

ANNUAL REPORT

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NOTICE OF 3RD ANNUAL GENERAL MEETING

NOTICE

Notice is hereby given that the Third (3rd) Annual General Meeting of Tower Hamlets Community Credit Union Limited will be held at the London Borough of Tower Hamlets, Bethnal Green Area Housing Office: 255-279 Cambridge Heath Road, London, E2 0HQ on August 21, 2003.

Registration and refreshment begins from 5:30 p.m. and the A.G.M. begins promptly at 6:00 p.m.

AGENDA

6.00 p.m.

- 1 Reading of notice convening the 3rd A.G.M.
- 2 Credential (Quorum) Report
- 3 Adoption of Standing Orders
- 4 Minutes of the 2nd Annual General Meeting
- 5 Matters Arising
- 6 Reports
- 7 Board of Directors
- 8 Credit Committee
- 9 Supervisory Committee
- 10 Auditor/Financial Statements
- 11 Keynote Address
- 12 Nominating Committee Report
- 13 Election of Officers
- 14 Resolutions
- 15 Appointment of Auditors
- 16 Adjournment

STANDING ORDERS

1. (a) A Member shall address all comments through the Chair.
(b) Speeches are to be clear and relevant to the subject before the Meeting.
2. A Member shall only address the Meeting when called upon by the Chair to do so.
4. A Member may not speak twice on the same subject except he/she:-
 - (a) Is the Mover of a motion who has the right of reply.
 - (b) Wishes to object or to explain (with permission of the Chair).
5. The Mover of a "Procedural Motion" (Adjournment, Lay on the Table, Motion to postpone) shall have no right of reply.
6. No speeches are to be made after the "Question" has been put and carried or negated.
7. A Member speaking on a "Point of Order" is to state the point clearly and concisely.(A "Point of Order" must have relevance to the "Standing Order".)
8. (a) A Member shall not "Call another Member to order" but may draw the attention of the Chair to a "Breach of Order".
(b) In no event can a Member call the Chair to Order.
9. A question shall not be put to the vote if a Member desires to speak on it or move an amendment to it, except that a "Procedural Motion: The Previous Question" "Proceed to the Next Business" or the Closure: "That the Question be now Put" may be moved at any time.
10. Only one amendment should be before the meeting at one and the same time.
11. When a motion is withdrawn, any amendment to it fails
12. The Chair shall have the right to a "Casting Vote".
13. If there is equality of voting on an amendment and if the Chair does not exercise his Casting Vote, the amendment is lost.
14. Provision is to be made for protection of the Chair from vilification
15. No Member shall impute improper motives against another Member

MINUTES OF THE 2ND ANNUAL GENERAL MEETING

Wednesday 27th June, 2002, at the London Borough of Tower Hamlets, Bethnal Green Area Housing Office, 255-279 Cambridge Heath Road, London, E2 0HQ.

COMMENCEMENT

The proceeding commenced at 18.45 pm

NOTICE OF THE 2ND ANNUAL GENERAL MEETING

The Chair, The Chair, read the Official Notice and the Agenda of the 2nd Annual General Meeting.

CREDENTIAL REPORT

Credential Report revealed that there were 27 persons present as follows:

Members 23
Guests 4

WELCOME

The Vice President, Ms Camilla Shittu welcomed the attendees on behalf of the Board and the Committees. The Vice President took the opportunity to urge members to recruit new people since members are The Credit Union assets.

STANDING ORDERS

The Standing Orders were unanimously adopted on a motion moved by the Chair and seconded by Mr Anthony Collins. There were no objections.

MINUTES OF THE 1ST ANNUAL GENERAL MEETING

No corrections were required.

The Minutes of the 1st AGM were unanimously adopted on a motion moved by the Chair and seconded by Pamela Murphy. There were no objections.

MATTERS ARISING

There were no matters arising from last year's AGM.

REPORTS

Board of Directors report – Sept 30th 2001

The Chair described the year as challenging. It has been a learning experience for the Credit Union and its Board. The Chair re-emphasised the importance of using word of mouth to recruit more members. Finally he invited members to read the report and make any relevant observations.

Alexander Heslop stated he was pleased that the Credit Union had won an award for the fastest growing Credit Union and he asked what was the actual number of members.

The Credit Union Manager confirmed that the total number of members up to the 27/06/2002 was 1,230.

The board was asked if there were any differences based on age and health conditions of members that apply to the Credit Union insurance.

The Chair confirmed that the free Life Insurance on the share account is offered only up to the age of 65 years. There are no terms and conditions associated to the health status. Members were advised to speak to the Credit Union Manager in case they needed further information.

Enid Robinson asked for clarifications on the sentence: "The status of the Roman Road Branch is in the process of being resolved...".

The Chair explained that a local housing association was planning to buy the building.

There were no further questions or observations

CREDIT COMMITTEE REPORT

Lascel Ellis presented the report.

Pamela Murphy asked to clarify the HSBC bank involvement with the Credit Union. The Chair explained that HSBC helped the Credit Union to set up and validate its own money laundering policy. The HSBC experience on the matter was very useful.

David Campbell observed that the Paypoint Cards are difficult to read. A colour badge could be better.

Enid Robinson asked how many loans had been refused. The Chair replied that unfortunately he didn't have the figure at that moment.

Anne Smith was interested in knowing if the two branches were operating using the same information. The Chair assured her that the terminals at both branches were accessing information from the same database. There have been some issues with the network connectivity, but they have been resolved.

Anthony Collins asked what has been the main reason for people being turned down for a loan? Lascel Ellis replied that the main reason could be found in the statutory limitations associated with the amount of funds available in the account of the applicants.

David Campbell asked if the Credit Union had a Web presence. He suggested that it would have been a good way to recruit new members.

Colin Eddy replied that the Credit Union had a static Web page. A more widespread Internet presence was already included in the marketing plan as a future development.

Ismail Malik asked if there was a sub committee dedicated to make banking easier. For example debit cards would help people to have easier access to liquidity. The Chair suggested that the marketing committee of the new Board should take this into consideration.

David Campbell required clarification regarding the type of problems encountered with the computer system. Stefano Rizzetto explained that they were due to the service failure of the ADSL connection at the Roman Road branch. An ADSL access at both branches is used to provide Virtual Private Network connectivity with a central database.

Ismail Malik was interested in knowing if the Credit Union had a defined approach for affinity marketing. He also asked what type of investments the Credit Union was making?

The Chair clarified that the Credit Union was welcoming any opportunity to generate revenues and that the Board of Directors was carefully analysing the affinity programmes proposed to the Credit Union. There are Statutory limitations on type of investments. The main source of revenues for a Credit Union is the interest from members' loans.

SUPERVISORY REPORT

Eartha Eloi presented the supervisory committee report.

Anthony Collins asked what Eartha Eloi meant when she stated that people needed to improve their saving pattern.

Eartha Eloi replied that some members have not saved since they opened the account. "Having one pound in the account doesn't benefit anyone".

Pamela Murphy asked what exactly was the role of the Supervisory Committee. The Chair explained that the Board of Directors is responsible for the general business, the Credit Committee looks after loans and the Supervisory Committee checks that regulations and procedures are properly followed. It audits the Board and checks its compliance.

David Campbell suggested that the Supervisory Committee should be comprised of auditors. The Chair replied that the presence of auditors would have been preferable, but it was not required.

Pamela Murphy stated that his impression was that the Supervisory Committee was checking only compliance with regulation and that professional knowledge was not required.

AUDITOR REPORT

Samuel Asante read a summary of the report.

Pamela Murphy asked if Samuel Asante was the accountant and the auditor of the Credit Union. Samuel Asante replied he was an independent external auditor. He was not involved with the day-to-day operations.

Francis Charles asked Samuel Asante who was the accountant. Samuel Asante replied that the accountancy is done by the manager.

David Campbell asked if there was an appointed accountant. The Chair replied that there wasn't one.

David Campbell enquired if there was a committee for advertisement. The Chair replied that this was a sub committee of the Board of Directors.

Enid Robinson asked what was the Credit Union policy on recovering bad debts and what was the notice period before pursuing them. The Chair stated that the process involves several steps. In addition the Financial Service Authority requires that the Credit Union to make adequate provision for bad debt.

Anne Smith asked if the Credit Union was subsidised. The Chair confirmed that it was subsidised. However the goal was to become self-sufficient in due course.

David Campbell asked whether the Credit Union is liable to income tax? The Chair replied that any return from investments, which is not interest from loans, is liable to tax.

Pamela Murphy asked if the Credit Union was losing money. Samuel Asante replied that it was in profit.

Pamela Murphy asked for more information on grants received. The Chair explained that the Credit Union had received grants from Tower Hamlets and from Housing Associations.

Pamela Murphy asked if without the grants the Credit Union would have made a loss. The Chair confirmed that it would, but this was acceptable for a new operation.

The Chair proposed that the meeting approved the report of accounts.

The motion was seconded by David Campbell.

The motion was carried.

GREETINGS

Victoria Raffe' – Financial Services Authority (FSA)
Victoria Raffe' gave a talk outlining the new role of the FSA in regulating Credit Unions. She also responded to questions from the floor.

Brian Myeroff – Cuna Mutual
Brian Myeroff gave a presentation on "Members' Financial Services", a range of five insurance products that would be offered through the Credit Union. The range includes: Home, Life, Health, Holiday and Motor cover.

On request of some members the Chair asked that the promotional video for such products be shown after the AGM.

ELECTION OF OFFICERS

Barry Epstein was invited to conduct the elections and serve as Returning Officer.

ELECTION OF BOARD OF DIRECTORS

Additional nominees for the Board from the floor:

- 1) Ismail Malik. Nominated by Stefano Rizzetto. Seconded by Pamela Murphy.

- 2) Steven Warren. Nominated by Frederique Guillon. Seconded by David Campbell.

Volunteers to collect votes:

- 1) David Campbell
- 2) Pamela Murphy

ELECTION OF THE SUPERVISORY COMMITTEE

Additional nominees for the Supervisory Committee from the floor:

- 1) David Campbell. Nominated by Steven Warren. Seconded by Alexander Heslop
- 2) Joaquin Sommerschild. Self nominated. Seconded by Ismail Malik.

Since David Campbell was a nominee, he had to be replaced by Francis Charles for the counting of the votes.

ELECTION OF THE CREDIT COMMITTEE

- No further volunteers from the floor
- The Chair proposed to confirm the available nominees of the Credit Committee as elected.
- Camilla Shittu seconded.
- The motion was carried.

RECOMMENDATIONS & RESOLUTIONS

Dividends

- Anthony Collins proposed a motion to accept the Board recommendation on dividends.
- The motion was seconded by Alexander Heslop.
- The motion was carried.

Auditors

David Campbell proposed to reconfirm the auditors. Anthony Collins seconded.

GENERAL BUSINESS

A member who attended the opening of the branch office in Bethnal Green voiced concerns that the use of specific religious material might offend some members. He would like the Credit Union to take this into consideration when planning future events.

RESULT OF ELECTIONS

Board

- Alexander Heslop
- Anne Josephine Smith
- Camilla Shittu
- Devon Shaw
- Diana Collins
- Enid Robinson
- Ian Moseley
- Sam Hynes
- Steven Warren
- Peter Rivers
- Stefano Rizzetto
- Victoria Adophy

Supervisory

- Anthony Collins
- Eartha Eloi
- Sarah Duvigneau

Credit Committee

- Cherie Forster
- James Quartey
- Lascel Ellis
- Nick Chikwe

GENERAL BUSINESS

Responding to questions from the floor, Ms Victoria Raffe' highlighted the following points:

- Most Credit Unions receive funding. The FSA does not like funding for long period and it requires a business plan showing how the Credit Union intends to reach self-sufficiency. The FSA monitors the Business Plan.
- The Credit Union reserve is a cushion of financial support in case of bad debt. A Credit Union should put away a minimum of 20% a year, until they reach 10% of the gross assets.
- The FSA and the Credit Union Association are continuously negotiating the fees. The FSA is not paid by the taxpayer.

A motion to destroy all ballots was unanimously agreed. AGM finished at 21:12

BOARD OF DIRECTORS REPORT: SEPTEMBER 30TH 2002

Tower Hamlets Community Credit Union is now well established and has 1,454 members with over half a million pounds in share savings as of September 30, 2002.

We have been represented at a number of events and the manager and members of the board have given speeches at several of them.

Last year we referred to the PEARLS reporting and monitoring package. Unfortunately, due to the rapid growth of THCCU and some problems with staff shortages we have not yet been able to implement this package, but expect to do so in the near future.

The Paypoint initiative has proved successful in allowing members to participate even where they do not have immediate access to our offices. This facility now brings

in payments of 400 per week.

We continue to offer the "Members" range of insurance products, provided via an arrangement between CUNA Mutual (the Credit Union movement's own insurance body) and Norwich Union. A number of members have taken up insurance under that scheme, thereby benefiting both themselves and the Credit Union.

As members will be aware, the Financial Services Authority is now the controlling body for the Credit Union movement in Britain. They have introduced a number of regulations intended to protect both the movement as a whole and individual members. We are currently reviewing our manuals in order to ensure that we comply with the latest requirements.

We continue to look for opportunities to expand our service and we are currently in discussion with Abbey National, LBTH and funding bodies about the possibility of using the former Abbey National building in Vesey Path, near Chrisp Street Market. The use of this building will be contingent on obtaining sufficient funding to staff the premises, particularly as we have unexpected expenses following the Council's decision that we are liable to pay business rates on our premises.

With regard to the payment of business rates we have made representations to officials from the Treasury Department and we understand that the Government is considering making changes to the definition of charitable status, which may resolve the matter.

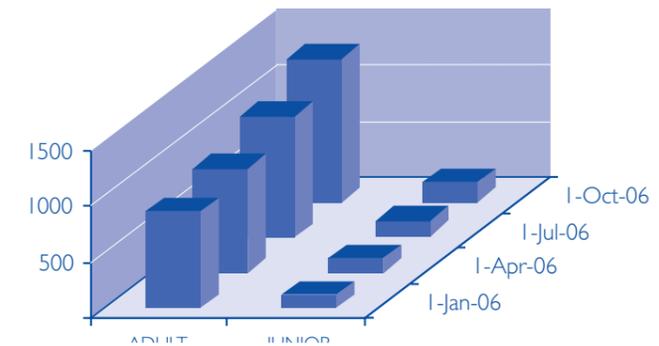
We have recently been asked to assist our neighbour, Hackney South Credit Union and are in the process of providing training to their staff at our premises and will be providing them with management services on a fee-charging basis, pending the formation of a Borough-wide Credit Union in Hackney.

The building at 570 Roman Road has now been bought by Tower Hamlets Housing Action Trust who are refurbishing the premises. The Credit Union will continue to operate from this address on a reduced rent basis, however the refurbishment unfortunately did require closure of the branch for six weeks. We apologise in for any inconvenience caused to members.

Although our membership continues to grow, we would obviously like to see it increase even more. This is your Credit Union, so please help publicise it by telling your friends, workmates and colleagues. Please contact the office if you wish to help in any way.

As members will know, the economy as a whole is depressed, and as such the Board is recommending that members vote for a maximum dividend of 1.5% on share accounts and 2% on junior accounts. Members should be aware that the Board was not unanimous in this decision and that there was a minority recommendation to pay no dividend.

Membership. Year End 30/09/2002



GRAPH 2

GRAPH 3



CREDIT COMMITTEE REPORT SEPTEMBER 30TH 2002

Structure of the committee

The following persons were elected at the 2nd Annual General Meeting on Thursday 27th June 2002.

Committee Members

Ms Cherie Foster
Mr James Quartey
Mr Lascel Ellis
Ms Sarah England-Steel
Mr Nick Chikwe

Mr Steven Warren was delegated by the Board of Directors onto the committee and due to poor health he resigned. Ms Ann Josephine Smith was delegated to replace him. Ms Sarah England-Steel resigned from the committee, because she was employed by the Credit Union.

It is worthwhile mentioning that both the delegates are very experienced and hardworking. We had very good working relation. We sincerely thank them for their contribution, which has helped for higher working practices of the committee.

WORKING PRACTICES

We conducted our duties in accordance with the standard rules and regulations of the Credit Union with diligence. There must always be a quorum of three at a meeting before loans can be discussed.

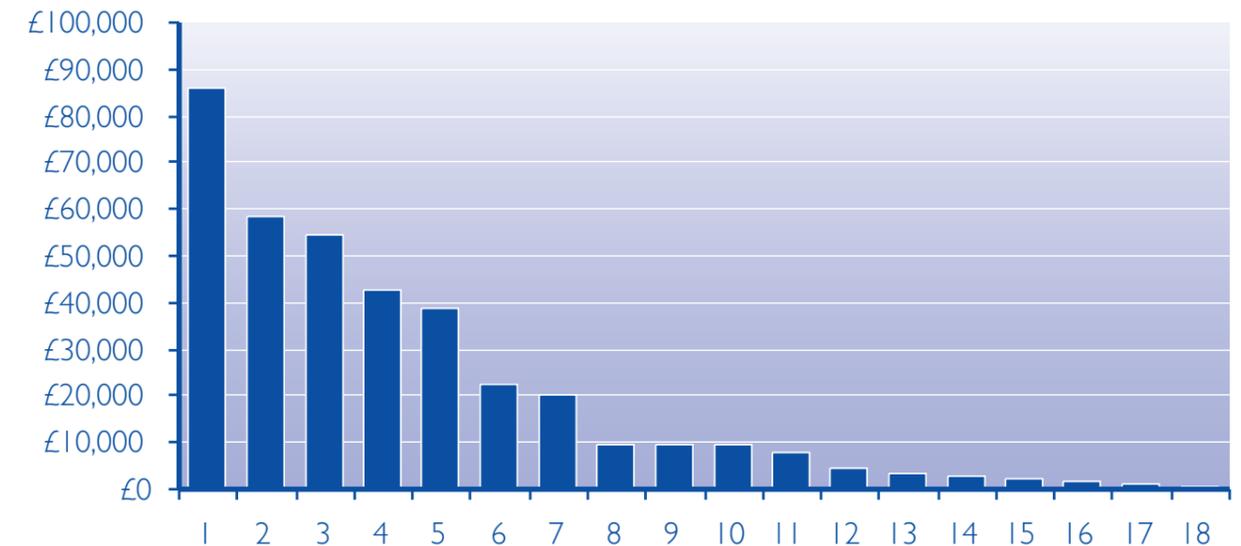
All members present must agree unanimously, before a loan is approved. All documents in relation to the application of a loan is thoroughly scrutinised by all members present.

During the period under review, the committee invited only one customer for interview. We are pleased to mention that he highly prized the committee for their professionalism.

Analysis of the loans granted up to 27/03/03

Type	Number	Value
1 Holiday	88	£85,973.90
2 Misc Exp/Other	6	£58,375.95
3 Home Improvements/Decoration	15	£54,395.37
4 Car Purchase	16	£42,540.27
5 Debt Consolidation	22	£38,635.53
6 Furniture/Appliance/Electrical	11	£22,477.14
7 Business Exp/Start-up Capital	34	£20,061.97
8 Domestic Expenses	18	£9,480.00
9 Rent/Rates/Taxes	17	£9,384.93
10 Urgent Bills	3	£9,270.81
11 Purchase Home	4	£7,900.00
12 Medical	5	£4,585.00
13 Education Expenses	9	£3,590.00
14 Legal Fees	6	£2,600.00
15 Car Repairs	3	£2,087.00
16 Festival/Religious	2	£1,732.84
17 Christmas	79	£1,225.00
18 Funeral	2	£740.00
TOTAL	340	£375,055.71

PIE CHART



CONCLUSION

The year has been characterised by great workload for the Credit Committee. The Credit Committee intends to ensure the president and members that such workload will not affect its professionalism. The committee wishes to thank the management and the staff of the Credit Union for the help and support they gave.

SUPERVISORY COMMITTEE ANNUAL REPORT

INTRODUCTION

In accordance with Rules of Tower Hamlets Credit Union Ltd (Section P Supervisory Committee 102 (e) and (f)), the Supervisory Committee is pleased to present its report on the supervision of the affairs of the Credit Union for the consideration of the 2nd Annual General Meeting. This report covers the period, September 2001 to June 2002.

STRUCTURE OF THE COMMITTEE

The following persons were elected at the 3rd Annual General Meeting in June 2002 to serve on this Committee.

Mr Tony Collins
Miss Sarah Duvigneau
Ms Eartha Eloi

At the first meeting of the Committee, Mr Tony Collins was elected Chairperson and Miss Sarah Duvigneau was elected Secretary.

OVERVIEW OF SUPERVISION

During the period of review, the Supervisory Committee should have examined and/or attested to the following:

- Board of Directors Meetings
- Financial Statements
- Training
- Delinquency
- Security
- Credit committee Operations
- Shares and Deposit Account
- Cash Count
- Opening of Accounts

BOARD OF DIRECTORS

The Supervisory Committee has not been able to attend monthly Board meetings and have not been able to monitor and give any feedback to the Board minutes.

The Supervisory Committee submitted to the Board of Directors regular reports, which outlined its concerns and recommendations. Due to lack of communication and liaison between the Board and Supervisory Committee corrective measures has not been met in order to address the concerns and recommendations.

TRAINING

The Supervisory Committee was unable to carry out all statutory duties as new members elected in June 2002 have had to training to date.

SHARE AND DEPOSIT ACCOUNTS

The Committee did random audits on the share and deposit accounts at the Roman Road branch and was satisfied in the way queries were dealt with by the Manager and staff.

DELINQUENCY

In the last financial year, the delinquency rates have been monitored and did not warrant any concerns.

SECURITY

Due to a robbery earlier in the year, the Committee felt security arrangements for money collection/deposit needs to be examined in case procedures need to be rewritten.

SUPERVISORY COMMITTEE ANNUAL REPORT

CREDIT COMMITTEE

The Credit Committee has held meetings every week as laid down by the Rules. The Supervisory Committee was concerned that at times the Credit Committee was not quorate. There was also the added problem that it was difficult for the above committee members to meet weekly. A member of the Board has now joined the Credit Committee and they are now quorate at meetings.

The Supervisory Committee is not able to comment on any of the below as no checks were carried out on these by members of the Committee.

- FINANCIAL STATEMENTS
- CASH COUNT
- OPENING OF ACCOUNTS
- CONCLUSION

The Supervisory Committee during the period under review tried diligently to comply with the Rules of the Tower Hamlets Credit Union and the provisions of the FSA Regulations as it related to the Committee's purpose and function.

The Committee at all times conducted its operations with the membership's interest in the forefront of our minds.

Tower Hamlets Credit Union continues leading the way in all aspects within the credit union movement and the Committee wishes to commend the general membership for making this a reality.

In closing, the Committee conveys its congratulations to the Board of Directors, Credit Committee, Management, Staff and the Internal Audit Committee for their performance and professional attitude displayed in the conduct of the affairs of Tower Hamlets Credit Union. The Committee wishes to thank management and staff for their support given to this committee during the past year and we thank the membership for giving us the opportunity to serve

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED FINANCIAL STATEMENTS YEAR- END: SEPTEMBER 30TH 2002

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED AUDITORS' REPORT

Independent Auditor's Report to the Members of Tower Hamlets Community Credit Union Ltd

We have audited the financial statements of Tower Hamlets Community Credit Union Limited for the year ended 30th

September 2002 which are set out on pages 1 to 6. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein. Respective Responsibilities of Directors and Auditors Industrial and Provident Society law and Credit Union law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the deficit of the Credit Union for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material
- departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Credit Union will continue.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union. 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. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and UK Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 1978 and the Credit Unions Act 1979.

We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Credit Union has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Credit Union is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation statements and of whether the accounting policies are appropriate to the Credit Union's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

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 2001 and of its income and expenditure and cash flow for the period ended on that date and comply with the Industrial and Provident Societies Act 1965 to 1978 and the Credit Union Act 1979.

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED REVENUE
ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 2002

Note	2002		2001	
	£	£	£	£
Income				
Loan Interest		18,926		1,276
Bank Interest		5,154		2,633
Sundry Income		2,338		1,705
		26,418		5,613
Grants Receivable				
		107,347		166,390
		133,765		172,003
Less Expenses				
Staff Salaries	64,376		79,105	
Other Staff Costs	114		820	
Cleaning	342		318	
Printing & stationery	6,240		7,927	
Travel costs	760		428	
Professional Fees	5,529		3,403	
Repairs & Maintenance	1,782		1,317	
Telephone	2,850		3,515	
Computer Development	2,071		2,081	
Advertising & Publicity	4,763		19,213	
Depreciation	13,022		4,778	
Fidelity Bond	742		195	
ABCUL fees	463		55	
CUNA Insurance	3,305		345	
Insurance	865		440	
Committee Expenses	420		1,055	
Bank charges	850		72	
Office Expenses	1,721		761	
Sundry Expenses	2,633		3,040	
Audit	2,228		2,370	
Training	140		3,820	
Rent, Heat and Light	24,217		11,645	
Provision for delinquent loans	444		1,059	
	(139,877)		(147,762)	
Surplus for the year before taxation	(6,112)		24,241	
Corporation Tax	(257)		(263)	
Surplus for the year after taxation	(6,369)		23,978	
Transfer from General Reserve-Voluntary	11,100		-	
	4,731		23,978	
Proposed Dividends	(4,505)		(1,233)	
Surplus to Reserve	226		22,745	
General Reserve-Statutory	226		5,350	
General Reserve-Voluntary	-		17,395	
	(226)		(22,745)	

All amounts relate to continuing operation

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2002

1. Accounting Policies

a) Accounting Policies

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

b) Interest

Interest receivable from loans to members is accounted for on receipts basis. All other interest payable and receivable is accounted for on an accrued basis.

c) Corporation Tax

The provision of UK Corporation Tax is based on bank deposit account interest received on the rate of 10%.

d) Fixed Assets

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

Computers	25%
Fixtures, fittings & equipment	15%
Refurbishment of Bethnal Green Office	6 years

2. Statement of Total Recognised Gains and Losses

The retained profit 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. Therefore, no adjustments are required to the reported profit which is stated on an unmodified historical cost basis.

4. Reconciliation of Movements in the General Reserves	General Reserve		Total
	Voluntary	Statutory	
	£	£	£
Balance as at 01 October 2001	17,395	5,350	22,745
Received / surplus for the year	226	-	226
Transferred to Appropriation Account	(11,100)	-	(11,100)
Transferred to Statutory Reserve	(226)	226	-
Balance as at 30th September 2002	6,295	5,576	11,871

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2002

5 Fixed Assets	Office Improvement	Computers	Fixtures/ Equipment	Total
	£	£	£	£
Costs				
As at 01 October 2001	-	15,480	6,056	21,536
Additions	39,339	8,118	-	47,457
As at 30 September 2002	39,339	23,598	6,056	68,993
Depreciation				
As at 01 October 2001	-	3,870	908	4,778
Charge for the year	6,557	6,466	-	13,023
As at 30 September 2002	6,557	10,336	908	17,801
Net Book Value @ 30 September 02	32,782	13,262	5,148	51,192
Net Book Value @ 30 September 01	-	11,610	5,148	16,758

6 Debtors	2002	2001
	£	£
Professional Fees(Bethnal Green Project)	-	2,341
Insurance recoverable(stolen cash)	2,000	-
Grants Receivables	47,664	-
General Expenses	-	20
	49,664	2,361

7 Cash and Bank	2002	2001
	£	£
Bank Current Account	6,027	23,080
Juvenile Deposit Account	2,670	2,961
Paypoint Bank Account	862	-
Petty Cash	549	-
Cash Float	5,115	2,102
	15,223	28,144

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2002

	Notes	2002	2001
		£	£
Net Cash(Outflow) Inflow	1	(40,601)	35,555
Interest Received		5,154	2,633
Net cash inflow before investments & financing		(35,447)	38,188
Investment activities			
Fixed Deposit Investment	(57,403)		(121,701)
Fixed Assets	(47,457)	(104,860)	(21,536)
Net cash inflow before financing		(140,306)	(105,049)
Dividend Paid		3,272	-
Financing			
Increase in Shares	355,855		182,272
(Increase) in Loans Granted	(227,237)		(50,138)
Net Cash Inflow (Outflow) from Financing		128,618	132,134
Increase(Decrease) in Cash	2	(8,416)	27,085

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of Surplus Income

Before tax to net cash inflow			
Deficit/(Surplus) before Taxation		(6,112)	24,241
Add:			
Increase in debtors	(47,303)		(2,361)
Depreciation	13,022		4,778
Bank Interest	(5,154)		(2,633)
Increase in Creditors	4,947		11,529
		(34,489)	11,314
Net Cash Inflow		(40,601)	35,555

2. Analysis of Changes in Net Funds

	As at 01.10.01	Change	As at 30.09.02
	£	£	£
Cash at Bank and in Hand	28,144	(12,921)	15,223

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH SEPTEMBER 2002

8 Other Creditors	2002	2001
	£	£
Audit fees	2,200	1,500
Bow People's Trust	7,161	7,161
PAYE/NIC	3,685	-
Expenses	3,430	2,868
	16,476	11,529

9 Investments	2002	2001
	£	£
Main Investments	173,452	120,701
Junior Investments	5,652	1,000
	179,104	121,701

10 Share Capital	2002	2001
	£	£
Adult Shares	527,358	179,008
Junior Savers	10,769	3,264
	538,127	182,272

11 Proposed Dividends	2002	2001
	£	£
Adult dividend	4,074	1,233
Junior dividend	431	-
	4,505	1,233

Proposed dividends are 1.5% and 2% for main and junior shares respectively.

NOMINATING
 COMMITTEE REPORT

PROFILE OF CANDIDATES

BOARD OF DIRECTORS

David Campbell

David has held a number of varied posts with responsibility in the area of staff and project supervision throughout his working life. A significant number of years has been spent in the area of quality control, therefore he is well equipped to understand the need for quality service for Credit Union members and staff. He is well travelled so is able to communicate well with diverse groups. Recently David has undertaken study in IT, ensuring he is kept up to date with new technology. His interests are photography, computer software, and art design.

James Quartey

James previously served on the Credit Committee of the Credit Union so he is no stranger to the way it operates. His background is in shipping and accountancy but over the past few years James has been actively engaged in community and voluntary work. Committed to ensuring that a task assigned is carried out efficiently, James is a member of a number of local committees with the job of creating good interaction and maintain friendly relationships among local communities.

SUPERVISORY COMMITTEE

VACANT – Nominations from floor

CREDIT COMMITTEE

Lascel Ellis

Lascel has been a committed member of the Management Team of the Credit Union from the Steering Committee stage. He has served as a member of the Board of Directors and was assigned as the Board's representative to the Credit Committee. Lascel has worked with the Borough of Tower Hamlets for the past fifteen years. He is an Assistant Building Superintendent and is responsible for a team of workers as well as supervising health and safety checks. A Member of the Methodist Church, Lascel has been serving as a steward, this involves support at services, banking and carrying out a range of general duties.

Enid Robinson

Enid has been seriously concerned with community issues and has actively lobbied for change at the local community level since the late 1980's.

She sits on the Board of the Local Residents' and Tenants' Associations and has experience in Housing Management. Enid has worked as Advisor in Customer Services and Property Services at Old Ford Housing Association. She supports the Credit Union as she sees it as a catalyst for change for the people of Tower Hamlets and has served as Chair of the Launch Ceremony Sub Committee. She has lived in the borough for over 20 years and much of her time is spent as a care and foster parent. When she gets any spare time she likes to socialise with friends. She has also been member of the Board for the last year with responsibility for staff relations, a job she carried out with sensitivity and precision.

RECOMMENDATIONS AND
 RESOLUTIONS

Payment of Dividend

The Board has agreed, by majority decision, to recommend the following resolution to members:-

Be it resolved that in accordance with Rules 43-49, a dividend of 1.5% on adult share and 2% on Junior Savers share accounts be approved and that such dividend be credited to member's Share Account consistent with Rule 49, and be it further resolved that dividends due to members whose accounts have become delinquent be credited to their outstanding loan/interest balances.

Appointment of Auditors

The Board has agreed to recommend the following resolution to members:-

- Be it resolved that the firm of Appleby & Wood are retained as Auditors to Tower Hamlets Community Credit Union.