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Annual Report
2009

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 **Tower Hamlets**
Credit Union

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Notice of the 10th Annual General Meeting

Notice is hereby given that the Tenth (10th) Annual General Meeting of Tower Hamlets Community Credit Union Limited will be held at Bethnal Green Library, Dcambridget Heath Road, Bethnal Green, London, E2 on Thursday 29th July 2010

Registration begins at 5:30pm and the A.G.M. begins at 6:00pm

Annual General Meeting Agenda

6.00 p.m.

- 01 Reading of notice convening the 10th A.G.M.
- 02 Credential (Quorum) Report
- 03 Adoption of Standing Orders
- 04 Minutes of the Last Annual General Meeting
- 05 Matters Arising
- 06 Reports
- 07 Board of Directors
- 08 Credit Committee
- 09 Supervisory Committee
- 10 Auditor/Financial Statements
- 11 Keynote Address
- 12 Nominating Committee Report
- 13 Election of Officers
- 14 Resolutions
- 15 Appointment of Auditors
- 16 General Business
- 17 Adjournment/Refreshments

Standing Orders

- 01 A Member shall address all comments through the Chair.
- 02 A Member shall only address the Meeting when called upon by the Chair to do so.
- 03 Speeches are to be clear and relevant to the subject before the Meeting.
- 04 A Member may not speak twice on the same subject except he/she:
 - (a) Is the Mover of a motion with the right of reply.
 - (b) Wishes to object or to explain (with permission of the Chair).
- 05 The Mover of a "Procedural Motion" (Adjournment, Lay on the Table, Motion to postpone) shall have no right of reply.
- 06 No speeches are to be made after the "Question" has been put and carried or negated.
- 07 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".)
- 08 (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.
- 09 A "Question" shall not be put to the vote if a Member desires to speak on it or move an amendment to it, however the following may be moved at any time: a "Procedural Motion: The Previous Question" "Proceed to the Next Business" or the Closure: "That the Question be now Put."
- 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- 11 When a motion is withdrawn, any amendment to it fails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 a 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.

Executive Members of the Board



President:
Ian Moseley



Vice President:
Grenville Bingham



Treasurer:
Malcolm Swallow



Secretary:
Mohamed Yunis

Minutes of the 9th Annual General Meeting

Held on March 26th 2009 at
Oxford House, Derbyshire Street, Bethnal Green, London, E2 4HG

Commencement

The meeting commenced at 6.28pm.

Notice of Proceedings

The Vice President, Mr Grenville Bingham, read the notice convening the 9th Annual General Meeting of the Tower Hamlets Community Credit Union.

Credential Report

Credential Report revealed that 27 persons were present at 6.25pm as outlined below:

Members: 15
Staff: 12

Welcome Remarks

The President Mr Moseley welcomed all present on behalf of the Board and Committees. He also apologised for the late start of the meeting.

Standing Orders

Mr Moseley requested all present to refer to the standing orders for the rules of conduct during the meeting.

Review of the 9th Annual General Meeting Minutes

Mr Moseley asked all present to review the minutes from the last Annual General Meeting and highlight any mistakes or inaccuracies. Having been duly circulated and inspected, the minutes were adopted as read.

MATTERS ARISING

President Ian Moseley, invited questions from the floor on the minutes and in response, Ms Lynne Overend asked why Annual General Meetings were not held for the preceding years (2006 and 2007). She also expressed concern that information on the meeting and financial reports for the years in question were not made available.

Mr Moseley explained that attempts were made by the Board and staff to have Annual General Meetings in 2006 and 2007 but due to a lack of human resources this did not occur as they worked on the urgent day-to-day business.

Mr Moseley also informed the membership that postponement of the Annual General Meeting was not illegal but was not in the spirit of member involvement and participation. Mr Moseley stressed that the Credit Union has fulfilled all its legal and regulatory requirements and that all financial reports were submitted to the appropriate authority on time. Mr Bingham assured all present that the relevant documents were available for the public to observe, on request, at the Head office of the Credit Union.

Member Mr Helal Rahman called for more clarity on meetings, agreeing with Ms Overend's suggestion that staff at each branch be fully briefed on the details of upcoming Annual General Meetings.

In response, Mr Bingham revealed that, in an effort to save money, the Board decided to forgo a mass mailing in favour of publishing an announcement of the meeting in the Tower Hamlet's official newspaper, Eastend Life, which is delivered to every door. He also said the Credit Union is working to provide customer service training for staff.

REPORTS

Board of Directors Report

After giving an overview of the Board of Directors Report, the President, Mr Moseley, reported that the Credit Union is liaising with an East London group to provide support to victims of, at times violent, loan sharks. He then invited the membership to share their questions or comments.

In response to a query by member Mr Rouf Ahmed, who asked if there are plans to set up a Cash Machine facility, Mr Bingham explained that there have been some delays due to contractual issues with suppliers but expected the service to be launched between September/October (2008) as part of the Credit Union Current Account banking project. Describing the project as exciting, Mr Bingham said members will be able to access total financial services and solutions from their credit union, including a debit card. There will be a small monthly charge for those who take advantage of the Current Account service.

Ms Overend apologised to the head table for her earlier criticisms and congratulated the Board and staff for the "fantastic and successful" increase in membership despite the constraints posed by a small and overwhelmed staff.

Supervisory Committee Report

Ms Lena Pamphile, Chair of the Supervisory Committee, presented the report, which found:

- Accounting records for the Credit Union were adequately maintained and
- The Auditor's Report was a true reflection of the Credit Union's activities for the period under review.

Noting the difficulty in retaining committee members, Ms Pamphile said, while there was a quorum it was only enough to do business, and she appealed with those members present to volunteer their time to the Credit Union.

She then invited questions. There were no questions from the floor.

Auditors Report

Note: There was a minor change in schedule as Mr Bingham indicated that presentation of the Credit Committee report would be pushed back and the Auditor's Report delivered.

The Auditor's Report was read by Terry McPherson, representative of registered auditors Appleby & Wood. The report found that while the Credit Union's financial situation improved with a healthy balance sheet, the organisation could not sustain a dividend and recommended the adult dividend of .05% should not be paid. The auditors also advised the Credit Union to increase profit by stringent control of delinquent loans. He then invited questions from the floor.

The issue of delinquent loans was a recurrent theme among members like Mr Rahman, who asked what measures were in place to collect bad debts. In response Mr Moseley said the Credit Union has devoted both staff and resources to manage delinquent accounts, but has stopped just short of court action, which he described as "rather harsh."

Explaining that the Credit Union recently appointed a collection committee, General Manager Colin Eddy also said two full-time staff members are dedicated to credit control.

Credit Committee Report

Ms Eartha Eloi of the Credit Committee presented this report.

In addressing the issue of delinquent loans Ms Eloi assured members that the Committee carries out stringent checks and will not approve loans if applicants have not told the truth on their applications. She noted, however, that members with other debts would not be turned away. She then invited questions from the floor.

FEATURE ADDRESS

Ms Sue Davenport, Credit Union Development Educator and former Chief Executive Officer of the Leeds City Credit Union delivered a dynamic and informative feature address.

Her presentation covered the historical development of credit unions and their importance as financial institutions. Describing the business model as "very stable" Ms Davenport advised members to support the Credit Union by saving and volunteering to serve on the Board or to simply volunteer to assist with minor tasks at the office.

NOMINATING COMMITTEE REPORT

Elections

Mr Martin O'Donnell (ABCUL Director) was introduced to take charge of elections for the Board of Directors, Credit Committee and Supervisory Committee.

Board of Directors

Messrs. Mohamed Yunis, Samuel Addeh, Rouf Ahmed and David Campbell were elected unopposed to fill positions on the Board of Directors. Mr Helal Rahman withdrew his candidacy prior to the vote, while Mr Jamir Chowdhury was co-opted into the Board.

Supervisory Committee

No nominees

Credit Committee

Mr John Collins was elected to the Credit Committee; however, three nominees are required. Members Suzette Barrie and Glenda Alexander expressed their willingness to serve on this Committee.

RESOLUTIONS

Dividends

Mr Moseley presented the Board's recommendation to pay a dividend of .5 per cent to adult members and 1 per cent to junior members. Both were put to the vote with the following results:

The payment of a 1 per cent dividend to junior members

16 Yes
0 Against

The payment of a .5 per cent dividend to adult members

16 Yes
3 Against

The Board

To address the lack of manpower, Mr Moseley proposed a resolution to expand, at the Board's discretion, the number of persons serving on the Board of Directors. This was put to a vote with the following results:

15 Yes
0 Against

Loans

Mr Moseley presented the Board recommendation that employees of the credit union be offered discounted rates on loans. The proposal was put to a vote with the following results:

13 Yes
4 Against

Auditors

A resolution by the Board to tender for quotations from auditors and a motion to grant the Board powers to appoint auditors at the best rate available was unanimously adopted by the membership.

OTHER BUSINESS

- Member Suzette Barry offered to volunteer her services for the credit committee
- Mr Bingham again pleaded with members to volunteer their time to the credit union
- Ms Davenport, the keynote speaker, advised that a member of the Board be appointed as a liaison between the Credit Committee and the Board.
- In response to suggestions that the Credit Union utilise the website as part of its communication strategy with customers, Mr Bingham again noted the present squeeze on resources and pleaded with any member interested in working as an information liaison to help get a monthly newsletter started.
- Member Ivone Pedroso won the prize draw.

ADJOURNMENT

The Annual General Meeting was adjourned at 8.35pm.

Board of Directors Report - 30/09/09

Despite the global and national financial turmoil during the period September 2008 to September 2009 the Tower Hamlets Community Credit Union (THCCU) has continued to expand its membership and services to the local community.

Our membership has increased from 7150 last year to 8597 members at the end of September 2009. Junior savers accounted for 533 of the total membership. During the review period total deposits increased from £2,759,215 to £3,223,832.

Our new banking service that offers a Current Accounts with a VISA Debit or Cash Card, registered 836 users by the end of September 2009.

In December the Board agreed to improve service delivery at the branches through the recruitment and appointment of eight additional employees. The increase in staff was also required to assist with the delivery of the new Current Account service that we launched in January 2009. The investment in additional staff also paved the way for us to increase our involvement and participation in community activities and facilitated the launch of our Schools Banking Service, which now involves 8 primary schools. Three (3) secondary schools have indicated an interest and will join the scheme soon.

Another major development was the investment in a new centralised telephone service aimed at improving accessibility of the staff to our members. This has significantly improved the ability of the front line, customer-facing staff to respond to telephone enquiries. Initial start-up problems are being resolved and the service should be fully delivering its benefits during 2010.

Despite all the negative consequences brought about by the credit crunch including reduced lending, credit restrictions, and withdrawal of overdraft and other credit facilities, THCCU has continued to deliver affordable loans to the members. Being mindful of the increased risk factors, each loan is considered on a case-by-case basis to ensure the members funds and the credit union are not exposed to unnecessary losses.

As part of our community services we maintained our links with local money advice and debt counselling services, which use our premises at no cost to offer advice sessions. During the year we established a number of special credit union school branches to teach young people about the benefits of savings and letting them have the opportunity to get involved and understand how financial institutions work. In addition, we have been supporting several local housing associations with services for their tenants.

THCCU is not immune to the fallout from the serious problems in the banking sector, even though our mutual model of savings, lending, and ownership involves our taking far less risk than other types of banking institutions. As a result the income generated from our cash reserves has declined due to the prevailing lower interest rates.

Despite the reduction in income from our cash reserves we have held our charges stable.

As a consequence of the banking crisis the Financial Services Authority examined the way the entire banking sector in the UK operates and, as a result, the FSA has asked for an increase in the reserves held by most financial institutions.

As a result of this request from the FSA, the board has recommended that the funds we would have expected to pay out as a dividend to adult members be held this year to increase our reserves. The THCCU members still own this money, but it is held in the reserves rather than being distributed. However, in order to encourage junior savers the board suggested a dividend of 1% to

junior saver accounts.

In this context, the board would like remind to all members that all your savings up to £50,000 which you have invested with us is insured by the Financial Services Compensation Scheme (FSCS) an agency of the government, and is therefore totally safe and secure

Your Board will continue to make timely and strategic decisions to ensure the Credit Union remained stable, strong and a pioneer for Credit Unions in East London.

There are proposed legislative changes, which will affect most credit unions. We expect that these will come into effect by 2011. These changes will allow us to expand our customer base, expand the geography of our operations, and amalgamate with other credit unions.

COMPOSITION OF THE BOARD OF DIRECTORS

Executive Committee

Following the last AGM the under mentioned Officers were elected to serve on the Executive Committee.

President: Ian Moseley

Vice President: Grenville Bingham

Secretary: Mohamed Yunis

Treasurer: Malcolm Swallow

Other Serving Directors

Nethlee Scarborough, Samuel Addeh, Jamir Chowdhury, David Campbell, Rouf Ahmed, Diana Collins, Ivone Pedroso, Gareth Thomas

Outgoing Directors

Ivone Pedroso, Diana Collins

Vision and Actions for the Future

One of the established goals of the THCCU is to spread awareness of and appreciation for the principles of the Credit Unions to our young people. To do this, THCCU is expanding its effort to bring the message of collaboration and mutual support to schools and educational institutions throughout its bond of membership.

Closely related to this, because THCCU believes in the principle of co-operation among co-operatives it assists in the growth and development of other credit unions by offering them the support of its human and material resources.

The Board continued to discuss plans with Toynbee Hall's Financial Inclusion Team regarding the possibility of locating a credit union branch at their head office on Commercial Street. This would increase the branch network to four.

The Credit Union is discussing the purchase of the freehold of its premises at 473 Bethnal Green Road with the current owner. Buying the freehold will reduce our costs and provide the possibility of expanding the head office without relocation.

We are "rebranding" THCCU to increase its appeal to and the awareness of potential members. This work will involve creating a shorter name, improving the logo, creating improved marketing and support documents, and making some changes to the physical facilities. Some members have been exposed to aspects of the new brand over the past few months. The Board is committed to this project and anticipate that the project will be rolled out before the end of 2010.

Related to the rebranding, we have been progressing arrangements to upgrade our website and will introduce an online platform that will enable members to view their balances, transfer funds between accounts, pay bills and even complete their application for a loan. The new website will be more interactive; will provide more information about products and services. It will also allow members the opportunity to download forms and book appointments.

The targets we have given ourselves for service delivery during the coming year balance the focus of our activities among current account, loans, membership, savings and, as always place a strong emphasis on excellent customer service and strong risk management.

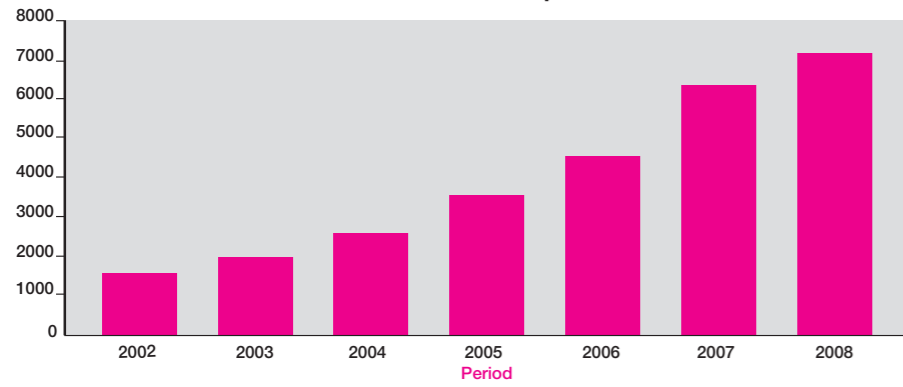
It is well known that credit unions prosper during times of economic uncertainty because members continue to support their local financial cooperatives and recommend that others join. This support is crucial for the Credit Union to continue to grow, and the Board asks the members to suggest any ideas they have to help increase the growth of our membership.

Acknowledgements

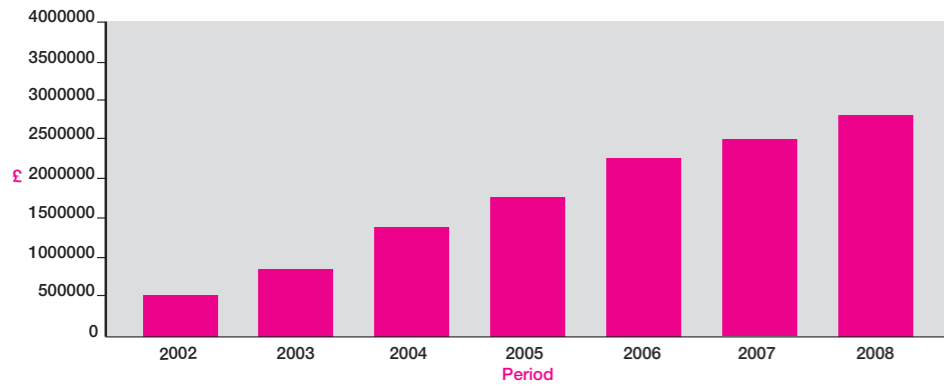
The Board thanks the members for their continued loyalty and support. In these harsh economic times your Credit Union appreciates the level of loyalty they have shown. We also thank the members who have given their time to work on the other Management Committees especially the Credit Committee. Finally, we cannot emphasise enough our thanks to the staff and the General Manager, Colin Eddy for their dedication, devotion, hard work, and commitment to making the Credit Union.

Performance Highlights

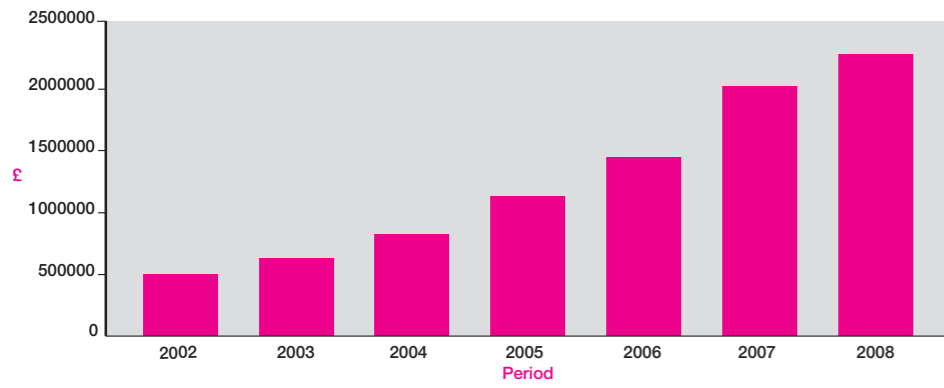
Membership



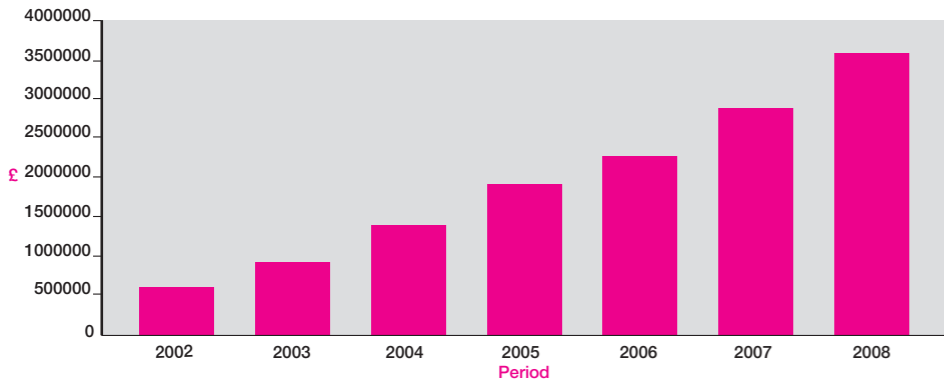
Shares



Loans

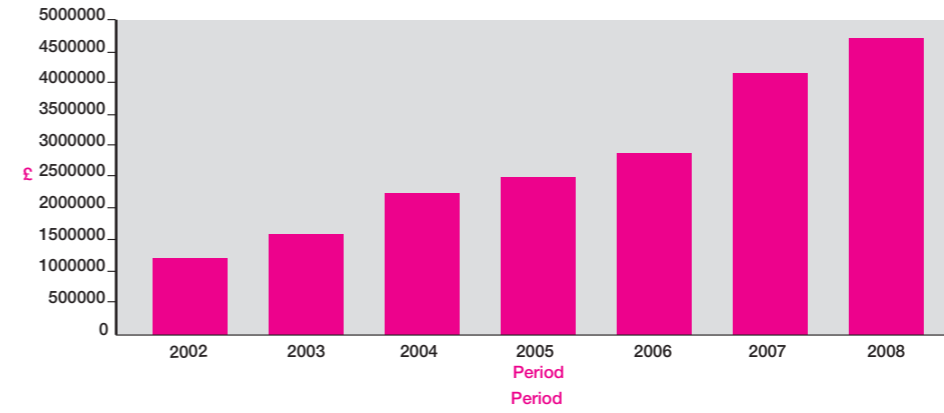


Assets

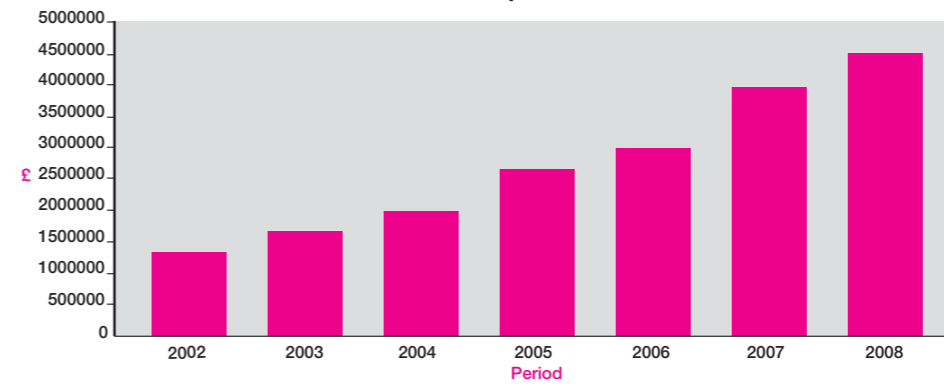


Performance Highlights

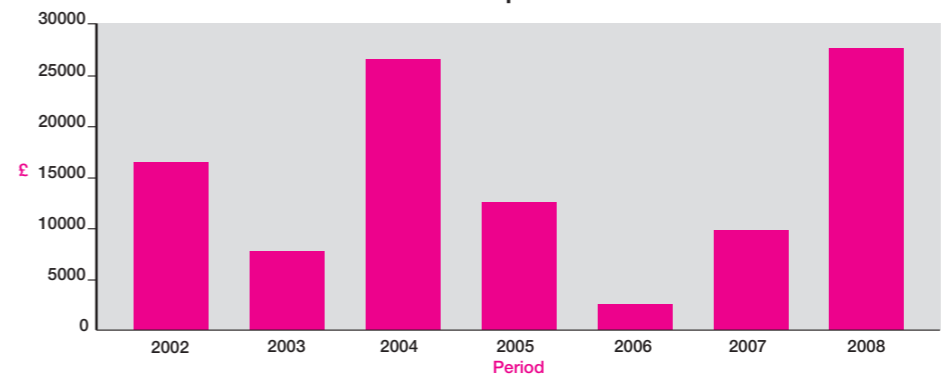
Income



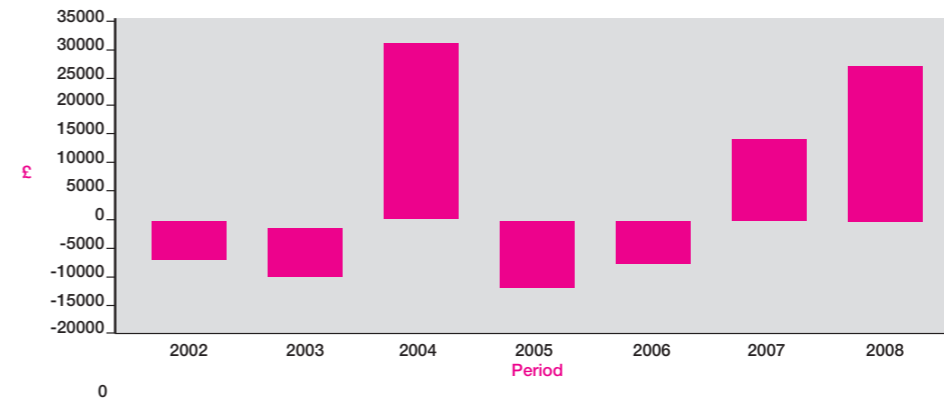
Expenses



Capital



Operating Costs



Credit Committee Report

Structure of the Committee

The following persons comprised the Committee.

- Ms Nethliee Scarborough
- Ms Glenda Alexander
- Ms Suzette Barry

The global economic climate continued to falter and the tightening of credit facilities both locally and internationally persisted during the review period. This had a considerable impact on credit union members who found it increasingly difficult and costly to negotiate loans or to obtain credit facilities from other service providers and several have had existing overdraft and other credit arrangements withdrawn.

The result has been a general increase in the demand for loans especially larger loans for debt consolidation, purchase of vehicles, home improvement and purchase of furniture, fittings and appliances.

The credit union continued to achieve consistent growth in this area of our performance despite a slowing down in major credit markets. The Loan Portfolio currently stands at £2,683,078.

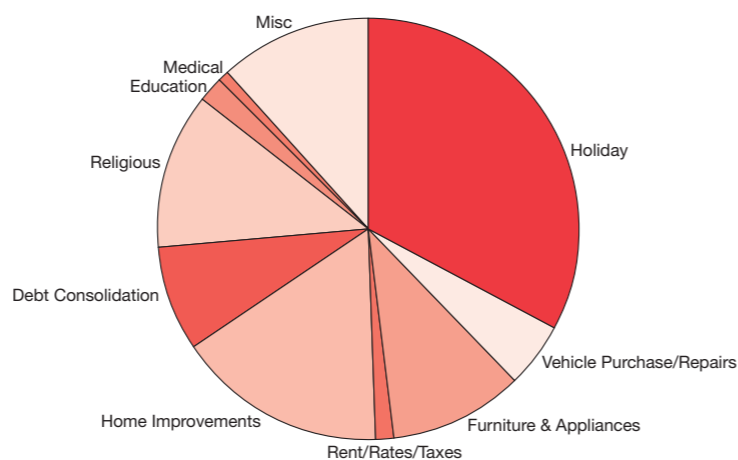
Lending

During the year to 30th September 2009 the Credit Union granted a total of 2579 loans totalling £2,340,328. This trend has been consistent with previous periods with requests for home refurbishment, debt consolidation, furniture and appliances, car purchase, Christmas and holidays being the most popular reasons for loans.

To improve the service to members, two (2) additional Loan Officers were appointed and the loan approval limits of Loan Officers, Branch Managers and the General Manager were increased. These combined decisions assisted in reducing the waiting time for appointments and loan decisions.

The Committee continued to meet weekly to review the growing number of loan requests, which required their consideration

Loans by Type and Percentage



ANALYSIS OF LOANS 01/10/07 TO 30/09/08

Loan Purpose	Number of Loans	Value
Holiday	851	£774,966.00
Vehicle Purchase/ Repairs	126	£173,758.00
Furniture & Appliances	202	£187,715.00
Rent, Rates and Taxes	15	£36,337.00
Home Improvements/Deco	345	£432,964.00
Debt Consolidation /Urgent Bills	141	£200,271.00
Religious Festivity	37	£251,163.00
Education Expenses	31	£59,664.00
Medical	14	£24,664.00
Misc	17	£188,827.00

Delinquency Management

The economic conditions have resulted in unemployment and the loss of income for our members. As a consequence some of them have been unable to service their loan account according to the terms and conditions. The Credit Union is mindful of the hardship being faced by its members and we have assisted them by reducing loan repayments, extending the term of the loan and in certain instances freezing interest payments until the member's circumstances changes.

We have also seen an increase in the use of bankruptcy, Individual Voluntary Arrangements and other measures aimed at dealing with debt problems. The Credit Union has been working closely with the "Money Made Clear" team to assist members who have debt, money management or financial problems. Sessions are held every Monday at the Poplar Office. The participation in these sessions has been overwhelming and another full day is being added to the schedule.

The Association of British Credit Unions is seeking to develop an industry wide Credit Referencing Agency to provide support to all credit unions. We have also progressed the initiative to share vital financial information with the rest of the industry. The initial tests have been successful and the system should be operational towards the end of 2010.

The Credit Control Team has been strengthened and this has had a positive impact on the portfolio. The Team continue to communicate with defaulters by letters and phone calls. We have also updated our policy so loans in arrears are referred to the debt collection agency much sooner so there is a better likelihood of prompt collection. The team makes every effort to reach a reasonable accommodation with defaulters before collection action is taken, but it is our duty to protect the savings of members in a way that is consistent with our mutual support philosophy.

Attendance at Meetings

All members have attended the weekly meetings of the Committee. The Manager and other staff members have also been present at meetings to deal with any queries, which may arise.

Conclusions

Tower Hamlets Community Credit Union has continued to grow despite the impact of the global credit crisis. Credit Unions seem to prosper during harsh economic times as the very development of Credit Union were borne out of the need to assist those who were marginalised by banks. It is therefore not surprising that many more individuals are turning to the Credit Union to resolve their credit and debt problems.

We have continued to respond aggressively to changes in the present market.

The committee has maintained a good working relation with Credit Union staff and wishes to thank Management and Staff for their support and co-operation in managing the many challenges encountered during the year.

Finally, the members of the Credit Committee, wish to thank the members and staff for your support during the year and look forward to your continued support in the future.

Supervisory Committee Report

Introduction

In accordance with Rules of Tower Hamlets Community 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 10th Annual General Meeting.

Structure of the Committee

The following persons comprised the committee

Lena Pamphile
Segarajasingham Nagarajah
Prince Eferé

The Committee struggled to cope with the increasing workload and would again recommend the appointment of two additional members to assist with streamlining its operations and who can serve as alternate members.

Overview of Supervision

During the period of review, the Supervisory Committee attended Board of Directors Meetings and examined and/or attested to the following:

- a. Financial Statements
- b. Shares and Deposit Accounts
- c. Cash Count
- d. Opening of Accounts
- e. Operation of Current Account
- f. Systems and Procedures
- g. Internal Controls
- h. Loans

Board of Directors

The Supervisory Committee was unable to attend regular monthly Board meetings, however all Board minutes have been scrutinised and carefully monitored.

Financial Statements

The supervisory committee audit scope included testing the accuracy of the Credit Union's financial data and compliance with FSA. Reviewing the accounting system for its overall integrity and efficiency procedures and tests included reviewing the quality of the subsidiary accounting records and supporting schedules.

The financial statements presented to the Board of Directors were examined. These statements included the Balance Sheet and the Revenue Account to 30th September 2009.

Credit Committee

The Credit Committee held meetings every week as laid down by the Rules. The Supervisory Committee examined a number of loans granted during the period of review.

The Credit Union appears to be adequately monitoring and documenting loans granted to members, employees and officers, in compliance with the Credit Union's written loan policies. There has also been improved effort to collect outstanding loans from delinquent members and the greater use of debt collection agencies has had an extremely positive result.

Internal Controls

Internal controls comprise the plan of organisation, operating procedures, and measures within the Credit Union to safeguard its assets, to check the accuracy and reliability of its accounting data, to promote operational efficiency, and to encourage adherence to managerial policies.

From direct observation of operations, discussions with officers and staff, or from written materials, there are no indication that the procedure of operations in accordance with the Financial Services requirements is not being followed.

Conclusion

The Supervisory Committee 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 conveys its congratulations to the Board of Directors, Credit Committee, Management and Staff for their outstanding performance and professionalism.

The Committee would like to thank management and staff for their support and the co-operation during the past year and we thank the membership for giving us the opportunity to serve.

Auditors' Report

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

We have audited the financial statements of the Tower Hamlets Community Credit Union Limited for the year ended 30th September 2009 which are set out on pages 1 to 6. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities 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 & Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members as a body, for our audit work, for this report, or for the opinions we have formed.

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Respective Responsibilities

Industrial and Provident Societies law requires the Board 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 surplus of the Credit Union for that period. In preparing those financial statements, the Board is 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 Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union. It is 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.

As described above, the Board is responsible for preparing the financial statements in accordance with applicable law and UK Accounting Standards. It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on

Auditing (Uk and Ireland).

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 1964 to 2002 and the Credit Unions Act 1979. We also report to you 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 other transactions is not disclosed.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 by the directors in the preparation of the financial 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 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 misstatement, 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Credit Union's affairs as at 30th September 2009 and of its surplus for the year then ended;

and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979.

APPLEBY & WOOD Statutory Auditors

40 The Lock Building
72 High Street
Stratford

Registered Auditors

Revenue Account for the Year End 30th September 2009

Income	Note	2009		2008	
		£	£	£	£
Loan Interest			229,024		186,584
Bank Interest			2,642		22,750
Investment Interest			24,983		29,494
Business Case DWP Fund			64,707		15,000
DWP Revenue Fund			150,000		151,773
Banking Project			60,500		10,000
Bundled Income CUCA			10,746		
Sundry Income			18,989		12,006
			561,591		427,607
Fixed Asset depreciation Release			21,118		14,159
Grants Receivable			32,000		32,000
			614,709		473,766
Less Expenses					
Staff Salaries	271,789			194,112	
Other Staff Costs (including Volunteers expenses)	3,463			4,157	
Cleaning	505			548	
Printing & stationery	5,777			7,092	
Travel costs	1,008			2,420	
Professional Fees	4,950			-	
Repairs & Maintenance	856			4,011	
Telephone	9,163			11,575	
Computer Development	3,489			184	
Advertising & Publicity	31,415			10,859	
Depreciation	23,739			41,029	
Fidelity Bond	2,299			2,070	
ABCUL fees	5,897			5,250	
CUNA Insurance	22,338			18,232	
Insurance	870			1,755	
Committee Expenses	944			748	
Bank charges	4,771			2,274	
Office Expenses	2,685			2,160	
Sundry Expenses	1,595			1,284	
Audit	3,676			3,600	
Training	1,860			2,020	
Rent, Heat and Light	31,450			40,276	
Provision for delinquent loans	89,151			87,175	
Photocopy	1,902			2,606	
Lease of equipment	1,740			678	
Banking Expenses	57,841			-	
Debt Collection costs	5,688			-	
			(590,861)		(446,115)
Surplus for the year before taxation			23,848		27,651
Corporation Tax			(5,525)		(10,449)
Surplus for the year after taxation			18,323		17,202
Transfer to statutory reserves			(3,665)		(3,440)
			14,658		13,762
Proposed Dividends			643		7,306
Surplus to Reserve			15,301		21,068

All amounts relate to continuing operations.

Balance Sheet for the Year End 30th September 2009

	Notes	2009		2008	
		£	£	£	£
Fixed Assets	5		29,073		46,072
Investments	9		211,253		425,899
Loans Due from Members		2,683,078		2,150,082	
Less Provision for Bad Debts		(375,571)		(286,420)	
			2,307,507		1,863,662
			2,547,833		2,335,633
Current Assets					
Short term deposit		609,956		595,346	
Other Debtors	6	125,301		112,749	
Cash and Bank	7	858,176		557,750	
		1,593,433		1,265,845	
Current Liabilities					
Sundry Creditors	8	44,840		23,010	
Proposed Dividend	11	643		-	
Corporation Tax		29,456		23,931	
		74,939		46,941	
Net Current Assets			1,518,494		1,218,904
			4,066,327		3,554,537
Represented by:					
Share Capital	10		3,223,832		2,759,215
General Reserves	4		37,593		27,219
DWP Reserve	12		652,902		609,485
Banking reserve			60,000		110,500
Leaside			27,000		12,118
DWP capital			35,000		36,000
Newlyn			10,000		-
Stepney Works			20,000		-
			4,066,327		3,554,537

Notes to the Financial Statements for the Year End 30th September 2009

01 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 at the rate of 21%.

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

02 STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

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

03 HISTORICAL COST PROFIT AND LOSS

All assets are stated in the financial statements at historical cost. Therefore, no adjustments are required to the reported surplus which is stated on an unmodified historical cost basis.

04 RECONCILIATION OF MOVEMENTS IN THE GENERAL RESERVES

	RESERVES		TOTAL
	OTHERS	STATUTORY	
	£	£	£
BALANCE AS AT 01 OCTOBER 2008	4,619	15,294	19,913
SURPLUS FOR THE YEAR	17,680	-	17,680
TRANSFERRED TO APPROPRIATION ACCOUNT	-	-	-
TRANSFERRED TO STATUTORY RESERVE	(3,665)	3,665	-
BALANCE AS AT 30TH SEPTEMBER 2009	18,364	18,959	37,593

Notes to the Financial Statements for the Year End 30th September 2009

	Office Improvement £	Computers £	Fixtures/ Equipment £	Total £
05 Fixed Assets				
Costs				
As at 01 October 2008	110,528	74,284	26,914	211,726
Additions	5,135	725	880	6,740
As at 30 September 2009	115,663	75,009	27,794	218,466
Depreciation				
As at 01 October 2008	69,917	73,840	21,897	165,654
Charge for the year	19,277	292	4,170	23,739
As at 30 September 2009	89,194	74,132	26,067	189,393
Net Book Value @ 30 September 09	26,469	877	1,727	29,073
Net Book Value @ 30 September 08	40,611	444	5,017	46,072
		2008		2007
		£		£
06 Debtors				
Grants and Fees Receivables		124,000		112,000
General Expenses		1,301		749
		125,301		112,749
07 Cash and Bank		2008		2007
		£		£
Cash & Bank balances held		858,176		557,750
08 Other Creditors		2008		2007
		£		£
General creditors		1,485		7,155
Unallocated Credits		19,348		15,749
Suspense		-		106
Expenses		24,007		-
		44,840		23,010
09 Investments		2008		2007
		£		£
Main Investments		211,253		425,899
Junior Investments		-		-
		211,253		425,899
10 Share Capital		2008		2007
		£		£
Adult Shares		3,155,062		2,698,891
Junior Savers		68,770		60,324
		3,223,832		2,759,215
11 Proposed Dividends		2008		2007
		£		£
Adult dividend		-		-
Junior dividend		643		-
		643		-

Notes to the Financial Statements for the Year End 30th September 2009

	Notes	2008 £	£	2007 £	£
Net Cash(Outflow) Inflow	1		21,934		(23,394)
Interest Received			27,625		22,750
Net cash inflow before investments & financing			49,559		644
Investment activities					
Fixed Deposit Investment		(200,036)		(432,738)	
Fixed Assets		(6,740)		(5,756)	
Net cash inflow before financing			193,296		(438,494)
Dividend Paid			-		-
Financing					
DWP & Leaside Funding		87,299		315,990	
Increased banking provision		(50,500)		110,500	
Increase in Shares		464,617		282,227	
Increase in Loans Granted		(443,845)		(177,168)	
Net Cash Inflow from Financing			57,571		531,549
Increase(Decrease) in Cash	2		300,426		92,411

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of deficit

Before tax to net cash inflow/(outflow)

Surplus/(Deficit) before Taxation		16,542		27,651
Add: (Increase)/Decrease in debtors	(12,552)		(78,421)	
Depreciation	23,739		41,029	
Bank Interest	(27,830)		(22,750)	
Increase in Creditors	21,830		9,097	
Net Cash Inflow		(5,392)		(51,045)
		(21,934)		(23,394)

2. Analysis of Changes in Net Funds

	£	£	£
Cash at Bank and in Hand	557,750	300,426	858,176

Nominating Committee Report

In accordance with the Rules of the Credit Union, the Nominating Committee invited nominations for the following vacant positions:

BOARD OF DIRECTORS (Two vacancies)

- 01 Diana Collins: Outgoing/seeking re-election
- 02 Ivone Pedroso: Outgoing/not seeking re-election

SUPERVISORY COMMITTEE (Two vacancies)

- 01 Prince Eferé: Outgoing/not seeking re-election
- 02 Segarajasingham Nagarajah: Outgoing/not seeking re-election
- 03 Lena Pamphile : Outgoing/seeking re-election

CREDIT COMMITTEE (Two vacancies)

- 01 Vacant

The following persons submitted applications:

BOARD OF DIRECTORS

- 01 Diana Collins
- 02

SUPERVISORY COMMITTEE

- 01 Lena Pamphile
- 02

CREDIT COMMITTEE

- 01

Recommendations & Resolutions

DISTRIBUTION OF SURPLUS

The Board is minded of its obligation to build the Capital Reserves of the Credit Union and based on the advice of the FSA, Auditors and the Management Team we wish to resolve that no dividend payment should be made to adult members however we propose a dividend payment of 1% should be made to junior savers.

AUDITORS

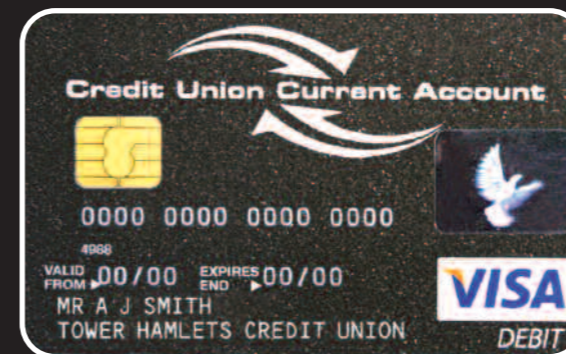
Be it resolved that the firm of Appleby & Wood be retained as Auditors but that the Credit Union should tender for the provision of auditing services and invite the firm of Appleby and others to tender.

EXPANSION

Be it resolved that the Board of the Credit Union should seek to extend the business of the credit union by expanding its geography, number of branches, types of membership, and by creating new entities, in all cases taking into account the best interests of the members and the law.

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