM) is proposed as **1.0% for adult and corporate members** (0.5% in 2023) and **3.0% for juniors** (1.50% in 2023).
- **Surplus after tax and dividends of £179k** based on dividends actually paid in 2024.
- **Our capital ratio improved from 8.8% to 10.4%**, helped by subordinated loans of £200k each from Lewisham Council and Fair4All Finance for our Crownsavers merger.

Five Year Trends

During the year to September 2024 the credit union supported our members through the continuing period of inflation and economic pressure on living costs.



CEO's Report

I am delighted to be able to give you an update on our activities for the past year. This is our first full year as a larger credit union following the merger with Crownsavers credit union. As with any merger, we have concentrated on getting to know each other and building a cohesive team to work across our branches and online. 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 in order to improve our skills to enable us to serve our members well.



We have also worked on consolidating our range of products and services to avoid any duplication. We have modified and updated our website with some very useful tools to help our members. You are now able to check your benefit entitlement, learn how to save money on shopping and utilities, and find help with preparing tasty meals that cost less than a pound per portion.

You would have noticed that a number of banks have closed branches in our local areas in recent years as they rapidly digitise their services. We are experiencing increased online activity as well as more people download our app to transfer funds and apply for loans. But we recognise that some of our members prefer to attend branches to meet with staff and enjoy a more personal service. As a community based financial co-operative, we need to get our financial priorities right and make sure we are offering the appropriate level of service whilst maintaining a branch and online presence.

During the year we have continued with our regular activities, collaborating with both Lewisham and Bromley councils on a number of areas including supporting young people. We have been working with the Bromley corporate parenting group in providing financial resilience to young care leavers, whilst supporting the youth parliament in Lewisham with financial education.

An example of our collaborative work is the new Debt Consolidation Loan supported by Lewisham Council. The Council has provided funds to help alleviate the debt burden on residents by offering a lower interest loan for debt consolidation purposes.

We continue to support our community in other ways, working with local social landlords, specifically Phoenix and Clarion. Our work with other collaborators such as Community Advice Works, Deptford First, Bold Vision, Dinardos and many others continues to grow.

We have been recognised for our work within the community by our national trade body and have been selected as a pioneer credit union with the Community Development Credit Union kite mark.

We have started working with Bromley Homeless and established an outreach post at the United Reform Church in central Bromley. It is our intention to grow this type of activity to support vulnerable members in our community.

Our main focus is to grow our salary savings service and to ensure more employees benefit from regular savings from their salary. This helps those individuals with any urgent or unexpected expenses and has been shown to contribute to improved mental health.

All our staff and volunteers work hard to support the credit union. Our branch managers and senior managers help to deliver excellent services and oversee our operations in 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 in our partnership work.

I am very grateful to all our volunteers, who support us in many ways. The board and the supervisory team, who are also volunteers, have provided excellent guidance throughout the year. As a large credit union, we need to meet many more regulatory rules and regulations and the support received has made it much easier to manage this task.

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

Ravi Ravindran, CEO for 2023/24

Treasurer's Report

In financial terms, this year has been largely taken up with settling in the Crownsavers business that we acquired on 1 September 2023 and integrating services for our wider member base.

Overall we have another good result for our combined membership of nearly 15,000 adults, plus juniors and corporate members. The expansion of our loan book to just over £8m has placed the credit union in a strong position. The merger has been a financial success, as I said that I thought it could be when members voted last year.



While the loan balance increased overall by around £0.5m, this was mainly a result of an increased volume of larger loans in the year. Our average member loan balance has risen from £1,239 (Sep 2022) to £1,767 (Sep 2024). Delinquency costs were around 3.7% of loan balance at year end, well below the figure we had feared might emerge.

With higher base rates we were able to earn £339k on investments, but are expecting this to start to reduce in 2025. Like all small businesses, our staff costs rose substantially, with the London Living Wage increasing by over 10% in November 2023. We remain committed to fair compensation for our staff and being a Living Wage employer.

There have been some significant challenges to overcome as we have sought to achieve the integration of the Crownsavers business. It was difficult to resolve 350 duplicate accounts, where former Crownsavers members were already members of Lewisham Plus. We needed to get back to one account per member to meet regulations, and achieved that by March 2024.

We have also been getting used to running payroll credits, and in some cases have to chase employers to follow up the salary credits allocated to members with the actual bank transfer.

The other challenge has been managing the increased workload created by having two separate streams of bank transactions blending into one within member accounts. That made it exceptionally difficult to reconcile our bank accounts, and we put substantial effort into improving our processes to do so. From May we were able to introduce a new process to ensure that member faster payments received during the banking day were added to accounts the following morning, rather than when we caught up with them on bank statements, which was beneficial to all parties.

However when I closed our bank reconciliation for year end, we had to recognise an unexpected loss of just over £72k. That was investigated carefully and extensively. We managed to confirm there were no additional payments from the bank, and no significant pattern of additional credits to members. The difference appears to have built up gradually over the year, but could not be matched to member transactions. This is written off in our accounts to September. We have significantly improved our reconciliation processes since October 2024, allocating additional resources to new daily checks and have not experienced any further material issues to date.

The directors are able provide a 3.0% dividend for our junior savers for the year, up from 1.5% last year. We are also recommending 1.0% for adults, up from 0.5% last year.

We were grateful to Fair4All Finance for their confidence in the credit union and support through a £200,000 subordinated loan. Alongside the equivalent loan from Lewisham Council, this has provided us with the capital needed to take on Crownsavers. We will start to reduce these loans in 2026 and aim to pay them back entirely by 2033.

The credit union's IT systems remained up to date and operationally resilient through the year, with no major incidents. In August we successfully migrated our email system to Microsoft 365 to improve the security of these accounts. The credit union has started looking at possible future core systems, but that activity is mainly for the year ahead.

Paul Treece, Treasurer for 2023/24

Supervisory Committee Report

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.



Bank reconciliations became more complex following the merger with Crownsavers in 2023. Challenges existed in performing accurate bank reconciliations which resulted in a financial adjustment being required for 2024 year-end of £72,143. The unidentified variance, also referred to in the auditor’s report, was prudently written off after extensive but inconclusive investigation.

The Supervisory Committee highlights the Board’s efforts to address the identified control weakness. For the three months since the financial year end, bank reconciliations have been performed without any material variances. Review continues under close scrutiny from both the Board and Supervisory Committee.

An Internal Audit review has commenced focusing on the controls and processes surrounding the bank reconciliation. We welcome Philip Boaf, an experienced internal auditor who joined LPCU in early 2025. Philip replaces Mary Casey who resigned last year. Mary goes with our thanks for her work with the credit union. A wider audit programme for 2025/6 will also be prepared by Philip in conjunction with the Supervisory Committee, with findings and recommendations being fed back directly to the Board.

There have been a number of personnel changes to the Supervisory Committee members during the year, helping to further diversity the committee’s skills. During the year we welcomed Jag Babbra and Rob Stone. Jag is a chartered accountant with a background in audit and more than a decade of experience in investment banking. He works in the Treasury Division at NatWest Group. Rob has worked within financial services for over 16 years. He is the Chief Financial Officer of QBE International and on the board of their UK and Belgium regulated insurance carriers. At the 2023 AGM, Stephen Grainge resigned to join the Board as Risk and Compliance Director, a role that will maintain his strong link with the Supervisory Committee.

Simon Loveitt

Chair of Supervisory Committee 2023/24

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

Director	No.	%	Director	No.	%
Oluwafela Ajayi	9/14	64%	Barney Hearnden	14/14	100%
Geoff Cave	12/14	86%	Keith Howick	12/14	86%
Donna Davis	4/6	67%	Tim Pagan	12/14	86%
Stephen Grainge	8/8	100%	Louisa Papadouri	11/14	79%
Jane Gregory	12/14	86%	Mark Plummer	12/14	86%
Bill Hackney	13/14	93%	Paul Treece	13/14	93%
Gareth Hall	13/14	93%			

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.



Stephen Grainge (Risk Management and Compliance Director) | Appointed 2024. 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. He joined the Supervisory Committee in 2023, resigning that role in 2024 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 (Loans 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 (Operations 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 retired from his law firm CMS in October 2023. During his career he specialised in advising financial services businesses on matters such as corporate governance, commercial contracts and regulation.

Keith Howick (Credit Control and Complaints 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 (Strategy 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.

The current members of the Supervisory Committee are:

Simon Loveitt (Chair) | Appointed 2023. Simon has over 30 years' experience working 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.



Jag Babbra | Appointed 2024. Jag is a chartered accountant with a background in audit and more than a decade of experience in investment banking. He currently works in the Treasury Division at NatWest Group.



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 Crowsavers Credit Union.



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.

Rob Stone | Appointed 2024. Rob has worked within financial services for over 16 years. He is the Chief Financial Officer of QBE International and on the board of their UK and Belgium regulated insurance carriers. QBE International is a division of QBE Group, a top 20 international insurance company listed on the Australian stock exchange. Rob is a fellow (FCA) of the Institute of Chartered Accountants in England and Wales.



Directors' Report for the Year Ended 30 September 2024

The Directors present their report and the financial statements for the year ended 30 September 2024.

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 (resigned March 2024), Stephen Grainge (appointed March 2024), Jane Gregory, William Hackney, Gareth Hall, Barney Hearnden (Secretary), Keith Howick, Timothy Pagan, Louisa Papadouri, Mark Plummer and Paul Treece.

Director participation in Board committees is shown below ("C" denotes Chair):

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

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

Fair review of the business

A total of 13 Directors, all unpaid volunteers, served on the Board in FY2023/24. In March 2024, Donna Davis stepped down as our Director of Risk and Compliance and was replaced by Stephen Grainge who has extensive relevant experience for this role.

We now have five individuals on our Supervisory Committee. Although Stephen Grainge left the committee when he joined the Board, we were very pleased to appoint two excellent new members in Jag Babbra and Rob Stone.

We were delighted that two of our key individuals, Paul Treece and Liam Carlisle, were recognised for their long and dedicated service which has enabled the credit union to grow from nothing to its current size. They were both founder members of Lewisham Plus and they were two of only six people in total to receive Pioneer Awards from our trade association, ABCUL.

The Directors have met once a 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 six Board committees, covering Loans & Credit Control; Operations; Finance & Technology; Risk Management, Governance & Compliance; Investment; and Nominations. These committees typically meet four times a year, and they provide formal written reports to the Board on a quarterly basis. This governance structure continues to help the main Board to focus its meetings on key strategic matters and other relevant issues, with more routine matters and preparatory analysis being addressed through the committees.

During the past year, we have consolidated our enlarged business following the merger with Crown Savers Credit Union, with a single set of loan and savings products for all members.

The board believes that the strong financial performance in the past year serves to emphasize the value of that merger. The former Crownsavers branch in Catford is now fully integrated into our branch network. We were pleased to see a good number of former Crownsavers members at our AGM in March, held at the Lewisham Council Chambers, which contributed to a positive and productive meeting.

We have completed a number of other initiatives this year, including the following: securing a further subordinated loan to bolster capital from Fair4All Finance; establishment of a new consolidation loans fund for Lewisham residents in partnership with Lewisham Council; an extensive member survey which provided useful feedback – among other things, this will assist us to produce a written social impact report for the first time; a review of our branch footprint which has led to us extending our lease in Catford and electing to close the branch at St Paul's Cray – we are introducing new, more effective ways of supporting our Bromley resident members; diversification of our investments in line with the PRA's new requirements for larger credit unions; and participating in a variety of events organised by ABCUL.

The Directors would once again like to express their appreciation for the dedication 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 LLP as auditors of the credit union is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 12th February 2025 and signed on its behalf by:

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Barney Hearnden, Secretary

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

Qualified Opinion

We have audited the financial statements of Lewisham Plus Credit Union Limited for the year ended 30 September 2024 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2024 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 qualified opinion

At the year end the Credit Union had an unidentified net difference in its bank reconciliation of £72,143. The difference was written off by the Credit Union to Administrative expenses. We have been unable to obtain sufficient appropriate audit evidence from the Credit Union regarding what this difference relates to. Consequently, we were unable to determine whether any adjustments are required to the financial statements relating to this difference.

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 qualified 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

Arising solely from the limitation on the scope of our work relating to the bank reconciliation difference, referred to above:

- proper books of account have not been kept by the credit union in accordance with the requirements of the legislation; and
- a satisfactory system of control over transactions has not been kept by the credit union in accordance with the requirements of the legislation; and
- 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 LLP

180 St Vincent Street

Glasgow

G2 5SG

Date:

Revenue Account for the Year Ended 30 September 2024

	Note	2024 £	2023 £
Loan interest receivable and similar income	3	1,698,289	1,167,787
Interest payable and similar charges	4	<u>(100,344)</u>	<u>(55,696)</u>
Net interest income		<u>1,597,945</u>	<u>1,112,091</u>
Fees and commissions receivable	5	21,652	36,538
Fees and commissions payable	6	<u>(56,697)</u>	<u>(47,515)</u>
Net fees and commissions		(35,045)	(10,977)
Other operating income	7	28,595	48,651
Administrative expenses	8	(923,165)	(727,631)
Depreciation and amortisation		(33,810)	(41,467)
Other operating expenses	9	(187,959)	(129,730)
Impairment on loans for bad and doubtful debts		<u>(190,354)</u>	<u>(164,975)</u>
Surplus before tax		256,207	85,962
Corporation Tax	13	<u>(77,081)</u>	<u>(34,277)</u>
Surplus for the financial year		<u>179,126</u>	<u>51,685</u>
Total comprehensive income for the year		<u>179,126</u>	<u>51,685</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 2024

	Note	2024 £	2023 £
Assets			
Cash and balances at central banks	14	56,611	44,570
Loans and advances to banks	14	8,180,070	10,139,096
Loans and advances to customers	15	8,005,017	7,552,271
Tangible fixed assets	16	33,534	39,164
Investments	17	1,529,923	-
Intangible fixed assets	18	11,218	22,437
Debtors, prepayments and accrued income	18	184,499	71,098
Total assets		<u>18,000,872</u>	<u>17,868,636</u>
Liabilities			
Customer accounts	19	15,223,912	15,663,124
Other liabilities	20	336,183	313,658
Accruals and deferred income	21	409,862	240,065
		<u>15,969,957</u>	<u>16,216,847</u>
Subordinated loan	22	400,000	200,000
Other reserves	24	621,564	543,150
General reserve	24	1,009,351	908,639
Total reserves		<u>2,030,915</u>	<u>1,651,789</u>
Total liabilities		<u>18,000,872</u>	<u>17,868,636</u>

Approved and authorised by the Board on 12th February 2025 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 2024

	Other reserve £	Appropriation reserve £	General reserve £	Total £
At 1 October 2023	462,000	81,150	908,639	1,451,789
Surplus for the year	-	78,414	100,712	179,126
Other reserve movements	-	-	-	-
At 30 September 2024	462,000	159,564	1,009,351	1,630,915

	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

Statement of Cash Flows for the Year Ended 30 September 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Surplus for the year		179,126	51,685
<u>Adjustments to cash flows from non-cash items</u>			
Depreciation and amortisation	10	33,810	41,467
Corporation tax expense	13	77,081	34,277
Provision movement		190,353	164,056
Interest income on loans	3	(1,359,247)	(1,016,701)
Distribution on member shares		81,008	55,470
		(976,995)	(721,431)
<u>Working capital adjustments</u>			
(Increase)/decrease in other receivables and prepayments		(113,401)	(16,403)
Change in other liabilities		(18,793)	14,630
Change in deferred income		169,797	40
		37,603	(1,733)
Cash flows from changes in operating assets and liabilities			
Loan repayments less loans advanced		716,148	518,162
Customer balance cash movement		(520,220)	(221,732)
Movement on funds in investment		(1,529,923)	
Movement on funds on deposit	14	1,033,116	(1,313,808)
		(300,879)	(1,017,378)
Corporation tax paid		(35,763)	(3,008)
Net cash flow from operating activities		(1,096,908)	(1,691,865)
Investing activities			
Cash acquired on transfer of engagements from Crownsavers		-	2,682,607
Purchase of tangible fixed assets		(16,961)	(20,048)
Net cash generated from/(used in) investing activities		(16,961)	2,662,559
Financing activities			
Cash movement on subordinated loans		200,000	200,000
Net cash generated from/(used in) financing activities		200,000	200,000
Net increase in cash and cash equivalents		(913,869)	1,170,694
Cash and cash equivalents at 1 October 2023		3,475,421	2,304,727
Cash and cash equivalents at 30 September 2024		2,561,552	3,475,421

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 2024

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.

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.

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.

Notes to the Financial Statements for the Year Ended 30 September 2024

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 2024

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 an 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

	2024	2023
	£	£
Interest income on loans	1,359,247	1,016,701
Interest income on bank deposits	339,042	151,086
	1,698,289	1,167,787

Notes to the Financial Statements for the Year Ended 30 September 2024

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:

	2024	2023
	£	£
Ordinary share dividend	74,294	48,784
Juvenile share distribution	6,714	6,686
Total distributions	<u>81,008</u>	<u>55,470</u>
Interest payable on subordinated loans	19,336	226
	<u>100,344</u>	<u>55,696</u>

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 2024 and 2023 AGMs were:

	2024	2023
	%	%
Distributions paid during the period		
Juvenile distribution	1.50	1.50
Ordinary share dividend	0.50	0.50

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

	2024	2023
	%	%
Proposed distributions in respect of the period		
Proposed distribution on juvenile shares	3.00	1.50
Proposed dividend on ordinary shares	1.00	0.50

5. Fees and commissions receivable

	2024	2023
	£	£
Insurance commission	162	445
Annual service charges	5,565	8,536
Transfer of aged balances from suspense a/c	13,348	24,458
Donations received	13	807
Entrance fees	2,564	2,292
Fees and commissions receivable	<u>21,652</u>	<u>36,538</u>

Included within Annual Service Charges is £3,518 relating to Engage commission (2023: £5,280).

6. Fees and commissions payable

	2024	2023
	£	£
Bank charges	46,072	37,152
Trade association dues	10,625	10,363
Fees and commissions payable	<u>56,697</u>	<u>47,515</u>

Notes to the Financial Statements for the Year Ended 30 September 2024

7. Other operating income

	2024 £	2023 £
Other income	16,446	20,363
Government grants receivable	12,149	28,288
	<u>28,595</u>	<u>48,651</u>

Included within Government grants is £nil (2023 £30,000) from Fair4All Finance.

8. Administrative expenses

	2024 £	2023 £
Employee remuneration	659,090	499,638
Auditors' remuneration	12,455	13,748
Member communication and advertising	58,993	61,477
Legal, professional and credit reference agency costs	34,593	19,627
Computer software and maintenance costs	49,959	46,370
Grant to Crownsavers Credit Union Limited	-	24,000
Other admin costs	35,932	62,771
Bank reconciliation difference	72,143	-
Administrative expenses	<u>923,165</u>	<u>727,631</u>

9. Other operating expenses

	2024 £	2023 £
Regulatory costs (including LP/LS insurance)	73,680	55,277
Office costs	114,279	74,453
Other operating expenses	<u>187,959</u>	<u>129,730</u>

10. Operating surplus

Arrived at after charging/(crediting)

	2024 £	2023 £
Depreciation expense	33,810	41,467
Operating lease expense – property	<u>62,656</u>	<u>32,355</u>

11. Staff costs

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

	2024 £	2023 £
Wages and salaries	593,160	450,913
Social security costs	44,739	31,044
Pension costs, defined contribution scheme	21,191	17,681
	<u>659,090</u>	<u>499,638</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:

	2024 No.	2023 No.
Directors	12	12
Administration and support	25	21
	<u>37</u>	<u>33</u>

Notes to the Financial Statements for the Year Ended 30 September 2024

12. Auditors' remuneration

	2024 £	2023 £
Audit of the financial statements	12,455	13,748

13. Corporation tax

Tax charged/(credited) in the revenue account

	2024 £	2023 £
Current taxation		
UK corporation tax	77,081	34,277
UK corporation tax adjustment to prior periods		
	<u>77,081</u>	<u>34,277</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK of 25% (2023 – higher than the standard rate of corporation tax in the UK 25%).

The differences are reconciled below:

	2024 £	2023 £
Surplus before tax	<u>256,207</u>	<u>85,962</u>
Corporation tax at standard rate	64,052	21,490
Effect of transactions exempt from taxation	13,029	12,787
Total tax charge	<u>77,081</u>	<u>34,277</u>

14. Loans and advances to banks

	2024 £	2023 £
Cash at bank	2,504,941	3,430,851
Short-term deposits	<u>5,675,129</u>	<u>6,708,245</u>
Loans and advances to banks	8,180,070	10,139,096
Cash balances	<u>56,611</u>	<u>44,570</u>
Total cash and bank balances and deposits	8,236,681	10,183,666
Less amounts maturing more than 8 days	<u>(5,675,129)</u>	<u>(6,708,245)</u>
Cash and cash equivalents in statement of cash flows	<u>2,561,552</u>	<u>3,475,421</u>

15. Loans and advances to customers

	2024 £	2023 £
Loan movement in the period		
Opening balance	9,808,509	6,052,947
Transferred in from Crownsavers Credit Union	-	2,363,515
Interest accrued on loans during period	1,359,247	1,016,701
Loans advanced during the period	5,632,574	3,823,318
Repayments received during period	(6,348,722)	(4,456,174)
Loans de/re-recognised	<u>(93,428)</u>	<u>1,008,202</u>
	10,358,180	9,808,509
Loan impairment	<u>(2,353,163)</u>	<u>(2,256,238)</u>
	<u>8,005,017</u>	<u>7,552,271</u>

Notes to the Financial Statements for the Year Ended 30 September 2024

	2024 £	2023 £
Loan repayments		
Loans repayments due within one year	6,103,326	6,241,860
Due after one year	4,254,854	3,566,650
Loan impairment	(2,353,163)	(2,256,238)
	8,005,017	7,552,271
Classification of loans		
Loans to individual members	8,005,017	7,552,271
	8,005,017	7,552,271

Loan impairment

	Provision for written off debts	Doubtful debt provision	Total provision
Opening impairment	1,860,752	395,486	2,256,238
Charge to Revenue Account	311,918	2,653	314,571
Bad debt recovered	(124,218)		(124,218)
Loans de/re-recognised	(93,428)		(93,428)
Closing provision	1,955,024	398,139	2,353,163

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.

16. Tangible fixed assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 October 2023	376,122	111,464	487,586
Additions	-	16,961	16,961
Disposals	-	(7,523)	(7,523)
At 30 September 2024	376,122	120,902	497,024
Depreciation			
At 1 October 2023	359,238	89,184	448,422
Charge for the year	9,951	12,640	22,591
Disposals	-	(7,523)	(7,523)
At 30 September 2024	369,189	94,301	463,490
Carrying amount			
At 30 September 2024	6,933	26,601	33,534
At 30 September 2023	16,884	22,280	39,164

Notes to the Financial Statements for the Year Ended 30 September 2024

17. Investments

	2024 £	2023 £
Loans to Bank of England:		
Liquid Government Securities	1,529,923	-

18. Intangible fixed assets

	Goodwill £
Cost or valuation	
At 1 October 2023 and 30 September 2024	<u>24,944</u>
Depreciation	
At 1 October 2023	2,507
Charge for the year	11,219
At 30 September 2024	<u>13,726</u>
Carrying amount	
At 30 September 2024	<u>11,218</u>
At 30 September 2023	<u>22,437</u>

19. Customer accounts

	2024 £	2023 £
Customer balance movement in the period		
Opening balance	15,663,124	11,074,975
Transferred in from Crownsavers Credit Union	-	4,754,411
Deposited during the period	21,192,705	17,519,679
Withdrawn during the period	(21,631,917)	(17,685,941)
	<u>15,223,912</u>	<u>15,663,124</u>
Classification of Customer balances		
Individual member shares	14,655,753	15,109,012
Corporate shares	112,255	86,886
Member balances	14,768,008	15,195,898
Juvenile deposits	455,904	467,226
	<u>15,223,912</u>	<u>15,663,124</u>

20. Other liabilities

	2024 £	2023 £
Due within one year		
Accrued expenses	95,688	79,545
Lewisham Housing Options scheme funds	161,977	196,913
Corporation tax liability	78,518	37,200
	<u>336,183</u>	<u>313,658</u>

Notes to the Financial Statements for the Year Ended 30 September 2024

21. Accruals and deferred income

	2024 £	2023 £
Deferred income brought forward	240,065	240,025
Deferred income received	179,060	43,436
Deferred income released	(9,263)	(43,396)
Deferred income	<u>409,862</u>	<u>240,065</u>

22. Subordinated loans

	2024 £	2023 £
Lewisham Borough Council	200,000	200,000
Fair4All Finance	200,000	-
Payable after one year	<u>400,000</u>	<u>200,000</u>

These debts are subordinate to the interests of all other creditors, including members and juvenile depositors, except deferred shares. In accordance with the PRA rulebook they are counted as regulatory capital. The debts are repayable on various dates starting in 2031. Interest is charged on the Lewisham Borough Council loan at a rate of Bank of England rate plus 3% and on the Fair4All loan at a rate of 1% above the rate of adult dividend declared.

23. Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2024 £	2023 £
Within one year	58,875	37,813
Later than one year and not later than five years	163,616	80,000
Later than five years	-	20,000

The amount of non-cancellable operating lease payments recognised as an expense during the year was £56,967 (2023 - £32,355).

24. 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 2024

25. Capital

The Credit Union 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:

	2024 %	2023 %
Regulatory Requirement		
Minimum capital to asset ratio	6.33	6.32
Actual Capital to Asset Ratio	10.40	8.79

26. Financial Risk Management

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

Interest rate risk: The main interest rate risk for the Credit Union arises between the interest rate exposure on loans, bank deposits and shares that form an integral part of a credit union's operations. The Credit Union 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.

27. Credit Risk Disclosure

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

	2024 £	2023 £
Security for loans		
Attached Shares	1,784,190	2,114,679

Notes to the Financial Statements for the Year Ended 30 September 2024

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.

	2024 £	2023 £
Loans not individually impaired		
Not past due	7,509,990	6,950,765
Individually impaired		
Not past due	-	-
Up to 3 months past due	482,949	579,936
Between 3 months and 6 months due	165,023	166,181
Between 6 months and 1 year past due	118,415	87,444
Over 1 year past due	126,779	163,431
Impaired and written off for internal purposes	1,955,024	1,860,752
	<u>2,848,190</u>	<u>2,857,744</u>
	10,358,180	9,808,509
Impairment allowance	(2,353,163)	(2,256,238)
	<u>8,005,017</u>	<u>7,552,271</u>

28. 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:

	2024 Amount £	2024 Rates received in year %	2023 Amount £	2023 Rates received in year %
Financial assets				
Loans to members	8,005,017	16.98	7,552,271	13.5
	2024 Amount £	2024 Rates paid in year %	2023 Amount £	2023 Rates paid in year %
Financial liabilities				
Juvenile deposits	455,904	1.47	467,226	1.43
Member shares	14,768,008	0.50	15,195,898	0.32
Subordinated loans	400,000	4.83	200,000	0.11
	<u>15,623,912</u>	<u>0.64</u>	<u>15,863,124</u>	<u>0.35</u>

29. 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 2024

30. 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

	2024 £	2023 £
Salaries and other short term employee benefits	308,671	255,315
Post-employment benefits	10,914	9,284
	319,585	264,599

Nine members of staff were considered Key Management during the year (2023 – nine).

Summary of transactions with other related parties

Loans to Key Management and other staff are issued on standard terms and conditions. At the year-end £95,391 (2023 - £109,777) was owed by Directors, staff, and their close family, in respect of loans from the Credit Union, and they held shares totalling £115,601 (2023 - £167,232).

The following page does 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 2024

	Note	2024 £	2023 £
Income			
Interest income on loans		1,359,247	1,016,701
Interest income on bank deposits		339,042	151,086
Interest Received		1,698,289	1,167,787
Fees and commissions receivable	5	21,652	36,538
Other operating income	7	28,595	48,652
		1,748,536	1,252,977
Expenditure			
Employee remuneration		659,090	499,638
Auditors' remuneration		12,455	13,748
Bank charges		46,072	37,152
Interest on subordinated loans		19,336	226
Trade association dues		10,625	10,363
Regulatory costs		9,433	8,591
LP/LS insurance		64,247	46,686
Occupancy costs		114,279	74,453
Other admin costs		35,932	86,771
Bank reconciliation difference		72,143	-
Member communication and advertising		58,993	61,477
Legal, professional and credit reference agency costs		34,593	19,627
Computer software and maintenance costs		49,959	46,370
Depreciation and amortisation		33,810	41,467
Impairment on loans for bad and doubtful debts		190,354	164,975
		1,411,321	1,111,545
Operating Surplus/(Deficit)		337,215	141,432
Surplus before tax		337,215	141,432
Corporation Tax	13	(77,081)	(34,277)
Surplus for the financial year before dividend		260,134	107,155
Ordinary share dividend		(74,294)	(48,784)
Juvenile share distribution		(6,714)	(6,686)
Surplus for the financial year after dividend		179,126	51,685

