



ANNUAL REPORT 2004

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NOTICE OF 5TH ANNUAL GENERAL MEETING

NOTICE

Notice is hereby given that the Fifth (5th) Annual General Meeting of Tower Hamlets Community Credit Union Limited will be held at the Idea Store, Vesey Path, Poplar, London Borough of Tower Hamlets on July 14, 2005 Registration and refreshment starts at 5:30 p.m. and the A.G.M. begins promptly at 6:00 p.m.

AGENDA

6.00 p.m.

1. Reading of the notice convening the 5th A.G.M.
2. Credential (Quorum) Report
3. Adoption of Standing Orders
4. Minutes of the 4th 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 Member shall address all comments through the Chair. 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 When a motion is withdrawn, any amendment to it fails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 4TH ANNUAL GENERAL MEETING

Thursday 8th July, 2004, at the London Borough of Tower Hamlets, Bethnal Green Area Housing Office, 255-279 Cambridge Heath Road, London, E2 OHQ.

COMMENCEMENT

The proceeding commenced at 18.30 pm

NOTICE OF THE 4TH ANNUAL GENERAL MEETING

The secretary, Stefano Rizzetto, read the Official Notice and the Agenda of the 4th Annual General Meeting.

CREDENTIAL REPORT

Credential Report revealed that there were **22** persons present as follows:

Members	19
Guests	3

WELCOME

The Vice President, Ms Camilla Shittu greeted the attendees on behalf of the Board and of the Committees. Ms Shittu took the opportunity to address the audience and urge all to recruit new members. Members are the real asset of the Credit Union.

STANDING ORDERS

The Standing Orders were unanimously adopted on a motion moved by the Chair, Mr Ian Moseley, and seconded by Mr David Campbell. There were no objections.

REVIEW OF THE MINUTES FROM THE 3RD ANNUAL GENERAL MEETING

The Chair asked to read the content of the minutes and eventually highlight mistakes or inaccuracies.

Mr Moseley highlighted that the word “motive” needed to be corrected into “motion”. This was noted by the Secretary, Mr Stefano Rizzetto.

The Chair proposed to correct the typographical errors and to adopt the minutes. The motion was seconded by David Campbell. Nobody was against.

The minutes were adopted.

MATTERS ARISING

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

REPORTS

BOARD OF DIRECTORS REPORT – SEPT 30TH 2003

The report was read by Mr Moseley.

Mr Nicholas Waller complained that he needed to withdraw money from the saving account. At the cashier Mr Waller was told him that he couldn’t take cash from that account.

Mr Waller has noted as the Credit Union is becoming bigger it is also taking less care about its members.

The President explained that the Credit Union is paying insurance on the amount deposited in the share account. Therefore the Credit Union policy is to advise members to use the budget account for cash withdrawals.

The President also wanted to reassure that he understood the point made by Mr Waller and he was prepared to discuss further in a separate occasion.

CREDIT COMMITTEE REPORT – SEPT 30TH 2003

The report was read by Ms Eartha Eloi. No comments were collected from the floor.

SUPERVISORY COMMITTEE REPORT – SEPT 30TH 2003

The report was read by Mr Bill Wright. No comments were collected from the floor.

NOMINATING COMMITTEE REPORT – SEPT 30TH 2003

The report was read by Mr Ian Moseley. Mr Moseley invited the candidates to in-

roduce themselves.

Ms Camilla Shittu asked to put in the minutes her thanks for the Secretary and his hard work. Ms Shittu also thanked Mr Grenville Bingham for his help in creating the report. Ms Shittu thanked Mr Sarkar Tusher for supporting the Credit Union hoping that, if elected, he will be even more useful to the organisation.

The General Manager, Colin Eddy, suggested taking nominations also from the floor.

Ms Eartha Eloi suggested that at next AGM candidates should to be accompanied by a short biography.

Mr Bill Wright proposed the motion of not voting for the Credit Committee and let the Board deciding after interviewing the candidates.

Mr David Campbell seconded the motion. 2 (two) members voted against the motion. 15 (fifteen) supported the motion. No abstentions.

Mr Moseley confirmed that all candidates for the Board have been all interviewed.

The Supervisory Member, Mr Edward Fowowe, is well known and he is stepping down according to the Credit Union rules. He is available for re-election.

Voting slips are distributed and members are asked to vote in secret. Votes are collected and counted while the AGM continues.

RESOLUTIONS

The President read the Board recommendations on the dividends payment for the past financial year.

Subsequently the President proposed the motion that no dividends are paid.

The motion is seconded by Mr David Campbell and Ms Diana Collins.

15 (fifteen) members supported the motion. 1 (one) member abstained. 0 (zero)

was against.

Question from the floor: What is the strategy of the Credit Union for funding?

Answer from the President. We have done extremely well for a Credit Union still so young. We intend to reach financial independence by increasing the volume of loans. In addition we intend to introduce new services, which will provide extra income.

The President highlighted the need to take a new resolution about the appointment of the auditors.

The President proposed the motion of re-appointing the auditors Appleby & Wood. The motion was seconded by Ms Anne Smith. Nobody against.

AUDITOR'S REPORT

The report was read by Mr Richard Oswald

No questions from the floor.

ELECTION RESULTS.

Supervisory Committee

Mr Edward Fowowe was elected

Board

Mr Stefano Rizzetto was elected
Mr Grenville Bingham was elected
Mr David Gachette was elected
Mr Rosalind Shaw was elected

OTHER QUESTION/CONTRIBUTIONS FROM THE FLOOR

Question: Are the one to one interviews from the Credit Committee fair?

Reply: Certainly. Everyone had the opportunity to express his/her point of view and to explain how he/she would contribute to the Credit Union. It is a duty of the nomination committee to ensure that all candidates are fairly assessed and that they can deliver value to the Credit Union.

Mr Nicholas Waller complained that in more than an occasion he asked for £10 notes, but he has not seen his request fulfilled.

Mr Colin Eddy replied that the Credit Union tries, but sometimes it is not possible. Availability of cash is dependent from the bank.

Mr Daniel Augustin wanted to thank the members of the committees for the work they have done. Mr Augustin complimented the General Manager for his attitude with the customers. Mr Augustin described his experience. He asked for two loans during the year and he was very pleased by the support he found. Mr Augustin asked if the Credit Union was planning to open other branches (for example Whitechapel or Wapping).

The President confirmed that the Board was looking at opening a branch in Crisp Street.

Mr David Campbell proposed a vote of thanks to the General Manager and the staff. The proposal was seconded by Mr Grenville Bingham.

Thanks

Ms Camilla Shittu wanted to thank the staff members for their excellent delivery. She thanked the Mr Ian Moseley for his style. Mr Moseley has always silently supported the Credit Union and invested on it a great quantity of his time.

Ms Shittu thanked the auditors and everyone who has contributed to the success of the Credit Union.

It is important that the support continues by spreading a positive image of the Credit Union by word of mouth.

Mr Colin Eddy thanked the Credit Union's team which he is very committed. Mr Eddy highlighted that the Credit Union intends to improve its service continually and therefore his office is very pleased to

receive feedback from the members.

Mr Colin proposed a vote of thanks to the Tower Hamlets Action Trust.

The proposal was seconded by Ms Shittu and supported by the entire floor.

AGM close at 19:40

BOARD OF DIRECTORS REPORT

Tower Hamlets Community Credit Union has continued to expand and now has two thousand six hundred and eighty one (2681) members as compared to two thousand one hundred and forty four (2144) at the end of last financial year. This reflects an increase of 25%.

Thanks to a generous grant from Tower Hamlets Housing Action Trust we are in a good position to face the New Year. In addition we expect to cover 42% % of our core costs from self-generated income by the end of September 2005.

During the year the Board has constantly reviewed the progress of the Credit Union and a number of changes have been or are in the process of being adopted. In particular, we have reviewed the procedure by which we authorise loans and will be making future decisions based on the person's capacity to pay, rather than solely on the savings in their account. This will allow us to be much more flexible when assisting members. We have also established new IT systems which will ensure that Board members can more closely supervise the activities of the CU.

As members will be aware, during the year we had the dreadful tragedy in Bethnal Green Road, where 2 members of the Fire Brigade were killed in the course of duty in premises very close to the Bethnal Green Branch. Members responded magnificently to our appeal for donations and raised a total of £1,153.66, which was

handed to Fire Brigade representatives in November. We are sure the whole membership would want to express their condolences to the families of the fire crew involved and our sincere admiration for those who risk their lives for our safety everyday. Following the end of the current period we also had an appeal fund for the Tsunami disaster and the members also responded to this appeal and the sum of £1,471.15 was raised.

The preceding paragraph was written before the events of the 7th of July 2005, when 4 bombs exploded on the London Transport system. We do not know yet whether any of our members have been directly affected by this tragedy, however I can take some small comfort in that at least none of our staff were harmed. It is important that we, as London residents, do not appear to give in to such violence and continue our lives as normally as possible.

Of course our major internal news for the year is that we succeeded in obtaining grant support for the opening of a new branch in the former Abbey National building in Chrisp Street. We expect the Chrisp Street office to attract many new members from the Poplar and Aberfeldy areas, as well as making the Credit Union more accessible for Isle of Dogs residents. One of the requirements of the Financial Services Authority, who oversee our activities, was that we should be able to serve the whole of the Tower Hamlets area and this project will do much to meet that requirement. We also have funding for the refurbishment of the basement area for the use of both members and other organisations.

THCCU continues to liaise with other local bodies and organised a joint strategy meeting with Credit Unions in Newham and Hackney, with speakers from ABCUL and Leeds Credit Union (one of the largest in the UK).

We are also working with volunteers from City University to establish a form of Credit Union branch in local schools, as part of an initiative to provide financial education to younger people. With the opening of Chrisp Street we also plan to work with Tower Hamlets College and the Idea Store to provide similar education opportunities for adults, and with ELFI to provide money advice and debt counselling services.

As part of this we are now hosting advice sessions two days per week at Chrisp Street, one with ELFI advising on fuel poverty issues and Island Advice centre providing general advice including debt and money advice.

Recent news is that the Government is providing up to £45,000,000 for training of money advisers. The national representatives of the Citizens Advice Bureaux are interested in applying for this and THCCU was asked to be part of discussions between ABCUL and the CAB with a view to using CU premises for outreach work.

The Board wishes to thank all its members, especially those who have given up their own time to work day to day in the CU branches, to support our very hard working staff.

CREDIT COMMITTEE REPORT

STRUCTURE OF THE COMMITTEE

The following persons were elected at the 4th Annual General Meeting held on 8th July 2004 to serve on this Committee.

Ms Enid Robinson
Mr Lascel Ellis
Ms Eartha Eloi

During the course of the year, we have

An analysis of loans granted from 28/03/03 to 30/09/04

PURPOSE OF LOAN	NO. OF LOANS GRANTED	VALUE OF LOANS	% OF TOTAL LOANS
		£	%
Car Purchase	22	50,954.41	7
Car Repairs	2	593.14	0
Christmas	47	25,621.31	3
Debt Consolidation	18	26,623.40	4
Domestic Expenses	39	20,096.95	3
Downpayment onf Home	4	31,572.91	4
Education Expenses	16	17,478.61	2
Festivals/Religious	18	23,800.00	3
Funeral	13	11,450.00	2
Furniture and Appliances	55	60,241.96	8
Holiday	101	79,741.78	11
Home Improvements/Decorations	75	130,714.33	18
Introductory Loans - LBTH	23	21,600.00	3
Legal Fees	9	23,110.00	3
Medical	14	8,503.00	1
Misc Expenses	193	127,251.68	17
Rents/Rates/Taxes	21	21,663.83	3
Reschedule	27	30.02	0
Start-up Capital/Business Exp.	10	20,624.69	3
Urgent Bills	99	38,632.40	5
TOTAL	806	£740,304.42	100

had to ask the Board to co-opt two further members onto the Credit Committee. Yvonne Wood has been approved by the FSA and we are still awaiting further references for Tusher Sarkar and therefore he has not been able to serve on the Committee.

OVERVIEW

We conducted our duties with diligence in accordance with the standard rules and regulations of the Credit Union. This meant that a quorum of three was required to sign and discuss all loans applied for.

During the period from 1st October 2003 to September 2004, the committee found it necessary to interview 4 members.

LENDING

From 1st October 2003 to 30th September 2004 Committee granted 806 loans to the

value of £740,304.42. Loans were granted mainly in the area of, home improvements/decorations, miscellaneous expenses, urgent bills, holidays, car purchases, urgent bills, debt consolidation and miscellaneous expenses.

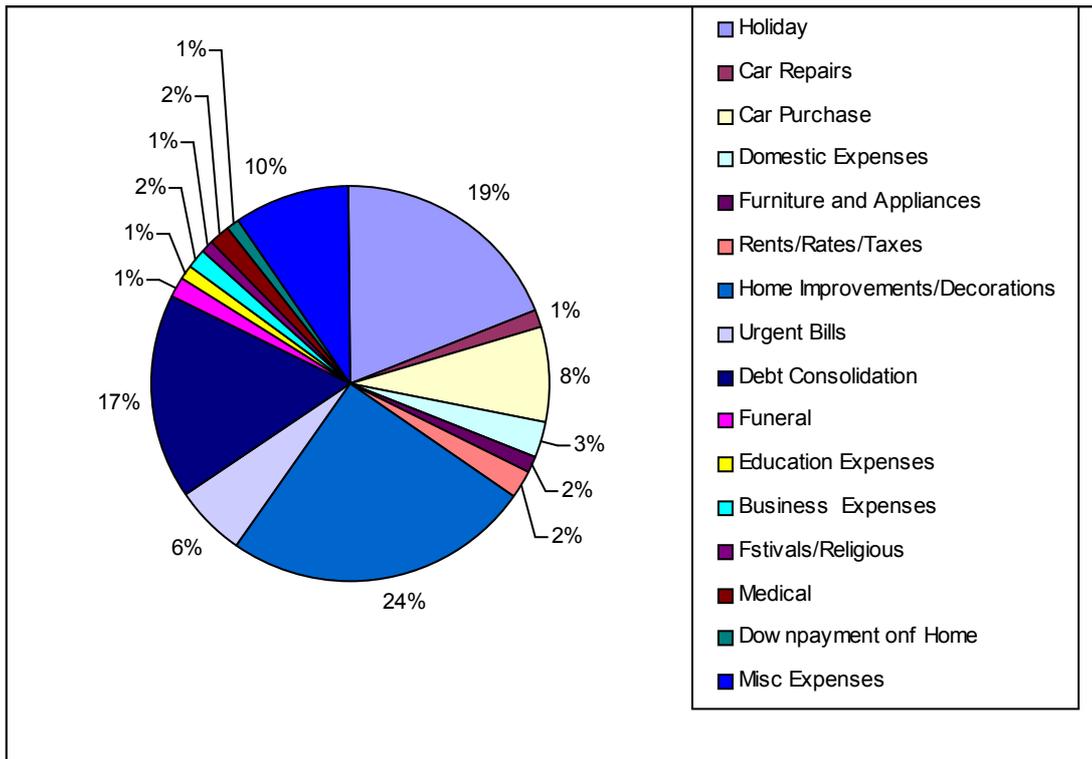
The manager and staff have now been appointed to approve loans. The manager approves loans up to a maximum of £2000 above members' share capital and junior officers up to a maximum of £500 above members' share capital.

DELINQUENCY MANAGEMENT

Efforts by the officers to reduce delinquencies continued unabated in the form of letters to delinquent members, phone calls, and as a last resort application for order that debtor attend court for questioning, we have not issued an bailiff orders.

RESCHEDULING OF LOANS

LOANS BY TYPE AND PERCENTAGE



In order to assist members whose financial circumstances changed, we rescheduled a total of 27 loans from 1st October 2003 to 30th September 2004.

CONCLUSION

All members of the committee gain and continue to gain tremendous experience while serving on the Credit Committee.

It has been a challenging year for Tower Hamlets Credit Union as the environment in which it operates, continues to respond to the forces set in motion by monetary policies of central Government. Our Credit Union must also continue to respond to the changes in the market, if it is to remain competitive and relevant to its membership and stakeholders.

In this regard greater emphasis must be placed on market intelligence and our responsiveness to the financial market. We must seek to capitulate on the expected growth in the economy and the benefits it would bring to our Credit Union.

The committee has developed a very good working relation with the Credit Union staff and wishes to thank Management and Staff for their support and cooperation in managing the challenges of the last year, which has helped to develop higher standards not only for the committee but for the Credit Union.

We would hope that our working relationship with the Board of Directors and other elected Committees is and continues to be one of harmony and a shared vision.

To all our members, we would like to say special thanks for giving us the opportunity to serve you and with your help to position your Credit Union to grow from strength to strength in the current and forthcoming years.

Finally, as Chairperson and on behalf of all members of the Credit Committee, I wish to thank you all for your support.

SUPERVISORY COMMITTEE REPORT

MEMBERSHIP

The current supervisory committee comprises

Edward Fowowe
Lena Pamphile
Bill Wright

Bill Wright will be standing down at the AGM.

RESPONSIBILITIES

The Supervisory Committee is responsible for checking that all the internal controls are in place and observed. The Committee is currently reviewing its detailed Terms of Reference for agreement with the Board; this will also be informed by the programme of training that members of the Committee are undertaking.

PERIOD OF REVIEW

In respect of the period of the current report (the year ended September 2004), the supervisory committee has no comments to add to the report of the external Auditors in respect of the accounts for the year. Further, from direct observation of operations, discussions with officers and staff or from any written material, the committee has no indication that the Rules and procedures have not been followed.

THE FUTURE

The committee will continue, among other activities

- To be responsible for checking that all the internal controls are in place and observed
- Having one member of the committee attending all Board meetings
- Reporting its findings to the Board in writing at least every quarter

- Reporting to the members the attendance of all officers at Board and Committee meetings
- Keeping minutes of all its meetings

NOMINATING COMMITTEE REPORT

The Committee, consisting of one Board member and 2 ordinary members considered the current membership and have made the following observations and recommendations: -

BOARD OF DIRECTORS

Recommended Composition: Twelve Officers; Current Composition: Twelve Officers

STANDING DOWN AND SEEKING RE-ELECTION

David Gachette
Ian Moseley

STANDING DOWN

Camilla Shittu
Rosalind Shaw

Positions to be filled: Two (2)

MEMBERS SEEKING ELECTION

Nethliee Scarborough
Fadumo Abdi
Rouf Ahmed
Memunatu Shardow

RECOMMENDATIONS

1. The Committee is recommending that Nethliee Scarborough be appointed to the Board of Directors.
2. We felt that the other persons who volunteered for the Board needed more experience and knowledge of the Credit Union before joining the Board. It is recommended that they be co-opted to some of the sub committees to gain the necessary experience

and skills to be able to join the Main Board at the next AGM.

3. We recommend Rouf Ahmed to the Marketing Committee

4. We recommend Memunatu Shardow to gain support through volunteering to assist with service delivery at the office.

SUPERVISORY COMMITTEE

Recommended Composition: Three Officers; Current Composition: Three Officers

STANDING DOWN AND SEEKING RE-ELECTION

None

STANDING DOWN

William Wright

Positions to be filled: One (1)

CREDIT COMMITTEE

Recommended Composition: Four Officers plus Board appointee; Current Composition: Three Officers plus one Board appointee

STANDING DOWN AND SEEKING RE-ELECTION

Eartha Eloi

STANDING DOWN

Tusher Sarker

Positions to be filled two (2)

NO MEMBERS SEEKING ELECTION

CONCLUSION

In previous years we have asked for nominations from the floor, however there are certain legal problems with doing so since all new applicants must be granted approved persons status from FSA and certain checks are required which cannot be done at the AGM. The Committee is

proposing that the vacant positions should be co-opted by the board. We will advertise this in the local press however if you wish to volunteer for the Board, Supervisory or Credit Committees, then please leave your details at this meeting and representatives of the Board will contact you to discuss the matter.

RECOMMENDATIONS AND RESOLUTIONS

PAYMENT OF DIVIDEND

The Board has discussed the financial status of the Credit Union and it recommends that a dividend of 1% for adult members and 5% for junior members be paid for the year in question.

The board would like to remind members that they receive, at no cost, a life insurance benefit that is related to their share value.

MISCELLANEOUS

Be it resolved that the board is to co-opt officers to vacant positions on Board, Credit and Supervisory Committee

Be it resolved that the Board is to change the upper age of junior members to 18 in order to market and offer Child Trust Fund products. This involves changes to rules 10 and 25.

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.

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOWER HAM- LETS COMMUNITY CREDIT UNION LTD

We have audited the financial statements of Tower Hamlets Community Credit Union Limited for the year ended September 30th 2004 which are set out on pages 14 to 20 below. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Credit Union's members, as a body, in accordance with the Industrial and Provident Societies Acts 1965 to 2002. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditors' report and for that purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any one than the Credit Union and its members as a body, for our audit work, for this report, or for the opinions we have formed.

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 judgments 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.

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 2004 and of its income and expenditure and cash flow for the year ended on that date and comply with the Industrial and Provident Society law and Credit Union law.

APPLEBY & WOOD
Registered Auditors
3 The Office Village
4 Romford Road
Stratford
London E15 4EA

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED
FINANCIAL STATEMENTS
YEAR END: SEPTEMBER 30TH 2004.

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED
REVENUE ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 2004

	Note	2004		2003	
		£	£	£	£
Income					
Loan Interest			73,202		47,093
Bank Interest			12,055		4,995
Management Fee			37,750		41,500
Insurance Claim			1,351		-
Sundry Income			<u>2,835</u>		<u>1,599</u>
			127,193		95,187
Grants Receivable			<u>106,537</u>		<u>70,086</u>
			233,730		165,273
Less Expenses					
Staff Salaries		113,164		87,417	
Other Staff Costs		1,319		2,389	
Cleaning		796		493	
Printing & stationery		1,756		3,206	
Travel costs		738		2,541	
Professional Fees		739		1,838	
Repairs & Maintenance		4,430		3,591	
Telephone		4,435		5,898	
Computer Development		823		1,567	
Advertising & Publicity		1,073		1,797	
Depreciation		15,855		10,796	
Fidelity Bond		1,071		911	
ABCUL fees		2,233		680	
CUNA Insurance		8,743		3,969	
Insurance		2,134		95	
Committee Expenses		301		472	
Bank charges		626		76	
Office Expenses		2,284		1,370	
Sundry Expenses		3,268		2,769	
Audit		3,079		2,264	
Training		1,390		100	
Rent, Heat and Light		23,489		28,591	
Provision for delinquent loans		8,631		12,114	
Lease of equipment		575		-	
Regulatory fees		-		346	
			<u>(202,952)</u>		<u>(175,290)</u>
Surplus/(Deficit) for the year before taxation			30,778		(10,017)
Corporation Tax			(488)		-
Surplus/(Deficit) for the year after taxation			<u>30,290</u>		<u>(10,017)</u>
Transfer to Statutory Reserves			<u>(10,000)</u>		<u>10,017</u>
			20,290		-
Proposed Dividends			(6,081)		-
(Deficit)/Surplus to Reserve			<u>14,209</u>		<u>-</u>

All amounts relate to continuing operations.

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED
BALANCE SHEET FOR THE YEAR ENDED 30TH SEPTEMBER 2004

	Notes	2004		2003	
		£	£	£	£
Fixed Assets	5		44,783		44,961
Investments	9		453,826		195,023
Loans Due from Members		729,134		521,688	
Less Provision for Bad Debts		(22,248)		(13,617)	
			706,886		508,071
			1,205,495		748,055
Current Assets					
Other Debtor	6	76,625		42,709	
Cash and Bank	7	143,077		146,820	
		219,702		189,529	
Current Liabilities					
Sundry Creditors	8	41,261		16,814	
Proposed Dividend	11	6,081		-	
Corporation Tax		1,008		520	
		48,350		17,334	
Net Current Assets			171,352		172,195
			1,376,847		920,250
Represented by:					
Share Capital	10		1,350,784		918,396
General Reserve	4		26,063		1,854
			1,376,847		920,250

Director

Director

Director

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH SEPTEMBER 2004

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 19%.

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

4. Reconciliation of Movements in the General Reserves

	Reserves		Total
	Others	Statutory	
	£	£	£
Balance as at 01 October 2003	-	1,854	1,854
Deficit for the year	30,290	-	30,290
Transferred to Appropriation Account	(6,081)	-	(6,081)
Transferred to Statutory Reserve	(10,000)	10,000	-
Balance as at 30th September 2004	14,209	11,854	26,063

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH SEPTEMBER 2004

5	Fixed Assets	Office Improvement	Computers	Fixtures/ Equipment	Total
		£	£	£	£
	Costs				
	As at 01 October 2003	39,339	23,851	10,368	73,558
	Additions	9,271	468	5,938	15,677
	As at 30 September 2004	<u>48,610</u>	<u>24,319</u>	<u>16,306</u>	<u>89,235</u>
	Depreciation				
	As at 01 October 2003	9,835	14,875	3,887	28,597
	Charge for the year	7,330	6,079	2,446	15,855
	As at 30 September 2004	<u>17,165</u>	<u>20,954</u>	<u>6,333</u>	<u>44,452</u>
	Net Book Value @ 30 September 04	31,445	3,365	9,973	44,783
	Net Book Value @ 30 September 03	29,504	8,976	6,481	44,961
			2004		2003
			£		£
	6 Debtors				
	Insurance recoverable / cash shortages		2,563		2,796
	Grants and Fees Receivables		32,000		20,750
	General Expenses		<u>42,062</u>		<u>19,163</u>
			<u>76,625</u>		<u>42,709</u>
	7 Cash and Bank		2004		2003
			£		£
	Bank Current Account		118,458		131,553
	Paypoint Bank Account		1,148		438
	Petty Cash		525		375
	Cash Float		<u>22,946</u>		<u>14,454</u>
			<u>143,077</u>		<u>146,820</u>

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH SEPTEMBER 2004

8	Other Creditors	2004	2003
		£	£
	Audit fees	2,400	2,200
	Bow People's Trust	5,000	5,000
	PAYE/NIC	2,391	7,605
	HSCU	770	2,009
	Expenses	30,700	-
		<u>41,261</u>	<u>16,814</u>
9	Investments	2004	2003
		£	£
	Main Investments-Unity Trust	453,792	189,213
	Junior Investments-Unity Trust	34	5,810
		<u>453,826</u>	<u>195,023</u>
10	Share Capital	2004	2003
		£	£
	Adult Shares	1,325,521	902,399
	Junior Savers	25,263	15,997
		<u>1,350,784</u>	<u>918,396</u>
11	Proposed Dividends	2004	2003
		£	£
	Adult dividend	5,824	-
	Junior dividend	257	-
		<u>6,081</u>	<u>-</u>

TOWER HAMLETS COMMUNITY CREDIT UNION LIMITED
 CASH FLOW STATEMENT AND NOTES
 FOR THE YEAR ENDED 30TH SEPTEMBER 2004

	Notes	2004 £	2004 £	2003 £	2003 £
Net Cash(Outflow) Inflow	1		25,109		3,077
Interest Received			<u>12,055</u>		<u>4,995</u>
Net cash inflow before investments & financing			37,164		8,072
Investment activities					
Fixed Deposit Investment		(258,803)		(15,919)	
Fixed Assets		<u>(15,677)</u>	<u>(274,480)</u>	<u>(4,565)</u>	<u>(20,484)</u>
Net cash inflow before financing			(237,316)		(12,412)
Dividend Paid			-		(4,505)
Financing					
Increase in Shares		432,388		380,268	
Increase in Loans Granted		<u>(198,815)</u>		<u>(231,755)</u>	
Net Cash Inflow from Financing			<u>233,573</u>		<u>148,513</u>
Increase(Decrease) in Cash	2		<u>(3,743)</u>		<u>131,596</u>

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of deficit

Before tax to net cash inflow/(outflow)

Deficit before Taxation		30,778		(10,017)
Add:				
Decrease/(Increase) in debtors		(33,916)		6,955
Depreciation		15,855		10,796
Bank Interest		(12,055)		(4,995)
Increase in Creditors		<u>24,447</u>		<u>338</u>
			<u>(5,669)</u>	<u>13,094</u>
Net Cash Inflow			<u>25,109</u>	<u>3,077</u>

2. Analysis of Changes in Net Funds

	As at 01.10.03 £	Change	As at 30.09.04 £
Cash at Bank and in Hand	146,820	(3,743)	143,077

ACKNOWLEDGEMENTS

We would like to thank all those individuals and groups who have worked in various ways and enabled us to achieve our targets.

Our special thanks go to our members, as they are the pillars of the Credit Union. Without them there would be no Credit Union.

All our staff especially our Manager, Colin Eddy, without whose dedication, it would not be possible to achieve such concerted progress.

ABCUL, The National Credit Union body, CUNA Mutual Insurance, The Credit Union Movements Insurance Company, The Financial Services Authority (FSA) and our Partners.

Our Board Members, The Credit Committee, The Supervisory Committee, and all other sub-committees for their contributions, continued support and expert advice.

All our Sponsors and Funders:
London Borough of Tower Hamlets
Abbey National and Mapeley Columbus
Old Ford Housing Association
Tower Hamlets Housing Action Trust
Connecting Communities (formerly City-side Regeneration)
Unity Trust Bank
East London Business Alliance
Leaside Regeneration
Neighbourhood Renewal Fund

Gren. Bingham of ContactPoint.com for producing this Annual Report.

