



**London Capital Credit Union**  
the savings & loans co-operative



# Promoting Saving & Dealing with Debt

**Annual Report  
2014 - 2015**



In Canada, four of every ten Canadians are members of at least one co-operative. In Quebec, approximately 70% of the population are co-op members, while in Saskatchewan 56% are members.

Source: Co-operative Secretariat, Government of Canada

Canadian maple sugar co-operatives produce 35% of the world's maple sugar production

In Norway out of a population of 4.8 million people, 2 million are members of co-operatives.

Source: The Co-operative Centre of Norway.

In the United States, 30,000 co-operatives provide more than 2 million jobs.

Source: National Co-operative Business Association.

In France, 21,000 co-operatives provide over 1 million jobs representing 3.5% of the active working population.  
Coop FR, Top 100 des Entreprises Coopératives et panorama sectoriel, 2010

30,000 co-operatives in the United States that operate 73,000 places of business throughout the U.S. own more than USD 3 trillion in assets, and generate over USD 500 billion in revenue and USD 25 billion in wages.

Source: National Co-operative Business Association [www.ncba.coop/ncba/about-co-ops/research-economic-impact](http://www.ncba.coop/ncba/about-co-ops/research-economic-impact)

In France, the co-operative movement has a turnover of 181 billion Euros. Co-operatives handle 60% of retail banking, 40% of food and agricultural production, and 25% of retail sales.

Source: Top 100 des Entreprises Coopératives et panorama sectoriel, 2010

In Côte d'Ivoire, co-operatives invested USD 26 million into setting up schools, building rural roads and establishing maternal clinics in 2002.

Source: International Co-operative Alliance, Briefing for NGOs on the Work of the Noncommunicable Diseases and Mental Health Cluster, 2004

coop

## COOP Facts



# Annual Report 2014-2015

This is a report of the credit union's activity for financial year to the end of September 2015. The purpose of this report is to inform the owners of the business, our members, of our progress in meeting our aims, objectives and targets set out in the business plan.

## Key Achievements

The 2014-15 financial year was one of continued strong growth. It is worthy of note that there was no merger activity during the year so this growth is on a like for like basis.

- Membership grew by 2,518 or 25%
- Savings balances rose by £1,369,544 or 20%
- Loans balances grew by £1,423,447 or 24%.

This resulted in a further dramatic increase in loan interest income. This is vitally important as the credit union continues to move away from reliance on grant aid and towards financial independence and long term sustainability. During the year our loan interest income rose by £200,761 which is an increase of 35%. Loan interest income exceeded the rate of loan growth despite continuing public sector cuts resulting in a number of our members losing their jobs as cut backs in the public sector continued to be made and the economy failed to grow. The latest operating surplus further contributed to the strengthening of our reserves.

Of particular note is our success in providing loans that prove attractive, meeting the needs of members. As a result we have a much greater loan to share ratio than most UK credit unions.

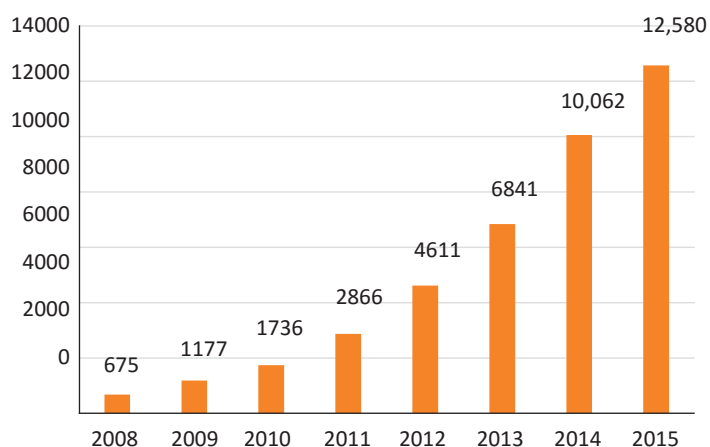


*The credit union has helped me in many emergencies. I am a single parent and a homeowner. There have been occasions when I have needed money due to unexpected repairs to my home and other unexpected payments for my child. The credit union has always been there to support me.*

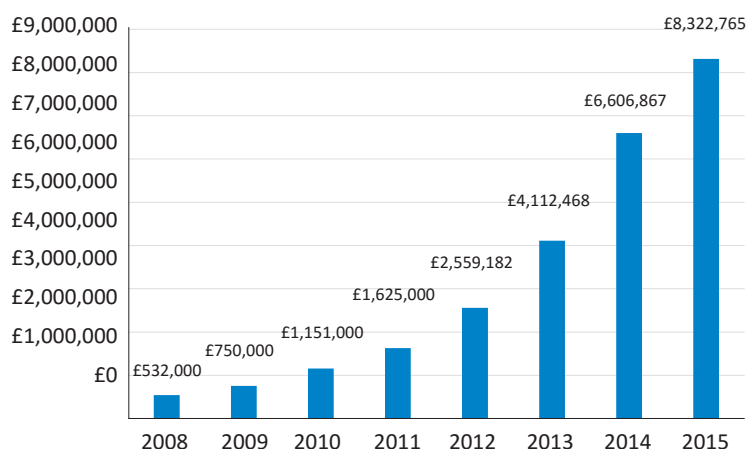


L-R: Sharon Dyer, Board Vice President, Helen Baron, President of the Board.

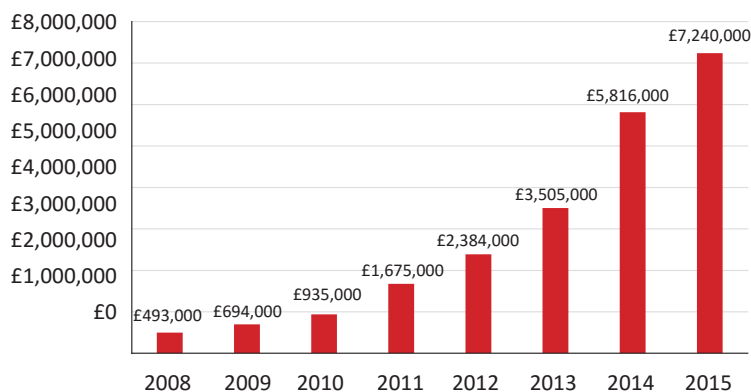
## Membership



## Shares/Savings



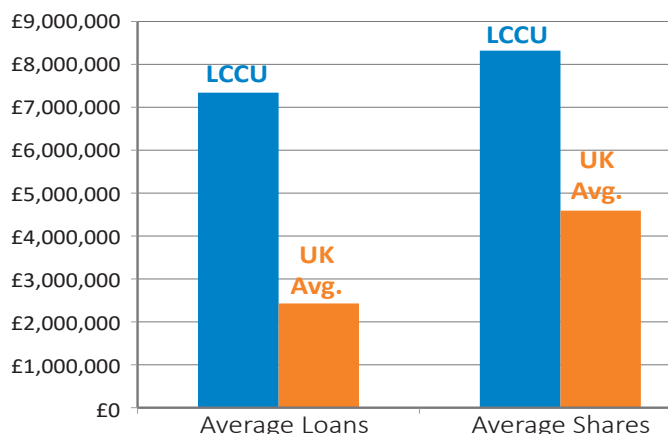
## Loans



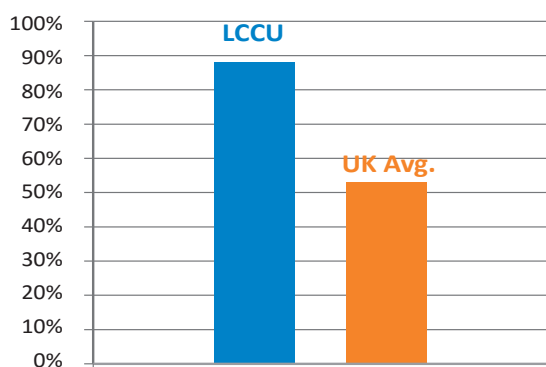
## How we compare

The following graphs show how our credit union stands in comparison with the average sized credit union in the UK, based on figures published by the Bank of England.

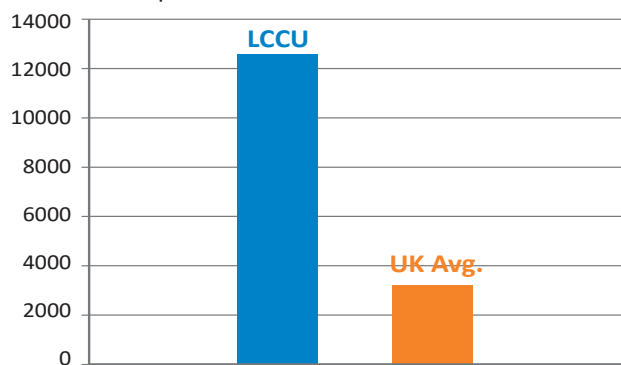
Comparison of Savings



Comparison of L/S Ratios



Comparison of Member Numbers



## FairBanking Mark- Five Star Award



The Fairbanking Foundation charity has awarded its first Mark certifications to credit unions with London Capital Credit Union receiving 5 stars for its 'Saver Loan' and 'Instant Saver Loan' products.

Antony Elliott, Chief Executive of Fairbanking Foundation said: *"Our quality mark programme is an important step in helping customers to identify products that have been rigorously tested for the financial well-being they can deliver. Crucially, it also provides a powerful incentive for financial institutions of all sizes to compete through continual improvement of their products in ways that will truly benefit their customers."*

Over the last ten years, the Credit Union has seen a 1,400% increase in members' savings from £436,000 to nearly £8 million. As a co-operative, the Credit Union is owned and controlled by its members, not outside shareholders, so is proud to have its ethical values recognised in this way.

## The Co-operative Group

There is a gradual shift in the UK towards fewer, larger credit unions. During the financial year we investigated a merger with a small credit union for members and employees of The Co-operative Group in London and the South East. The merger proved impractical. We held a Special General Meeting of members and changed our rules to allow Co-op Group employees in London & the South East to join us and make use of a payroll deductions savings and loans scheme. In addition, anyone who is a member of the Co-op (has a Co-op members/divi card) can also join us. We welcome all former members of The Rainbow to our savings & loans co-operative and hope they enjoy the benefits of a wider range of services.



*After my daughter's disability benefits were stopped, we lived, day to day, using my credit cards. My loan application was approved and I paid off my credit cards. I will have saved around £680 in interest payments alone by the time my credit union loan is paid off, and I'll have my savings too.*



## London Living Wage Campaign



We see far too many working people struggle to make ends meet, yet most of us agree that work should be the best way out of poverty. This is why the Credit Union supports the Living Wage Campaign which was launched in 2001. The founders were a group of parents in the East End of London, who wanted to remain in work, but found that despite working two or more minimum wage jobs they were struggling to make ends meet, and were left with no time for family and community life. The Living Wage is an example of communities, business, campaigners and faith groups coming together to find practical ways to address working poverty and strengthen families. We are proud to be accredited as a Living Wage employer.

## Member Satisfaction - Customer Service

Our further growth continues to come through personal recommendation. Once again, 2014-15 saw continued focus in providing the best possible levels of customer service. We do this, not just because it is good for business, but critically, because our 'customers' are our members and they own the business. During 2015 we undertook our annual survey and asked our members how they rated us for customer service. Yet again the survey shows a high overall level of member satisfaction with the services we provide, with an average score of 8.9 out of a possible 10, (an increase from 8.3 in the previous year). Whilst it is not possible to please all the people all the time we do try to do that and the year has seen us become ever quicker in processing membership, loan applications and share withdrawals. In particular, the improved online access continues to be very popular. Continued high levels of member satisfaction continues to drive increased membership as people recommend us to friends, family and work colleagues.



## Social Performance

As a co-operative we are committed to wider social goals rather than simply increasing 'shareholder value' and maximising profits. Whilst we need to trade at a profit to meet our running costs, the way we run our business and distribute our profits marks us out as ethically different.

Our rulebook sets out our aims and objectives as follows.

### Objects

The objects of the credit union shall be the:

1. promotion of thrift among its members by the accumulation of their savings;
2. creation of sources of credit for the benefit of its members at a fair and reasonable rate of interest;
3. use and control of members' savings for their mutual benefit; and
4. training and education of members in the wise use of money and in the management of their financial affairs.

### Social goals

1. To contribute towards the alleviation of poverty within the community
2. To contribute towards the economic regeneration of the community

The credit union is a democratically owned and controlled co-operative, run by and for its members on the basis of mutual self-help. Its primary objective is to encourage people to save for the future, as a way of avoiding the risks of excessive borrowing. At times when our members need to borrow, or when they are struggling to meet the high cost of existing borrowing, the credit union offers low cost 'Saver Loans' that reduce the cost of borrowing to manageable levels. We also provide guidance and support with budgeting and dealing with debt, and over time our members move from being borrowers to being savers.



*The credit union helped me to get my self esteem back after the illness and death of my wife. I lost my business, my car and savings.*



## Market Research- Social Impact

A few years ago three financial analysts from a leading City banking institution made an assessment of the social and financial impact of our lending business. They looked at all of our first time borrowers over the preceding three months, and analysed where they had previously been borrowing and at what cost. From this they were able to determine that for every £1 a member saves, and that we lend to clear existing debts, our members will save £1.25 each year in interests, bank charges and fees. During 2014-15 we issued loans to the value of £5,840,000 to our members. Based on this formula they are estimated to have saved over £7,301,000 in interest by transferring high cost debts to the credit union. Over the next 4 years we forecast a financial benefit to our members, and the wider community, in excess of £41million.



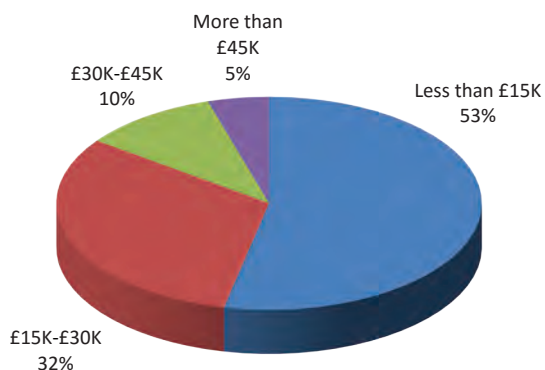
*This year my household finances have been quite difficult and I have not had income for part of the year (although I am back on a good wage now). The fact I had built up a good record allowed me to borrow a larger amount to tide me over in a dry spell.*



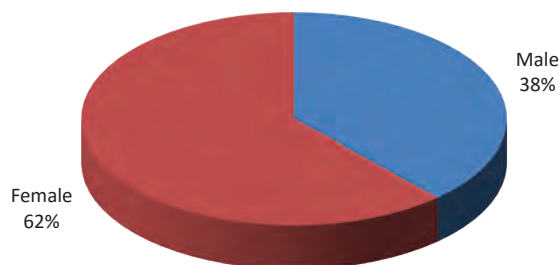
## Who Are Our Members?

We strive to design our services and products to meet the needs of all people, regardless of their background. That said, we continue to be of greatest help to those most often excluded from mainstream financial services. We conduct voluntary and anonymous surveys of our members when they join. Here is a snap shot of our membership at the end of the 2014-15 financial year.

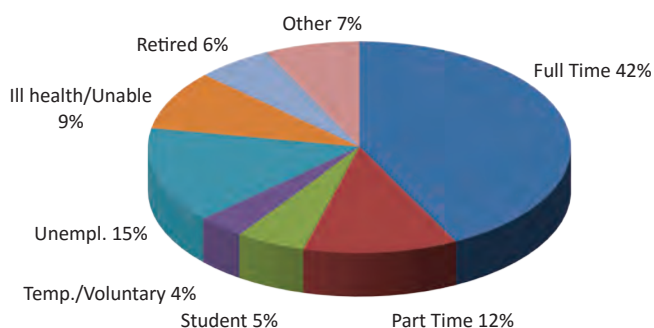
**Total Household Income**



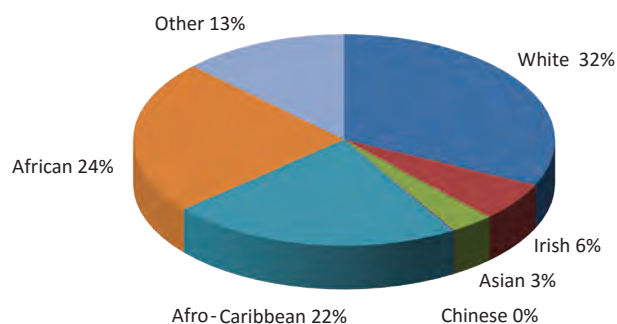
**Gender Composition**



**Employment Status**



**Ethnicity Composition**



*I have been a victim of bad credit. So it is difficult to get loans anywhere else. But I am very grateful for the help from the credit union.*



## Looking Forward

It is difficult to forecast future events, but the economy has barely started to show signs of growth. For the past six years the economic circumstances of ordinary working people has become more difficult as wages have generally lagged behind inflation. This makes it more difficult for people to save money and some of our members may struggle to repay their loans. Whilst this presents continuing challenges, we are confident of continuing to meeting business plan targets as more people look for ways of reducing the cost of borrowing and recognise the benefits of our supportive and flexible way of doing business.

Back in 2012 we began to accept corporate members, allowing community groups to make deposits with us. We now have over a twenty businesses, charities and community groups as corporate members and are planning to promote this as a way of increasing deposits to meet the needs of members and rising demand for loans in years to come. Businesses, charities or voluntary organisations can place sums on deposit with the credit union and this greatly assists us by providing additional capital to lend, displacing high interest loans and preventing problem debt in our communities.

## Directors' Attendance at Board Meetings Since the AGM to the end of Sept 2014

P = present  
P = present but not yet FCA Approved  
Ap = apologies for absence received  
Co = Co-opted  
Rs = Resigned  
Rm = Removed by Board  
LoA = Leave of Absence agreed by the Board  
Obs = Observing as prospective Board member

Director	23Oct	20Nov	11Dec	22Jan	26Feb	26Mar	23Apr	28May	25Jun	23Jul	27Aug	24Sep	Number of meetings attended
Mark Badcock	P	P	P	P	P	P	P	P	P	Ap	P	P	11
Helen Baron	P	P	P	P	P	P	P	P	P	P	P	P	12
Sharon Dyer	Ap	-	P	P	Ap	Ap	P	P	Ap	Ap	P	Ap	5
Kathleen Egan	P	Ap	P	P	P	Ap	P	Ap	P	P	P	Ap	8
Elaine Greaves	Co	P	P	P	P	P	P	P	P	P	P	P	11
Felix Hebblethwaite	Ap	Ap	Ap	P	-	Ap	P	P	Ap	P	P	Ap	5
John Hitchin	Ap	Ap	P	Ap	P	P	Ap	P	-	P	P	P	7
Don Kehoe	P	P	P	P	P	P	P	P	P	P	P	P	12
Katherine Wilkinson	P	Ap	P	Ap	P	Ap	P	Ap	Loa	LoA	LoA	LoA	4
James Darbyshire	Obs	Obs	Ap	Obs	Obs	P	P	P	P	P	P	Ap	
Lara Allen							Obs	Obs	Ap	Obs	Obs	Ap	
Jonathan Colclough											Obs	Obs	
TOTAL	5	4	8	7	7	5	8	7	5	6	8	5	

## Corporate Governance- Board of Directors

The Board is responsible for the strategic direction of the credit union and establishing policies and procedures for the operation of the business. It also holds management responsible for delivery of the business plan and maintenance of high quality service to members.

The board is fully comprised of unpaid members of the credit union who commit to volunteer on a regular basis. During the period Katherine Wilkinson stepped down due to other commitments. Efforts to recruit suitably qualified volunteers to the Board have continued. James Darbyshire was confirmed as a member of the board at our 2013-2014 AGM and we have had two prospective candidates as observers one of whom, Jonathan Colclough, has previously volunteered on our supervisory committee so already had experience of attending our board meetings.

We remain committed to ensure that anyone serving on the Board must be suitably qualified and be deemed to be 'fit and proper' as defined by the regulator. We welcome expressions of interest to join the board which should be made by contacting the President in the first instance. We will arrange for you to attend board meetings in a non-voting observer capacity so you can be sure you want to commit to being a regular volunteer with the credit union. The Chief Executive Officer also attends Board meetings in a non-voting capacity.

During the financial year 2014-15 the following directors held office following the AGM in February 2014:



## Loans Panel Report

The Board appoints a panel of members who are authorised to make decisions on loan applications. During the year the decision making process has become quicker and the resulting member satisfaction has led to a further dramatic increase in the number and value of loans issued. During the 2014-15 financial year an average 416 loans per month were issued (421 pcm 2013-14), totalling £5,843,000 (£5,150,000 2013-14). We are pleased to report that the average loan value has started to rise after many years of decline, and this is a welcome indicator of our ability to attract a range members from every socio-economic group. Too many small value loans increases our costs disproportionately and makes the business less sustainable.

The Loans Panel continues to balance the need to meet the demand for loans with the essential role of protecting our member's savings by minimising risk as far as is possible. The rate of bad debt provisioning rose slightly during the year, largely as a result of members losing jobs due to ongoing cuts in public services. Where this happens we will generally offer to freeze interest on the member's loans until they are able to find another job. Whilst this increases the cost of bad debt provisioning it helps the member at the time when they need that level of understanding, and this maintains member loyalty, trust and reduces long term losses.

## Report of Supervisory Committee

The committee's role is to act as an independent auditor of internal procedures to ensure that policies and procedures are properly applied. Since the previous AGM in 2014 the official committee members were Mr Desmond Smith, Ms Brenda Cossio, Mr Eugene McCrohan and Mr Jonathan Colclough. These Supervisors have carried out regular checks in the office and provided both written and verbal reports to every meeting of the board of directors. They focus checks with relation to the risk register, prioritising areas where risk is highest. No issues of major concern have been identified in the period.

One of the key roles of the Supervisory Committee is to ensure that the Board delivers compliance with regulatory requirements. It is noted that the credit union continues to maintain key ratios at levels well above those required by the Prudential Regulation Authority (PRA)

## Capital and Liquidity Ratios- 30th September 2015

	Actual	PRA Min. Requirement
Liquidity Ratio	46%	10%
Capital Ratio	15%	8%

## Remuneration

It should be noted that all Directors and Supervisors conduct their duties on a purely voluntary unpaid capacity with only 'out of pocket' expenses paid. They commit significant amounts of time and effort in behind the scenes work that ensures the success of the credit union.

The credit union is pleased to report that all of its staff continue to be paid at rates above the London Living Wage. This is an hourly rate, set independently, every year. It is calculated according to cost of living and gives the minimum pay rate required for a worker to provide their family with the essentials of life. In London the rate during the year in question was £9.15 per hour. The ratio between hourly rates of pay of the highest and lowest paid employee in 2014-15 remained static at 2.8.



*The credit union has helped me to pay for an essential train season ticket for travel to work, making my very expensive travel a little cheaper. Previously I had had to borrow from a high interest lender, but this was escalating out of control. The credit union has helped me to bring debts under control.*





## Thank You to Supporters

We wish to express our appreciation to those who have supported us during the year, particularly our members whose savings generate the lending capital and loan interest that pays the majority of our running costs. The continuing cross-party support of councillors, and officers at both Islington and Haringey Councils and their long term commitment to co-operative financial services in their boroughs allows us to plan continued expansion at the same rates we have experienced for the last seven years. We have received on-going support and joint working with these councils, the Church of England, and a number of housing associations and social housing providers, notably Barnet Homes, Newlon Housing Association, and City of London Housing. This support has been key to our ability to help many more families escape from debt and poverty during this period so we wish to put on record our appreciation.

We would again like to thank The Co-operative Group for providing us, and the majority of the UK credit union movement, with an excellent banking service at much reduced cost. Despite the banks well publicised difficulties, they remain committed to supporting the credit union movement and to their ethical policies. We have remained loyal to them as a result. They also provide us with a discount at food stores that keeps down the costs of office supplies such as tea, coffee and biscuits. A small but significant example of co-operation amongst co-operatives.

We wish to thank the ever growing number of employers who allow their staff to have credit union savings/loan repayments deducted directly from their salary. These schemes are crucial to encouraging ordinary working people to save rather than borrow, and in preventing debt problems in years to come.

Volunteers have, as ever, played a crucial part in running the organisation, from directors to office volunteers, and members who organise workplace presentations. Together with our small, dedicated staff team we have a true co-operative organisation based on mutual self-help. It is a tribute to all that we have achieved so much in the past 12 months and promise even more in years to come.



*The credit union helped me to pay off debts to payday loan companies and a deposit on a rented flat.*

*London Capital Credit Union has been a source of assistance financially instead of getting finance from loan sharks.*

*I save with London Capital Credit Union as I hope that my savings will help prevent people going to payday lenders.*

*I'd got in a bit of a mess with payday loans. The credit union provided a cheaper solution. I'll always be grateful to the staff at my local branch for helping me out of financial difficulties.*

*The savings help us out at the end of the month before we get paid so it stops us needing to borrow from payday lenders.*

*LCCU has helped me to plan my borrowing to help pay for things like Christmas and holidays, but I always know I won't be able to get out of my depth because I am building up savings as well as paying off my loan.*

*I was taking out payday loans as an only source of borrowing money due to my bad credit history, but the credit union has helped get me out of the cycle of extremely high interest payments.*



# LONDON CAPITAL CREDIT UNION LIMITED

Industrial & Provident Society Register Number 513C  
Financial Conduct Authority Register Number 214094

## FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2015

# LONDON CAPITAL CREDIT UNION LIMITED

## DRAFT REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2015

The Board present their annual report on the affairs of the Credit Union, together with the accounts and auditors' report for the year.

### Principal Activities

The principal activities of the Credit Union are those of a Credit Union, accepting deposits from and lending sums to its members, with the objects of promoting thrift amongst its members and providing credit for their benefit at a fair and reasonable rate of interest.

### Results of Operations and Dividends

The results for the year are as shown in the attached accounts, as are movements in the Credit Union's fixed assets.

### Board of Directors

#### The Board during the year were:

Mr Mark Badcock- Treasurer  
Ms Helen Baron- President  
Ms Sharon Dyer- Vice President  
Ms Kathleen Egan- Director  
Mr Felix Hebblethwaite- Director  
Mr John Hitchin- Director  
Mr Don Kehoe- Secretary  
Ms Elaine Greaves  
Ms Katherine Wilkinson (resigned September 2015)  
Mr James Darbyshire (elected March 2015)

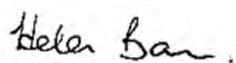
### Board of Director's Responsibilities

Legislation requires the Board to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the profit or loss for that period. In preparing those accounts, the committee are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The Board are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the credit union and to enable them to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. 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.

Signed on behalf of the Board of Directors



Helen Baron, Director

Date: 04.02.16



LONDON CAPITAL CREDIT UNION LIMITED  
REVENUE ACCOUNT  
FINANCIAL YEAR ENDED 30TH SEPTEMBER 2015

	Notes	£	2015 £	£	2014 £
<b>Income</b>					
Loan Interest		769,488		568,727	
Bank Interest Receivable		9,930		8,096	
Entrance Fees		7,498		11,780	
Bad Debts recovered		5,984		12,320	
Cuna Mutual Insurance and Other Income		2,574		4,862	
Grants		167,545		40,817	
Credit Union Expansion Project- Growth Payments		<u>37,842</u>		<u>79,055</u>	
			1,000,861		725,657
<b>Expenditure</b>					
Rent and Occupancy Costs		35,127		29,762	
ABCUL dues		8,196		7,788	
FCA & Data protection Fees		6,663		4,776	
Telephone		5,830		5,350	
Marketing expenses		69,019		30,358	
Administrative expenses		25,356		17,177	
Other Expenses		4,536		5,202	
Computer Maintenance		13,230		10,934	
Staff Training & Recruitment		8,143		4,245	
Audit		5,465		5,500	
Professional Fees		17,378		28,305	
Staff Expenses		7,676		3,555	
Salaries and NIC		358,669		262,227	
Volunteer expenses		10,996		11,278	
Insurance		281		275	
Fidelity Bond		2,984		2,809	
Bad Debts written off		25,629		72,620	
Debt recovery expenses		12,703		2,449	
Provision for doubtful debts		186,461		81,024	
Depreciation		15,262		11,518	
Bank charges		9,864		7,771	
Newlon Matched Savings		<u>7,860</u>		<u>-</u>	
			(837,328)		(604,923)
Net Profit before taxation			163,533		120,734
Taxation			(1,986)		(1,619)
Net Profit for the year after taxation			161,547		119,115
Dividend/Loan Interest rebate (2014)	3		(75,633)		(34,123)
			85,914		84,992
Transfer to Statutory Reserve	7b		(32,309)		(23,823)
			53,605		61,169
Transfer to other reserves	7a & 7b		<u>(53,605)</u>		<u>(61,169)</u>

All amounts relate to continuing activities.

None of the Credit Union's activities were acquired or discontinued during the above.

All recognised gains and losses are included in the Income and Expenditure Account.

LONDON CAPITAL CREDIT UNION LIMITED  
BALANCE SHEET  
AS AT 30TH SEPTEMBER 2015

	Notes	2015 £	£	2014 £	£
<b>Fixed Assets</b>	5		17,439		18,955
Loans to Members		7,240,275		5,816,828	
Less Provision for Doubtful Debts		<u>(426,561)</u>		<u>(240,100)</u>	
			6,813,714		5,576,728
<b>Current Assets</b>					
Debtors and Prepayments	6	49,953		173,141	
Cash at Bank & in Hand		<u>2,760,635</u>		<u>2,411,674</u>	
		2,810,588		2,584,815	
<b>Less Current Liabilities</b>					
Creditors	8	67,127		36,709	
Corporation Tax		<u>1,986</u>		<u>1,619</u>	
		69,113		38,328	
Net Current Assets			<u>2,741,475</u>		<u>2,546,487</u>
			<u>9,572,628</u>		<u>8,142,170</u>
Represented by:					
Share Capital			8,322,765		6,953,221
Subordinated Loan			750,000		775,000
Statutory reserve	7b		177,283		144,974
Other Reserves	7a & 7b		<u>322,580</u>		<u>268,975</u>
			<u>9,572,628</u>		<u>8,142,170</u>

These accounts were approved by the board of management and signed on its behalf by:

*Helen Baron*

Ms Helen Baron, President

*M. D. Badcock*

Mr Mark Badcock, Treasurer

*D. Kehoe*

Mr Don Kehoe, Secretary

04.02.16

Date

LONDON CAPITAL CREDIT UNION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FINANCIAL YEAR ENDED 30TH SEPTEMBER 2015

## 1. Accounting Policies

### Basis of Accounting

The Credit Union is registered under the Industrial and Provident Societies Act 1965. The financial statements have been prepared under the historical cost convention in accordance with the Co-operative and Community Benefits Societies Act 2014 and the Credit Unions Act 1979. Applicable accounting standards have been followed.

### Amount of Interest

Interest receivable from loans to members is accounted for on an accruals basis.  
All other interest is accounted for on a receipts basis.

### Turnover

Turnover represents the total membership fees, loan interest and investment income receivable.

### Tangible Fixed Assets and Depreciation

Depreciation has been provided on all fixed assets, on the straight-line bases at the following rates:-

Office Equipment	25% p a on cost
Computer Software	33% p a on cost

### Doubtful Debts Provisions

Provisions against doubtful debts are made in accordance with guidance issued by the Prudential Regulation Authority, after taking into account balances on members' share accounts.

### Comparative figures

Comparative figures are for the year ended 30th September 2014.

## 2. Operating Surplus

	2015 £	2014 £
This is stated after charging:		
Auditors' Remuneration	<u>6,050</u>	<u>5,500</u>

## 3. Dividend/Loan Interest Rebate (2014)

There was a 1.2% dividend and loan interest rebate declared at the AGM in 2015.

<u>75,633</u>	<u>34,123</u>
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## 4. Corporation Tax

Corporation Tax is chargeable at the current applicable rates on bank interest received.

<u>1,986</u>	<u>1,619</u>
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## 5. Fixed Assets

	Office Installation	Office Equipment	Computer Equipment	Total 2015	Total 2014
	£	£	£	£	£
<b>Cost</b>					
B/fwd 1/10/14	8,597	1	72,795	81,393	72,910
Additions	-	-	13,746	13,746	10,595
C/fwd 30/09/15	<u>8,597</u>	<u>1</u>	<u>86,541</u>	<u>95,139</u>	<u>83,505</u>
<b>Depreciation</b>					
B/fwd 1/10/14	8,000	-	54,438	62,438	53,032
Charge for the year	255	-	15,007	15,262	11,518
C/fwd 30/09/15	<u>8,255</u>	<u>-</u>	<u>69,445</u>	<u>77,700</u>	<u>64,550</u>
<b>Net Book Value</b>	<u>342</u>	<u>1</u>	<u>17,096</u>	<u>17,439</u>	<u>18,955</u>



LONDON CAPITAL CREDIT UNION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FINANCIAL YEAR ENDED 30TH SEPTEMBER 2015

	2015 £	2014 £
<b>6. Debtors &amp; Prepayments</b>		
Debtors & Prepayments	<u>49,953</u>	<u>173,141</u>

**7. Reserves**

<i>a) Designated Reserves</i>	IT Development Reserve £	Property Reserve £	Dividend Reserve £	Total £
Balance b/f 1.10.14	15,000	55,000	17,529	87,529
Transferred- Revenue Account	-	50,000	-	50,000
Balance C/fwd 30.09.15	<u>15,000</u>	<u>105,000</u>	<u>17,529</u>	<u>137,529</u>

*b) Other Reserves*

	General Reserve £	Statutory Reserve £	Total £
Balance b/f 1.10.14	181,446	139,100	320,546
Revenue Account	3,605	32,309	35,914
Transferred- Radiotaxies (London) Credit Union	-	5,874	5,874
Balance C/fwd 30.09.15	<u>185,051</u>	<u>177,283</u>	<u>362,334</u>

Provisions against doubtful debts are made in accordance with guidance issued by the Prudential Regulation Authority taking into account balances on members' share accounts.

<b>8. Creditors</b>	2015 £	2013 £
PAYE and NIC	7,444	6,900
Creditors & Accruals	<u>59,683</u>	<u>29,809</u>
	<u>67,127</u>	<u>36,709</u>

**9. Related Party Members**

All members of the Board of Management are members of the Credit Union. They receive no remuneration and participate in the activities of the Credit Union on the same terms as other members.

LONDON CAPITAL CREDIT UNION LIMITED  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH SEPTEMBER 2015

	Notes	£	2015 £	£	2014 £
<b>Net Cash Inflow</b>	1		508,932		193,480
<b>Returns on Investments</b>					
Dividend Paid		(75,633 )		(34,123 )	
Interest Received		<u>9,930</u>		<u>8,096</u>	
<b>Cash (Outflow) from Returns on Investments</b>			(65,703 )		(26,027 )
<b>Investing Activities</b>					
Purchase of Fixed Assets			(13,746 )		(10,595 )
<b>Taxation</b>					
Taxation Paid			(1,619 )		(1,012 )
<b>Net Cash Inflow before Financing</b>			<u>427,864</u>		<u>155,846</u>
<b>Financing</b>					
Subordinated Loan (Decrease)/Increase		(25,000 )		275,000	
(Increase) in Loans Granted		(1,423,447 )		(2,311,036 )	
Increase in Shares		<u>1,369,544</u>		<u>2,840,753</u>	
<b>Net Cash (Outflow)/inflow from Financing</b>			<u>(78,903 )</u>		<u>804,717</u>
<b>Increase in Cash at Bank and in Hand</b>			<u>348,961</u>		<u>960,563</u>

LONDON CAPITAL CREDIT UNION  
NOTES TO THE CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2015

**1. Reconciliation of surplus income before tax to net cash inflow**

	<b>2015</b>		<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Surplus before Tax	163,533		120,734
Add: Interest Received	(9,930 )	(8,096 )	
(Decrease)/Increase in Creditors	30,418	20,596	
Depreciation	15,262	11,518	
Decrease/(Increase) in Debtors	123,188	(91,891 )	
(Decrease)/Increase in Provision for Bad Debts	186,461	122,002	
Transferred from Radio Taxicabs CU Ltd	-	5,874	
Transferred from North West London CU Ltd	-	<u>12,743</u>	
	<u>345,399</u>		<u>72,746</u>
Net Cash Inflow	<u>508,932</u>		<u>193,480</u>

	As at 1.10.14 £	Cash Flows £	As at 30.09.15 £
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**2. Analysis of changes in net debt**

Cash at bank and in hand	2,411,674	348,961	2,760,635
Overdrafts	-	-	-
Total	<u>2,411,674</u>	<u>348,961</u>	<u>2,760,635</u>



## **LONDON CAPITAL CREDIT UNION LIMITED REPORT OF THE AUDITORS**

### **Independent Auditor's Report to the Members of London Capital Credit Union Ltd.**

We have audited the financial statements of London Capital Credit Union Limited for the year ended 30th September 2014 which comprise of the income and expenditure account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 1 the directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30th September 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and with the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979; and
- the information provided in the Directors' Report is consistent with the financial statements.

### **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 Acts 2014 require 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,
- a satisfactory system of control over transactions has not been maintained by the credit union in accordance with the requirements of the legislation,
- the revenue account or the other accounts (if any) to which our report relates, and the balance sheet are not in agreement with the books of account of the credit union.
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Appleby & Wood

Date: 3rd of December 2015

Statutory Auditors  
40 The Lock Building  
72 High Street  
London E15 2QB

# COOP Facts

Finnish co-operative groups within Pellervo were responsible for 74% of the meat products, 96% of dairy products; 50% of the egg production, 34% of forestry products and handled 34.2% of the total deposits in Finnish banks.

In Poland, dairy co-operatives are responsible for 75% of dairy production.

In Korea, agricultural co-operatives have a membership of over 2 million farmers (90% of all farmers), and an output of USD 11 billion. The Korean fishery co-operatives also report a market share of 71%.

In Japan, the agricultural co-operatives report outputs of USD 90 billion with 91% of all Japanese farmers in membership. In 2007 consumer co-operatives reported a total turnover of USD 34.048 billion with 5.9% of the food market share.  
Source: Co-op 2007 Facts & Figures, Japanese Consumers' Co-operative Union.

In India, over 239 million people are members of a co-operative.

In New Zealand, co-operatives are responsible for 95% of the dairy market and 95% of the export dairy market.  
Source: New Zealand Co-operative Association, 2007

## **London Capital Credit Union Ltd**

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Web: [www.credit-union.coop](http://www.credit-union.coop)

Secure Savings | Ethical Investments  
Low Cost Loans | Young Savers Accounts  
Profit Sharing Dividends

Authorised by the Prudential Regulation Authority and Regulated by  
the Financial Conduct Authority and the Prudential Regulation Authority  
Firm No. 214094 | Reg. No. 513c

Registered Address:  
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