

# Newsletter

Spring 2016



**London Mutual**  
Credit Union



## News update



### New branch opens on Walworth Road

Our new branch in Walworth Road was officially opened on 3rd March by Tom Watson MP, Deputy Leader of the Labour Party, and Councillors and Cabinet Members from Southwark Council, along with representatives from local churches and the Community Police, helped us to celebrate being able to welcome members old and new in a bright, modern, welcoming branch.

The new branch has plenty of space and is equipped with the latest technology, and will be able to cater for our members' changing needs long in to the future.

Walworth Road is a bustling high street, close to the famous 'Lane' market and the transport links at the Elephant & Castle, and the new branch is opposite MacDonalds.

Our branches at Denmark Hill and Pilgrimage Street have closed, but the staff from Denmark Hill have relocated to Walworth Road, so you can be sure of seeing familiar faces.



### Credit union services for the Armed Forces

We were very proud to have been chosen by the Ministry of Defence to provide credit union services for the armed forces and anyone receiving a pension from the MoD.

In October 2015 we launched the service to help Royal Navy, Army and Air Force personnel to save and pay off a loan from the credit union directly from their salary or pension.

Lance Sergeant Johnson Beharry VC was the first member to join London Mutual Credit Union through the scheme.



## Support in the community

We had a mass sign up of new members in our Brixton office in July when 150 membership forms were handed in by leaders from local faith and community groups. The event was organised by Lambeth Citizens, the local branch of community organising charity Citizens UK, and the Church Credit Champions Network.

If you want information and forms for your community group or church then please let us know and we'd be happy to send you materials to hand out – just call us or email [info@creditunion.co.uk](mailto:info@creditunion.co.uk)

If all our members could act as Credit Union Champions and tell family and friends about

the credit union, our numbers would increase overnight, and we'd be able to help many more people to access safe and affordable financial services. So start spreading the word .....



Citizens UK-100 new members

## Remember.....

### Debit card payments

You can use your debit card to make payments to your credit union account – for savings or to make an extra payment off your loan – remember, there are no penalties for paying a loan off early.

Just visit our website and click on card payments.



### CUOK! Payday Loan

Our payday loan has gone from strength to strength and was recently included in Which? Magazine as a best buy product.

Before you take a payday loan, talk to us about getting a longer term, more manageable loan – if you really have to take a payday loan, then apply on-line for the CUOK! payday loan from your credit union. It will save you pounds!



### Visit us on Facebook and Twitter

If you are on Facebook then please visit our page for all the latest news and don't forget to 'like' us!





## Member services

### Introducing our new banking system

Later this summer we will be introducing a new integrated credit union and current account system that will improve the services we can provide for our members.

This will mean some changes and we are working hard to make the transition as smooth as possible and we'll keep you informed every step of the way.

Some of the changes are:

- All existing members will be given a new membership number – this won't affect any standing orders or direct debits you have set up with us
- All existing Credit Union Current Account (CUCA) users will have a new account number and a sort code – we are working with a number of different organisations to make sure the switchover is as smooth as possible.
- All CUCA holders will receive a new MasterCard debit card – if you currently only have an ATM card you will automatically be upgraded to a debit card.

The benefits the new system will bring include features you've been asking for, such as:

- Live account balances – you can check your share or current account balance online, on your mobile, via text message or over the phone – you will receive the up-to-date live balance
- Same day transfers – all transfers you request either online or in branch will reach your account within 24 hours; this applies to transfers to your credit union account as well as to external bank accounts
- Various types of current account
- Teen current account – young people are important for the future of the Credit Union, that's why we will be offering a new current account specially designed for teenagers. We hope to help our young members to learn how to manage their finances from an early age and achieve financial independence.
- We will be able to offer contactless debit cards and an overdraft facility to some of our members, subject to our Terms and Conditions.
- Improved online and mobile services – our online and mobile services will be faster, enabling you to make same-day transfers; and more secure – with an added level of security through a set of online passwords and security data.

We know that these changes might seem a little daunting at first glance, but we will work very hard to ensure there is no disruption in our services and our members don't experience any difficulties during this process. We have dedicated a special section on our website to provide you with all the updates on the development and implementation of the new banking system.

It is called **NEW BANKING SYSTEM UPDATES** and you can find it in the **NEWS** section of our website [www.creditunion.co.uk](http://www.creditunion.co.uk). Please make sure you visit it regularly to find all the new information that may affect you. We will also send a series of letters and emails to inform you of the updates and upcoming changes in regards to the new system.

## Keep us informed

So that we can serve you better, please make sure you keep us informed of any changes we should know about, such as you've moved, changed your mobile number (the text balance service won't work without your current mobile number), changed your email, got married and changed your name (we may ask for documents to verify change of address or name).

You can let us know by leaving a message on our on-line system, email us at [info@creditunion.co.uk](mailto:info@creditunion.co.uk) or when you're in a branch. And why not check that your beneficiary details are up to date – your beneficiary is the person who you nominate to receive any savings in your credit union account in the event of your death.

## Southwark Smart Savers

Southwark Council are continuing their successful campaign to get 11 year olds in Southwark to start saving by giving them a £10 voucher to open a London Mutual Credit Union account.

All Year 6 pupils will be receiving a voucher – make sure you use the voucher, as this is a great way to encourage youngsters to save. Southwark Smart Savers will give them a sound financial base by teaching them about money matters, budgeting, savings and handling cash.

Just come to any branch with the voucher, a birth certificate or passport for your child, and proof of your ID and address to open an account. If your child is already smart and has a credit union account they

will be able to deposit the voucher to that account.

Take advantage of this great offer from Southwark Council to start teaching your child good financial habits that will last them a life time.

For more details visit [southwarksmartsavers@southwark.gov.uk](mailto:southwarksmartsavers@southwark.gov.uk)





## Money matters

### What happens to your savings when you have a loan

Members often ask why they can't withdraw their savings while they have a loan that is more than the amount in their savings. London Mutual is a not for profit savings and loans co-operative that exists solely for the benefit of its members. That means that there are no outside shareholders or investors and our members own the credit union. The amount you have saved is taken in to account when approving your loan and the savings are held as security against the loan until it is repaid.

Also, we use members' savings to make loans to other members, so if we don't have savings we can't make loans – it's as simple as that!

That's why we encourage you to save while you're repaying a loan, so that we can keep building the available funds, and it means you have a nice lump sum when you've cleared your loan.

### Dormant accounts

We have a high number of dormant accounts (accounts with no activity for at least 12 months, though in many cases accounts have been dormant for much longer) and these accounts are costly to maintain. We have sent letters encouraging the members to activate their accounts, but many still remain dormant.

At the AGM on 12th February it was agreed that we can charge an annual administration fee of £5.00 to help cover costs.

Members with dormant accounts will be informed in writing that a £5 dormant account fee will be applied and will be given 6 weeks to activate or close their account and withdraw the money.

The fee will only be charged on members' accounts where the total share balance is £100 or less. This does not apply to Cash ISA accounts.

### Dividend

At the AGM on 12th February 2015 a dividend for the financial year 1st October 2014 to 30th September 2015 of 0.5% was approved and this has been credited to members' accounts. This compares favourably with the high street banks at the moment.

Please note that the dividend is paid gross and no tax has been deducted. As always, it is your obligation to declare all your earnings to the HMRC, including the dividend received, and pay the correct tax. London Mutual Credit Union is required to report to HMRC dividends in excess of £250 paid into your credit union account.

### Junior Account and Child Trust Fund Dividend

We have paid a 3% dividend on our Junior Accounts and Child Trust Fund Accounts this year, so this is a good time to open savings accounts for your young family.

The dividend can vary from year to year, depending on the profit of the credit union, but we pay the best possible dividend for our young members to encourage them to save and see their money grow.

### ISA

We are not opening any new ISA accounts this year, but if you have an existing ISA with the credit union, you can deposit up to **£15,240 for 2016/2017** and the new ISA interest rate will be 0.75%AER.

#### Important information about compensation arrangements

We are covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation to depositors if a credit union is unable to meet its financial obligations. Most depositors – including most individuals and small businesses – are covered by the scheme. In respect of deposits, an eligible depositor is entitled to claim up to £75,000. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed would be £75,000 each (making a total of £150,000). The £75,000 limit relates to the combined amount in all the eligible depositor's accounts with the credit union, including their share of any joint account, and not to each separate account. For further information about the scheme (including the accounts covered and eligibility to claim) please ask at your local branch, refer to the FSCS website <http://www.fscs.org.uk/> or call 0800 678 1100.



# Auditor's Report

## London Mutual Credit Union Limited Report of the Board of Directors for the 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 Management

The Board during the year were:

Heather Crawford	Chris Gonde
Roy McLeod	Karen Michael
Abu Barkatoolah	Mufu Durowoju
Ann Brewster	

### Board of Management'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.

### Auditors

The auditors, Messrs Appleby & Wood, have indicated their willingness to accept re-appointment under the provisions of the Co-operative and Community Benefit Societies Acts 2014 and the Credit Unions Act 1979.

*Signed on behalf of the Board of Management*

**Heather Crawford**  
Director  
22nd January 2016

## Revenue Account For The Year Ended 30th September 2015

	Note	2015		2014	
		£	£	£	£
<b>Income</b>					
Entrance Fees			4,851		6,140
Interest from Loans to Members	1 (b)		2,364,981		1,959,942
Deposit and Current Account Interest	1 (b)		35,049		30,461
Rental Income			10,800		-
Sundry Income - Commission			2,775		9,634
Grants and Donations Receivable	1 (c)		70,367		116,948
Written off Debts Recovered			27,691		7,633
CUCA Fees			432,361		407,039
Members Shares Forfeited			38,370		-
Transferred from Growth Fund			-		97,572
			<b>2,987,245</b>		<b>2,576,516</b>
<b>Less Expenses</b>					
Occupancy Costs		119,995		139,285	
Stationery and Post		69,641		81,017	
Administration Salaries and NIC		1,142,011		984,964	
External Audit and Accountancy		13,200		12,000	
Bank Charges and Interest		29,334		-	
Data Processing Charges and Software		68,384		31,796	
General Expenses		42,635		42,034	
Provision for Bad Debts		276,188		311,921	
Depreciation		149,837		147,939	
Telephone		21,795		20,922	
Insurance - Fidelity Bond		8,035		5,606	
Debt Recovery/Legal and Professional/Internal Audit		71,863		54,640	
Marketing, promotion and development		29,250		61,014	
Directors' Expenses and Honoraria		28,718		37,476	
ABCUL Dues		25,102		22,768	
FCA Fees		3,865		2,465	
CUCA Fees Payable		429,643		406,184	
Junior Savers Interest Payable		-		16,573	
ISA Interest Payable		64,097		62,989	
FSCS Fees		10,440		9,260	
Training		19,740		7,016	
			<b>2,623,773</b>		<b>2,457,869</b>
Surplus for the year before taxation			363,472		118,647
Corporation Tax	1 (e)		(9,170 )		(6,092 )
Surplus for the year before distribution			354,302		112,555
Transfer from/(to) General Reserve-Statutory			-		-
Unappropriated Surplus			354,302		112,555
Dividend Paid 2014			(51,691 )		(89,573 )
Transfer from/(to) Voluntary Reserve			(302,611 )		(22,982 )

All amounts relate to continuing operations.

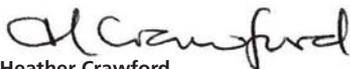
The retained surplus for the year was the only recognised gain or loss in the year.

## Balance Sheet as at 30th September 2015

	Note	2015		2014	
		£	£	£	£
<b>Fixed Assets</b>	5		2,251,709		2,368,464
Loans Due from Members		12,390,715		11,992,409	
Less Provision for Bad Debts		(1,538,846)		(1,262,658)	
			<b>10,851,869</b>		<b>10,729,751</b>
<b>Current Assets</b>					
Prepayments and Debtors		55,939		57,121	
Current & Deposit Account		10,473,561		7,964,517	
Cash in Hand		110,810		137,882	
		<b>10,640,310</b>		<b>8,159,520</b>	
<b>Current Liabilities - due within one year</b>					
Provision for ISA Interest		28,632		34,946	
Provision for Juvenile Savers Interest		-		16,573	
Sundry Creditors	9	2,487,975		2,259,581	
Corporation Tax		9,170		6,092	
PAYE and NIC		-		-	
		<b>2,525,777</b>		<b>2,317,192</b>	
<b>Net Current Assets</b>			8,114,533		5,842,328
			<b>21,218,111</b>		<b>18,940,543</b>
Represented by:					
ISA			3,773,580		3,565,431
Child Trust Fund			79,613		74,721
Share Capital			13,956,961		12,161,268
Grants			383,584		417,361
General Reserves	4		3,024,373		2,721,762
			<b>21,218,111</b>		<b>18,940,543</b>



**Louis R McLeod**  
Director



**Heather Crawford**  
Director



**Abu Barkatoolah**  
Secretary

22nd January 2016

# Notes to the Financial Statements for the year ended 30th September 2015

## 1. Accounting Policies

### a) Accounting Policies

The financial statements have been prepared under the historical cost convention.

### b) Interest

Bank interest is accounted for when receivable. Loan interest is accounted for, when received. Mortgage interest, ISA interest and Junior Savers interest are accounted for when payable.

### c) Grants

Grants and donations are accounted for when receivable.

### d) CUCA Fees

Transaction fees from the CUCA (Credit Union Current Account) are accounted for when received as they are credited directly into London Mutual Credit Union Ltd's bank account by the Co-operative Bank Plc.

### e) Corporation Tax

The provision of UK Corporation Tax is based on bank deposit account interest receivable for the period at the relevant rates.

### f) Dividends

Dividends will be accounted for in the year in which the members agree them at the AGM.

### g) Comparative Figures

The comparative figures are for the year ended 30th September 2014.

### h) Fixed Assets

1) (1) Depreciation has been provided on fixed assets at rates considered sufficient to write them off over their useful lives:

Computer equipment	17.5% per year on cost
Fixtures and Fittings	10% per year on cost
Building & Refurbishment	2% per year on the revalued amounts
Banking Project & Pay Day Loan Project	10% per year on cost (see (2) and (3) below)
Leasehold Property	10% per year on cost

- (2) ABCUL Banking Services project  
This was developed through ABCUL. London Mutual Credit Union Ltd was one of nine credit unions who each contributed the same amount towards setting up a bank current account for people who previously could not get a current account. As new credit unions join the Project, they will each make a contribution : part of which will be paid to London Mutual Credit Union Ltd. Grants of £85,614 have been received towards this cost. As it is expected that these costs will be recouped within ten years, they and the related grants are being written off over ten years.
- (3) Grants for capital expenditure  
Other grants for fixtures and fittings and the Pay Day Loan Project are being written off over the same period as the related expenditure ie 10 years.

## 2. Statement of Total Recognised Gains and Losses

The retained surplus for the year was the only recognised gain or loss in the year.

## 3. Historical Cost Profit and Loss

All assets are stated in the financial statements at historical cost.

## 4. Reserves

	Growth Fund	General Reserve		Total
		Voluntary	Statutory	
	£	£	£	£
Balance at 1st October 2014	1,394,698	646,936	680,128	2,721,762
From Revenue Account for the year	-	302,611	-	302,611
Growth Fund debts provision	-	-	-	-
Balance at 30th September 2015	1,394,698	949,547	680,128	3,024,373

## 5. Fixed Assets

	Leasehold Property	Computer & Equipment	Fixtures & Fittings	Freehold Premises	Banking & Pay Day Loan Project	Total
Cost	£	£	£	£	£	£
b/forward 1.10.14	113,649	383,433	392,382	2,123,521	213,508	3,226,493
Additions (Contribution)	-	30,801	2,280	-	-	33,081
Balance c/forward 30.9.15	113,649	414,234	394,662	2,123,521	213,508	3,259,574
<b>Depreciation:</b>						
Depreciation b/forward 1.10.14	71,133	275,493	206,922	179,085	125,396	858,029
Depreciation for the year	10,619	37,939	37,457	42,470	21,351	149,836
Balance c/forward 30.9.15	81,752	313,432	244,379	221,555	146,747	1,007,865
Net Book Value 2015	31,897	100,802	150,283	1,901,966	66,761	2,251,709
Net Book Value 2014	42,516	107,940	185,460	1,944,436	88,112	2,368,464

## 6. Growth Fund

	2015	2014
	£	£
Balance b/f	-	-
Received - grants	-	-
transfer to Reserves (note 4)	-	-
Less bad debts written off	-	-
transfer to General Revenue (as agreed by DWP)	-	-
	-	-

With the ending of the Growth Fund contract on 30th April 2012, the Fund balance has been transferred to Reserves but still shown separately as recommended by the DWP.

## 7. Related Party Transactions

Loans are issued to directors on the same terms as those on offer to other members. In addition, expenses and honorarium amounting to £28,718 were paid to directors during the year.

## 8. Capital Commitments

	2015	2014
	£	£
Capital expenditure contracted for, unpaid at the end of the year and not provided for in the financial statements.	-	-
Capital Expenditure authorised by the Board, but not yet contracted for	-	-

## 9. Creditors and Accrued Charges

	2015	2014
	£	£
CUCA bank balance	2,458,895	2,207,878
Other creditors and accruals	29,080	51,703
	<b>2,487,975</b>	<b>2,259,581</b>

## 10. Operating lease commitments for land and buildings

The annual total commitments are as follows:-		
leases expiring after 5 years	62,200	62,200



## Stop Press

### Southwark Smart Savers

Don't forget to bring your child's Southwark Smart Savers voucher to your nearest branch to set them on the right road for saving for the future.

We are looking forward to welcoming a new generation of Smart Savers!

For more details visit [southwarksmartsavers@southwark.gov.uk](mailto:southwarksmartsavers@southwark.gov.uk)



### New Branch

We hope to see you in the new branch at 177 Walworth Road – don't forget, the branches at Denmark Hill and Pilgrimage Street have now closed.



## London Mutual Credit Union Limited

### General enquiries:

Telephone: 020 7787 0770  
Fax: 020 7277 8755  
Email: [info@creditunion.co.uk](mailto:info@creditunion.co.uk)  
Website: [creditunion.co.uk](http://creditunion.co.uk)

### Branches and opening hours:

4 Heaton Road  
Peckham,  
London SE15 3TH

177 Walworth Road  
Elephant & Castle  
London SE17 1RW

10 Acre Lane  
Brixton  
Lambeth  
London SW2 5SG

347 Royal College Street  
Camden Town  
London NW1 9QS

### Opening hours are:

Monday to Friday -9.30am to 4.30pm

London Mutual Credit Union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (FRN 213248)