

Annual Report 2011



 **London Community**
 **Credit Union**

Notice of the 11th Annual General Meeting	Page 03
Agenda	Page 03
Standing Orders	Page 03
Minutes of the Last Annual General Meeting	Page 04
Chairmans Report	Page 06
Board of Directors Report	Page 06
Performance Highlights	Page 08
Credit Committee Report	Page 10
Treasurers Report	Page 11
Supervisory Committee Report	Page 12
Auditors Report	Page 13
Revenue Account	Page 14
Balance Sheet	Page 16
Notes to Financial Statements	Page 16
Nominating Committee Report	Page 19
Recommendations & Resolutions	Page 19

Executive Members of the Board



President:
Ian Moseley



Vice President:
Grenville Bingham



Treasurer:
Malcolm Swallow



Secretary:
Mohamed Yunis

Notice of the 11th Annual General Meeting

Notice is hereby given that the eleventh (11th) Annual General Meeting of London Community Credit Union Limited will be held at Bethnal Green Library, Cambridge Heath Road, Bethnal Green, London, E2 0HL on Thursday 31st March 2011

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

Minutes of the Tower Hamlets Credit Union 10th Annual General Meeting

Held on 29th July 2010 at
Bethnal Green Library,
Cambridge Heath Road
London E2 0HL

Commencement

The Chairman Mr Ian Moseley called the meeting to order at 18.07pm.

Notice of Proceedings

Mr Ian Moseley, read the notice convening the 10th Annual General Meeting of the Tower Hamlets Credit Union. He also advised members of the Fire Exits, Emergency Procedures and highlighted the Health and Safety issues.

Credential Report

Credential Report revealed that 27 persons were present at 18.30pm as outlined below:

Members:	20
Staff:	7

Welcome Remarks

Mr Moseley welcomed all present on behalf of the Board and Committees.

Standing Orders

Mr Moseley read the standing orders and asked members to observe these rules of conduct during the meeting.

Review of the 9th Annual General Meeting Minutes

Mr Moseley, invited all present to review the minutes of the previous Annual General Meeting and to highlight any errors or omissions. Having been duly read and inspected, the minutes were adopted as read.

MATTERS ARISING

There were no matters arising.

REPORTS

Board of Directors Report

Mr Moseley read the Board Report and highlighted the fact that membership had increased to 8597 by the end of September 2009. The new banking service, which started in February 2009, had registered 836 users by the end of September 2009. The Chair stated that the CU had made a major investment in the centralised telephone system aimed at improving accessibility of the staff to members. Mr Moseley indicated that the system is still experiencing teething problems but it is hoped that these will be resolved so that the investment will bring the desired service improvements. The school's banking project was highlighted as offering young people the benefits of saving, and understanding how a financial institution operates effectively.

Mr Moseley stated that the global crisis impacted on the credit union in that our income generated from cash reserves had declined due to low interest rates.

On the advice of the FSA the CU's board decided to forego any dividend payment so that the CU could build its reserves.

The Chair also said that the "rebranding" exercise is ongoing and is intended to improve our appeal and awareness to members and potential members.

Mr Moseley thanked the General Manager and staff for the excellent job they had done throughout the year, and especially in these difficult times.

Credit Committee Report

Glenda Alexander presented the report, which highlighted the current loan portfolio standing at 2,683,078. During the year to 30th September 2009 the Credit Union granted a total of 2579 loans totalling 2,340,328. To assist in the demand two additional Loan Officer had been appointed. Although the Credit Union is mindful of its member's circumstances, it has to adopt very stringent forms of delinquency management. The Credit Union will attempt to assist members who are experiencing genuine difficulties by reducing loan repayments, extending the terms of loans and in some cases, freezing the interest payment. If a member ignores all our efforts then we will consider passing of loans to credit collection agencies.

The credit control team has made a significant impact by communicating with defaulters as soon as a loan payment is missed. The Credit Committee is mindful that its foremost

responsibility is the duty to protect the savings of members.

Questions were then invited – Henrietta Cyrille asked if there was any particular reason why holiday loans are so high, and she also asked for the Committee to publish how many loans were applied for, how many were declined and the reasons for loans being declined to be shown in future reports. She also asked if the CU kept statistics on loan which are delinquent and whether any trends have been observed for example if more people are defaulting on holiday loans rather than on home improvement loans. Ms Alexander asked the Credit Control Manager if this information is compiled and he responded in the negative but indicated that if this is required it can be identified. The Vice President indicated that the exact purpose of a loan is not often given, he told the meeting about a friend who showed him around his house and told him he needed to show him the new boiler he had taken a loan to acquire. It turned out that he used the money to purchase a piano. He said that we should not rely entirely on the reasons which people give during an interview but should take it with a pinch of salt. He also spoke about the new measures the CU had used to improve collection of debts. He reiterated that the CU had to balance between the fact that loans are the main source of income for the CU vs. the fact that we need to ensure that they will be repaid.

Supervisory Committee Report

Lena Pamphile led the meeting through the Supervisory Committee's Report. Ms Pamphile indicated that although two (2) individuals had put themselves forward to serve on the Committee, she was still appealing for more individuals to support the work of the Committee due to the increasing workload and the need to carry out duties efficiently and effectively. She apologised for not being able to attend board meetings, but gave reassurance that the minutes had been scrutinized. The supervision of the credit committee had been through the examination of a number of loans granted throughout the year. Internally there had been direct observation of the operations of the performance of the Credit Union. Questions were invited. Buddika Perera asked about the aim and role of the supervisory, this was explained by Ms Pamphile.

Auditors Report

Mr Malcolm Swallow Treasurer introduced the Accounts and handed over to Mr Ray Williams from the Accounting Firm Appleby & Wood

Auditor Ray Williams from Appleby & Wood introduced members to the Accounts. Mr Williams indicated that the CU had made a surplus of £18,323. He informed the meeting

that total reserves now stood at £37,593, which was less than 1% of total Capital.

In terms of Income he stated that income rose by £140,943 to £614,709 due to:

- Loan interest increased by £42,440 to £229,024
- Investment income reduced substantially due to lower rates of interest
- Banking Project Income was £10,746
- Sundry income rose to £18,989

Mr Williams also indicated that expenditure also rose during the same period by £144,746 to £590,861 due to the following:

- Salaries rose by £77,677 to £271,789
- Advertising costs increased by £20,556
- Provision for bad and doubtful debts rose to £89,151
- Banking expenses of £57,841 in relation to the set up of the Current Account Project
- Debt Collection costs of £5,688
- Other costs remained fairly consistent

In closing he indicated that the Credit Unions balance sheet shows excellent liquidity with liquid assets of £1,518,494 but despite this the Reserves remain low at £37,953. This needs to be resolved by increasing its profits, and also by ensuring its expenditure remains at a manageable level. Once the Credit Unions reserves are increased it could then reconsider paying a dividend to members. Ms Henrietta Cyrille asked how did the CU intend to increase its Reserves. Mr Swallow said the CU had a Two (2) Year Plan to 2012 and that we had written to the FSA outlining how we intend to achieve and exceed the requirement.

David Campbell moved a motion to accept the accounts. This was seconded by Anthony Norton. There were none against.

NOMINATING COMMITTEE REPORT

Elections

The Elections for Board of Directors, Credit Committee, and Supervisory Committee was held.

There were two vacancies on the board of directors
Samuel Addeh: Outgoing/ seeking post on Supervisory Committee
Ivone Pedroso: Outgoing not seeking re election.

Board of Directors

The nominating committee had recommended the following individuals to the meeting for the board of directors.

Paul Nailor
Henrietta Cyrille
Jason Vaughan not present.

Mr Nailor and Ms Cyrille were appointed to the Board

Supervisory Committee

Grenville Bingham indicated that the people taking on roles must be aware of the effort required to ensure success. He said more individuals must volunteer if we are to bring about change.

The following nominations were received:

Samuel Addeh
Lena Pamphile
Denise Barnett – Not present

It was moved by Mr Bingham that Mr Samuel Addeh and Lena Pamphile should be appointed and that Ms Barnett should be contacted to determine her interest and that she could be co-opted to the Committee if deemed fit. This was seconded by David Campbell. This was agreed by all present.

Credit Committee

Samantha Wrsama not present but should be contacted to determine her interest and that she could be co-opted to the Committee if deemed fit.

RESOLUTIONS

Dividends

Mr Moseley presented the Board's recommendations to pay a dividend of 1% to junior members. This was proposed by Gren Bingham and seconded by Suzette Barry. There were none against.

Auditors

A resolution by the Board to appoint Appleby and Wood as auditors but to tender for auditing services from auditors and a motion to grant the Board powers to appoint auditors was moved by Malcolm Swallow and seconded by Grenville Bingham. This was unanimously adopted by the membership.

Change of Name

This resolution was proposed by Gren Bingham and seconded by Jamir Choudhury
Against - None
Abstentions – None

Glenda Alexander asked if the CU name has to be changed and Mr Bingham said that it all depended on the outcome of several activities. He stated that there is a LRO to be laid before the House of Commons and that the recent

difficulty at Hackney Credit Union had motivated the Board to consider options to expand our geography. He said a name change might be required according to the nature and scope of our expansion.

OTHER BUSINESS

Samuel Addeh asked if there were any plans to print or view the Current Account balances online. Mr Bingham said we could move quickly to do this however we depend on the Co-operative Bank to roll out this service and their timetable is out of our control.

Mr Swallow said that the Co-operative will begin trials of this service at the end of the year, but that the service will cost and we have to be careful of escalating costs in light of our need to build our reserves. Ms Cyrille said some research would be required to determine if there is actually sufficient interest in and demand for this service by members to make it a worthwhile investment.

Jamir Chowdhury highlighted the need for more members to volunteer their services to the Credit Union. He called on members to volunteer to assist with day-to-day service delivery.

Gren Bingham said that the CU would also seek to support volunteers by sponsoring them with their NVQ. He said the Credit Union needs help in many areas including distribution of leaflets and other small tasks. He said the important requirement is consistency.

Mr Rouf Ahmed asked that a special certificate of thanks should be awarded to the Management and staff for doing a remarkable job.

VOTE OF THANKS

Mr Ian Moseley thanked all those who attended the meeting.

ADJOURNMENT

The Annual General Meeting was adjourned at 18.59 hours.

Chairman's Report

As members will be aware Tower Hamlets Community Credit Union has changed its name to London Community Credit Union. This decision was triggered by the expansion of our common bond to cover the London Borough of Hackney following the closure of the existing Credit Union in that area.

Expanding our operations into Hackney will address the immediate need for a credit union in Hackney, but it will also allow us to improve our services to all the members. It will also bring some "benefits of scale" because we will be able to spread the costs of operation over four branches and a larger membership without increasing them proportionately.

The last year has seen even more turbulence than the previous year with a change of government and consequent change of several fiscal policies. Fortunately it would seem that the new Government plans to be supportive of Credit Unions especially because they fit well with their "big society" and "localism" agendas. One immediate possible benefit, although, we do not have full details as yet is the proposal to promote credit union banking services through the Post Office network.

Other changes are not so helpful; the London Illegal Money Lending team, that helps to fight loan sharks and was funded by Central Government and operated out of Tower Hamlets has now been disbanded. Its functions have been handed to a national team based in Birmingham. Another unfortunate victim of the spending review has been a number of voluntary organisations providing debt advice and debt counselling services which we rely on to provide independent support and help to our members and the general public. The reduction in funding has led to consequent cut back in services.

Our Credit Union, although affected by the current sluggish financial situation, is still expanding. We are now proud owners of 471- 473 Bethnal Green Road which houses the Bethnal Green Branch, Our Head Office and which will accommodate our expansion requirements over the next few years. The owners of the building where the Roman Road office is based wish to sell so we are looking at the financial implications to determine if we can take on that as well. The board considers that these are sound long-term investments, and they can reduce the outgoings on rent.

One point I would like to emphasise is that, when you look at our financial information for the last year, you will notice a substantial amount has been set aside to cover bad debts. This represents funds that could be put to much better use. I would remind members that this is their credit union and that when they take a loan, they are borrowing from other members, and when they do not repay on time, they may be stopping other members who might need a loan urgently from getting it.

I am pleased to close on a positive note. I want to point out our new website to you because we are introducing online services early in the coming year. These can save you from coming to the branch or phoning as often as before. If you have access to the Internet, you will be able to move money between your accounts and make external transfers as well as apply for a loan. We will continue to expand this service to address member requests.

As the winds of change blow, I would like to ask all of you to consider getting closer to your credit union by thinking how you might be able to support it. Credit unions are run by and for their members, and we can offer you a variety of different roles if you want to volunteer. Younger members can gain useful experience doing this, and older members can help by bringing the experience life has given them.

May 2011 bring you and your family continued peace and prosperity.

Board of Directors Report - 30/09/10

The year 2010 has been a year of great change and expansion for the Credit Union, not the least of which is the change in our name to London Community Credit Union (LCCU). This report covers the year from the October 2009 to the end of September 2010

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
Jamir Chowdhury
David Campbell
Rouf Ahmed
Diana Collins
Gareth Thomas
Paul Nailor
Glenda Alexander
Henrietta Cyrille

Our membership increased from 8,597 to 10,279. Adult members accounted for 9,572 of the total membership and 707 were junior savers, many of whom were recruited from our new Schools Programme. The banking service also grew from 836 to 1,221 registered users.

The year 2010 was one of the most exciting years in the history of the Credit Union. We concluded the purchase of our main branch at Bethnal Green Road. We launched our Schools Service and most significantly after considerable discussions and meetings with the FSA, we received authorisation to expand our Common Bond to include the London Borough of Hackney. This approximately doubles the size of our potential membership pool. The decision to expand into Hackney was taken by the Board because of the demise of the Hackney Credit Union.

As part of the expansion, we changed our name after 10 years from Tower Hamlets Community Credit Union to London Community Credit Union (LCCU). Although this had to do with our immediate expansion to include Hackney, it also will facilitate any future expansion to other neighbouring areas.

Despite the depressed economic environment, including threats of cuts in jobs and public service contracts, and with lending restrictions reported from the major banks, total deposits with LCCU grew from £3,223,832 last year to £3,975,410 this year. An increase of 23%.

The Credit Union operates principally on the income generated by loans to members. We are pleased to report that the loan portfolio grew from £2,683,078 at the end of the last business year to £2,984,031 this year. However, due to the economic climate, we are continuing to consider each loan on a case by case basis to ensure that the member can afford the loan repayments and therefore to reduce the risk to the Credit Union and its members.

As part of our community service, we continue to maintain our links with local and national money advice and debt counselling services. One provider uses our premises at no cost to offer advice sessions. This has been somewhat curtailed by our need for space for additional staff to work in.

Other aspects of our community service programmes have been growing. During the year we established and continued to support a number of special credit union branches as part of our Schools Banking Service. The purpose of this is to teach young people about the benefits of saving while providing them with the opportunity to get involved with financial operations and learn how financial institutions work. This programme now involves 187 youngsters in 6 schools in Tower Hamlets and will be rolled out in the Hackney School system in the coming year as our expansion into Hackney gains momentum.

LCCU, like all other financial institutions, has been affected by the serious economic problems that we have been going through. Of course, the mutual model of savings, lending, and ownership meant that we take far less risk than other types of banking institutions. However the income from our cash reserves is still very low due to the fall in interest rates. Despite this, we have not increased most of the charges.

The FSA continues to impose more stringent reserve requirements on most financial institutions, which means that the board has recommended that the funds we would have expected to pay out as a dividend to adult members be held to increase the reserves this year. Please remember that LCCU members still own this money, but it is held in reserve rather than being distributed. However, to encourage the junior savers, the board has suggested that a dividend of 1% be paid on accounts held by all junior savers.

The savings you have invested with us are safe and secure. All accounts up to £85,000.00 are insured by the Financial Services Compensation Scheme (FSCS) which is an agency of the government.

Vision and Actions for the Future

Your Board will continue to make timely and strategic decisions to ensure that the Credit Union remains stable, strong, and a pioneer for credit unions in London.

As part of the expansion programme, the branches will be refurbished to a high standard, and new signage will be put in place. We have been approached by the owners of the Roman Road branch, Old Ford Housing Association, to consider purchasing the premises. The Board will review the circumstances to see if it makes good financial sense.

In the coming year we will be looking for new members who have a strong relationship to Hackney to join the Board so we can properly reflect the interests of the new addition to our Common Bond. If you know people who would be qualified, please let us know.

In 2011 we expect legislative changes will come into effect that will allow us to expand our customer base and expand the geography of our operations. We expect to be able to accept members from local partner organisations, such as Housing Associations or Social Enterprises from across all of their schemes, without the geographic restriction to being in Tower Hamlets or Hackney.

We anticipate appointing an Outreach Manager to help develop our relationships with other organisations. This will include our Schools Banking Programme and our relationships with organisations such as Housing Associations and Social Enterprises, as well as businesses, where we might be able to offer payroll savings programmes and other benefits to their people.

As part of its ongoing commitment to the principles of co-operation amongst co-operatives, LCCU will continue to offer both human and material support to the credit union movement and individual Credit Unions.

Our expansion into Hackney which was precipitated by closing of the Hackney Credit Union, forced us to put our plans to create a branch of the Credit Union at the head office of Toynbee Hall on Commercial Street on hold. This project will be considered in the future if and when resources permit.

We are also planning to introduce a new website, and shall continue to develop it during the coming year. Part of the development will be to make available online services to members who sign up. This will allow members to initiate financial transactions and loan applications over the web from any secure computer. The entire site will be more interactive with the aim of helping members avoid unnecessary trips to their branch.

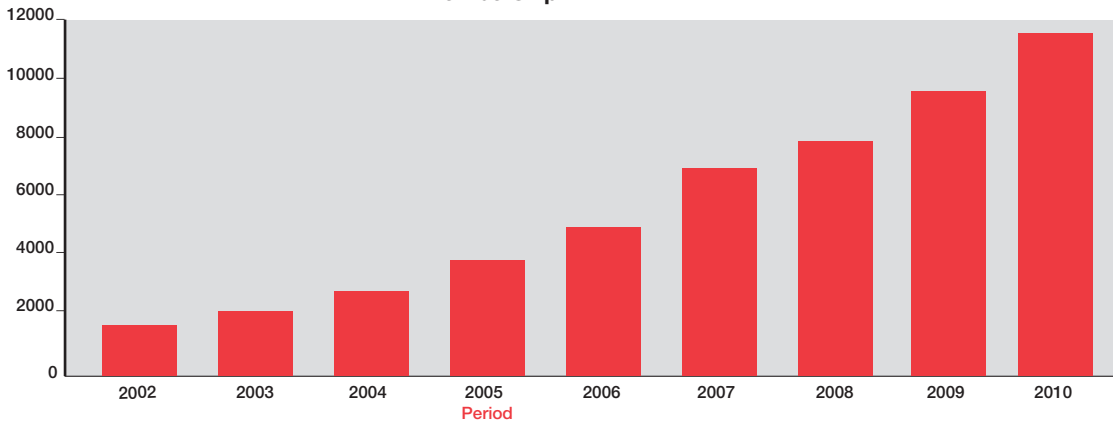
Your board has made a commitment that, despite the pressures of expansion and increased targets during the coming year, excellent service to the members remains our paramount objective, coupled with ever stronger attention to risk management.

The board asks all members to help us increase the size of our membership, so please encourage your friends and family to join the Credit Union. If you wish to make a more immediate contribution to LCCU, please consider working as a volunteer with us. There are a variety of things that you can help with, and seats on the Board and membership of the operating committees are available to all members.

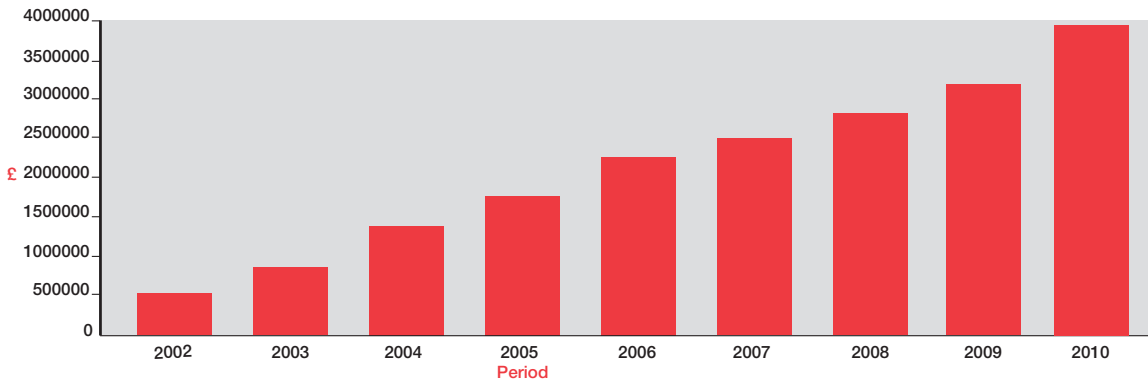
As always, we want to give our heartfelt thanks to the staff for the work they put in, and for their continuing and enthusiastic efforts to make LCCU better and more welcoming for our members.

Performance Highlights

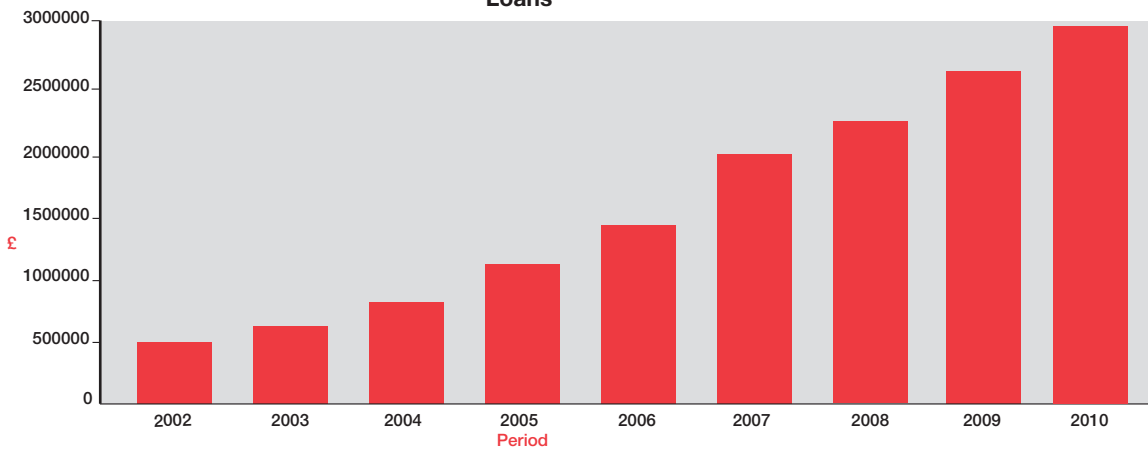
Membership



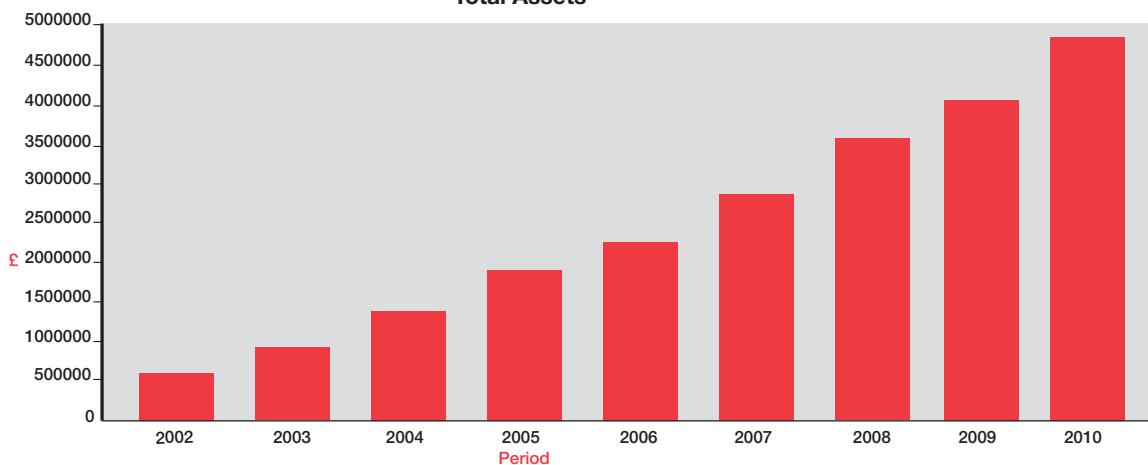
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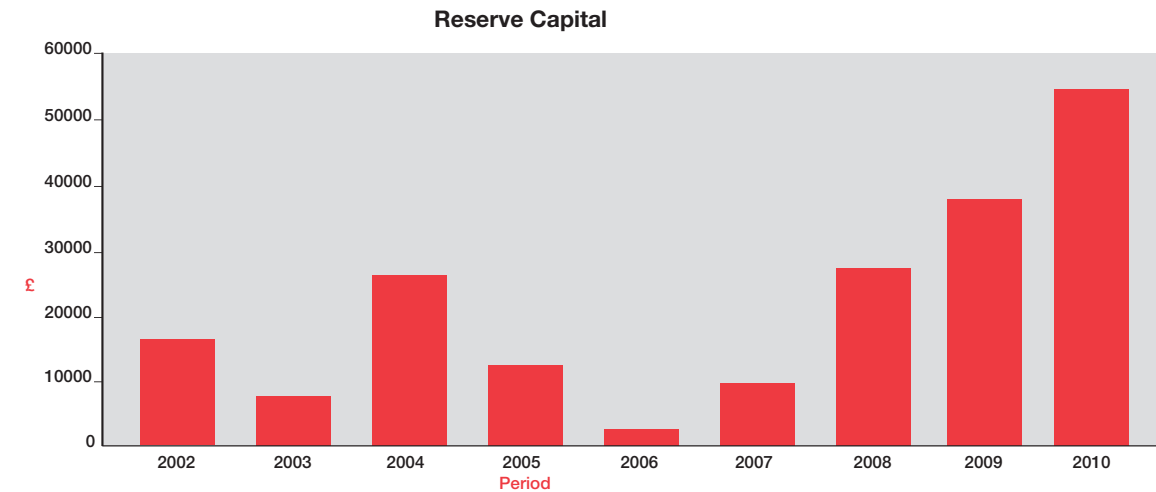
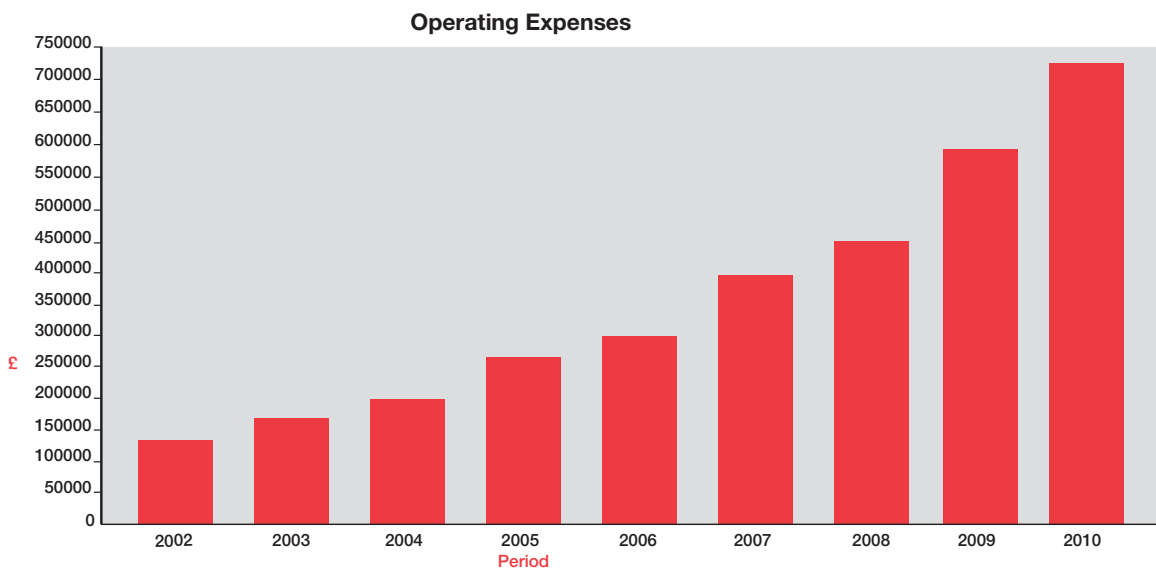
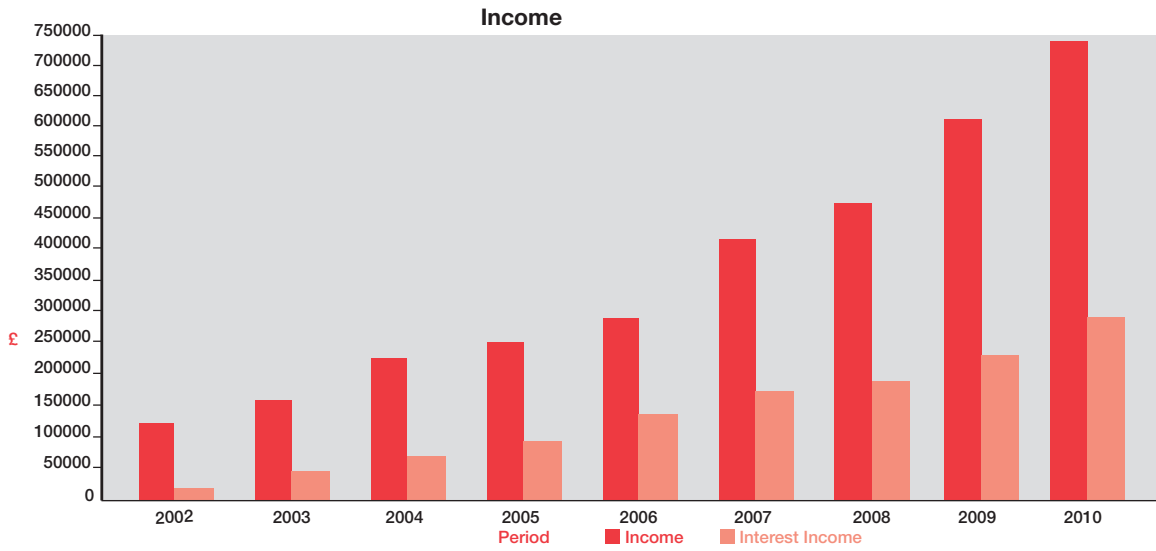


Loans



Total Assets





Credit Committee Report

Introduction

During the year, the Committee met weekly to review loan applications and monthly to participate in management committee meetings.

The Committee still reviews over 40% of all loan applications and 100% of all applications, which are £2,500 above share savings.

The Committee has been reviewing the conduct of our business with a view to continuous improvement in service delivery while ensuring your savings are not subject to undue risk. In this regard we have reviewed the performance of Loan Officers and will be recommending changes in the approval limits with a view to improving service delivery.

Structure of the Committee

During the year under review the following persons served on the Committee.

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

Overview

LCCU has not been immune to the consequences of the global economic recession and many of our members continued to struggle with increasing debt and reduced income and this made it difficult if not impossible for them to negotiate loans or obtain credit facilities from other financial institutions. We believe that this has been an important factor contributing to the growth of the loan portfolio and the general increase in the demand for loans from the Credit Union.

Although the loan portfolio increased during the year under review, we believe that our performance was adversely affected by both global and national economic influences. Despite the various stimulus packages aimed at preventing economic havoc including quantitative easing and the containment of interest rates, the growth in the portfolio was below projection. The prognosis for the coming year is also pessimistic given the fact that we are also now entering a period of reduced state, public and private sector spending which will have a negative impact on employment.

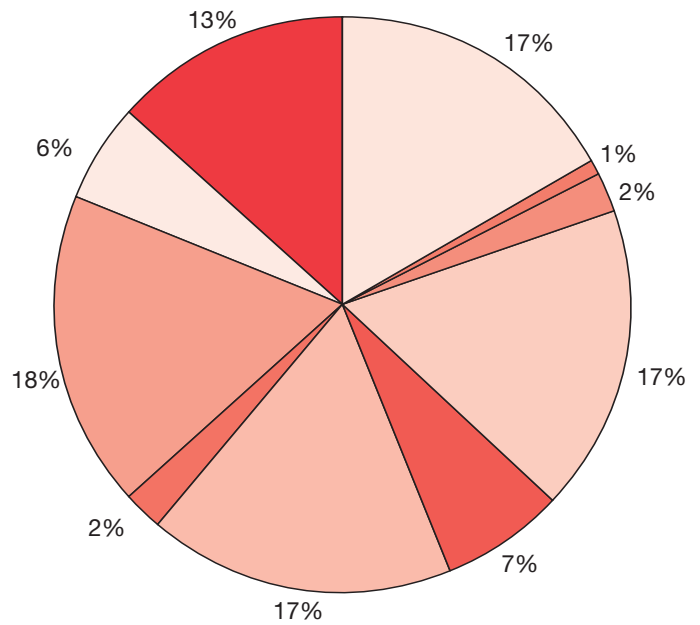
The loan portfolio currently stands at £2,984,031 compared to £2,683,078 at the end of the last financial year. This growth represented an increase of £300,953 or 11.20%

Lending

The Credit Union granted a total of 3191 loans totalling £2,437,600 during the financial period under review (year ending September 30th 2010).

Loans for debt consolidation, vehicle purchase, utility bills, home improvement and the purchase of furniture and appliances continued in high demand. In addition the seasonal type loans for Christmas and holidays recorded good growth. This trend has been consistent over the past seven years.

The appointment and training of additional loan officers has assisted in improving the service to members. During 2011, LCCU will introduce online banking, which will allow members the opportunity to complete loan applications online thereby making the process more convenient and hopefully contribute to the improvement of the loan portfolio.



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

Loan Purpose	Number of Loans	Value
Holiday 13%	413	£360,666.00
Vehicle Purchase/ Repairs 6%	175	£342,655.00
Furniture & Appliances 18%	554	£187,715.00
Rent, Rates and Taxes 2%	69	£51,550.00
Home Improvements/Deco 17%	536	£509,864.00
Debt Consolidation/Urgent Bills 7%	211	£200,271.00
Religious Festivity 17%	542	£391,492.00
Education Expenses 2%	62	£56,351.00
Medical 1%	26	£24,816.00
Misc 17%	527	£290,542.00

Delinquency Management

The weak economy has contributed to an increase in our delinquent loan portfolio and, consequently, the provision for bad and doubtful debts.

We believe that the major factor affecting delinquency has been increasing levels of unemployment and the resulting loss of income. Many more members have been unable to keep up with their loan repayment.

The Credit Union continues to assist those members with genuine repayment difficulties who remain in contact. We can do this by reducing loan repayments, extending loan terms and in certain special instances freezing interest payment. We have also improved our collection and enforcement efforts for those members with repayment difficulties who do not stay in contact, or those who can afford but choose not to make regular payments.

During the period under review we appointed a new collection agency and the early indications are very promising. We have also continued to request payment from the DWP if the loan qualifies deductions under this scheme.

We have been reviewing the possibility of referring some of the worst case loan delinquencies to the Courts.

Credit Control will also continue to:

- **Train extra volunteer staff and put in place a system to closely monitor the activity on the portfolio.**
- **Approach all potential hard-core delinquents with greater urgency and frequency.**
- **Continue to communicate with loan officers to improve the quality of the loans approved**
- **Have a written guideline for loan officers to produce more profitable loans**

We continued to facilitate the work of independent debt and money management advisors who have regular sessions at our Poplar Office to assist members and the general public who need support to deal with their 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 continue to be held every Monday at the Poplar Office.

We urge any member experiencing real difficulty in repaying a loan to contact us so we can assist them to renegotiate their contractual arrangements to make repayment more affordable.

Our efforts to control and reduce delinquency will continue to be strengthened.

Attendance at Meetings

Committee members considered loans on a weekly basis, and held several additional meetings to discuss policy and procedural changes. The Manager and other staff members have also been present at meetings, when requested, to respond to any questions or provide feedback on particular applications presented for consideration.

Conclusion

Despite the challenging environment in which we operated, our Credit Union was able to grow the loan portfolio. This performance could not have been achieved without your support and co-operation.

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

Treasurers' Report

The attached accounts cover a year when we purchased the freehold of our Bethnal Green office, and embarked on negotiations to add the London Borough of Hackney to the area in our Bond.

We continued to keep a careful watch on our expenses, whilst always doing our best to comply with FSA monitoring and reporting rules.

We continue to be challenged in generating more income as our primary source is interest charges on loans to members. We always try to help members who meet our reasonable loan criteria, but clearly if we reduce rates charged our income also drops.

Our income from funds on deposit remains negligible as we remain in a period of very low rates.

In the present year we look to consolidate our position as a reliable provider of banking and finance services to Tower Hamlets and Hackney workers and residents.

Supervisory Committee Report

Introduction

This report focuses on summarised work for the financial period under review as well as the review of Board deliberations of the London Community Credit Union formerly THCU. It also includes observations made at branches, analysis, recommendations and discussions and decisions regarding strategies for the future.

Overview of Supervision

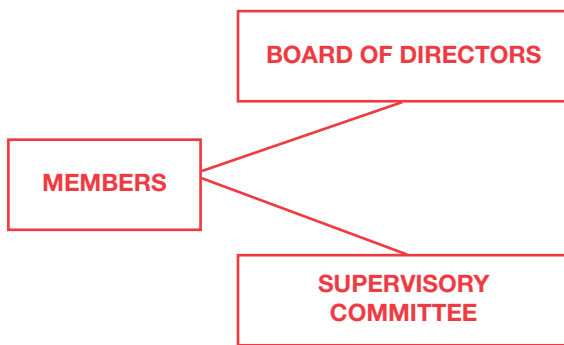
The Committee has responsibilities for safeguarding the credit union assets against unauthorised acquisition, use or disposition. The tasks of which cover the following main components:

- Control activities & control environment
- Risk assessment
- Information and communication
- Monitoring

In addition to serving as a link to members the Supervisory Committee is an independent source for questions, investigations and complaint resolution.

Structure of the committee:

It is essential that members of the Supervisory Committee have no other role or function within the credit union and remain independent of any connection with any other officer or employee.



The current serving members of the Committee include:

Lena Pamphile
 Samuel Addeh
 Denise Barnett

The Review:

Credit Union operations followed applicable laws and regulations. During the period under review management continued to maintain effective internal controls to achieve the Credit union's financial reporting objectives. This included procedures safeguarding against error, carelessness, conflict of interest, self-dealing and fraud.

Financial reports presented included the Balance Sheet and Revenue accounts for the period under review were accurate in reflecting the true condition of the Credit Union. The supporting records also reflected a true and fair view of well kept information: demonstrating favourable growth in membership, loans, savings and even progress in delinquency recovery.

Board meetings were held in accordance with registered rules from the approved official government financial body. These meetings have been in alignment with Union policies and strategic plan; expansion into Hackney, plus the re-branding. An improved management information system exist, and the access to records is quite satisfactory. As customary continuous improvement is necessary and the Committee will continue to make recommendations for the improvement of existing systems or the implementation of any new software which may be required.

Staff and volunteers continue to receive appropriate training to meet requirements and complaints are dealt with in a timely manner. The employment of a new business outreach member of staff has seen even further favourable developments at the Credit Union.

The Credit Committee continued to meet regularly. The review of loans policies, procedures and operations matched the information submitted in the financial statements. The number of loans issued also reflected favourable growth. Adequate control have been maintained to ensure each application has been approved in accordance with the policy criteria and that repayments are affordable to the member

The Future:

The Committee will endeavour to continue performing its duties diligently in compliance with the rules of the London Community Credit Union. Further, industry changes require adaptation to meet the constantly evolving standards, likewise the Committee in recognition will embrace training to improve our skills.

In addition given the growth in outlets, the Committee takes this opportunity to make a special appeal to members (potential members included) to come forward to serve.

Conclusion:

Growth brings welcomed freshness and increased responsibility. The principal objective of the Committee is to provide regular appraisal of the overall effectiveness of the control systems and to recommend improvements. The Committee will continue with random checks, scheduled visits and discussions. These will include actively participation, probing questions about our business and financial matters, and our continued willingness to learn.

As London Community Credit Union continues to "lead the way" the Committee again appeals to current members to invite others to join our Union, we also encourage you to regulate your saving pattern and take better advantage of the products and services provided by the Union so that together we can help make the organisation stronger for the community and by the community.

Finally, the Committee is ever mindful that service has its own reward, and we have been extremely proud to perform our duty for the benefit of the local community. We would also like to take this opportunity to thank management and staff for their kind cooperation and support during the period and thank you our members for giving us the opportunity to serve you.

Auditors' Report

Independent Auditor's report to the members of London Community Credit Union

We have audited the financial statements of London Community Credit Union Limited for the Year ended 30th September 2010 which comprise the income and expenditure account and the balance sheet and the related notes as set out on pages 1 to 6. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

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

Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial Statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the credit union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30th September 2010 and of its income and expenditure for the period then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and with the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Friendly and Industrial and Provident Societies Acts 1965 to 2002 require us to report to you if, in our opinion:

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

APPLEBY & WOOD

Statutory Auditors

40 The Lock Building

72 High Street

Stratford

Registered Auditors

Revenue Account for the Year End 30th September 2010

Income	Note	2010		2009	
		£	£	£	£
Loan Interest			290,208		229,024
Bank Interest			4,418		2,642
Investment Interest			-		24,983
Business Case DWP Fund			102,648		64,707
DWP Revenue Fund			178,085		150,000
Banking Project			60,000		60,500
Bundled Income CUCA			47,011		10,746
Sundry Income			31,651		18,989
			714,021		561,591
Fixed Asset depreciation Release			12,120		21,118
Grants Receivable			10,000		32,000
			736,141		614,709
Less Expenses					
Staff Salaries		365,650		271,789	
Other Staff Costs (including Volunteers expenses)		8,364		3,463	
Cleaning		466		505	
Printing & stationery		7,925		5,777	
Travel costs		1,258		1,008	
Professional Fees		1,565		4,950	
Repairs & Maintenance		810		856	
Telephone		13,014		9,163	
Computer Development		6,236		3,489	
Advertising & Publicity		24,063		31,415	
Depreciation		16,448		23,739	
Fidelity Bond		2,040		2,299	
ABCUL fees		8,237		5,897	
CUNA Insurance		24,597		22,338	
Insurance		2,905		870	
Committee Expenses		1,298		944	
Bank charges		5,609		4,771	
Office Expenses		9,114		2,685	
Sundry Expenses		474		1,595	
Audit		5,659		3,676	
Training		1,478		1,860	
Rent, Heat and Light		34,048		31,450	
Provision for delinquent loans		99,678		89,151	
Photocopy		3,069		1,902	
Lease of equipment		7,164		1,740	
Banking Expenses		47,300		57,841	
Debt Collection costs		9,207		5,688	
Irrecoverable VAT		6,561		-	
Interest Payments		4,367		-	
			(718,604)		(590,861)
Surplus for the year before taxation			17,537		23,848
Corporation Tax			(884)		(5,525)
Surplus for the year after taxation			16,653		18,323
Transfer to statutory reserves			(3,331)		(3,665)
			13,322		14,658
Proposed Dividends			738		643
Surplus to Reserve			12,584		14,015

All amounts relate to continuing operations.

Balance Sheet for the Year End 30th September 2010

	Notes	2010		2009	
		£	£	£	£
Fixed Assets	5		731,119		29,073
Investments	9		210,988		211,253
Loans Due from Members		2,984,031		2,683,078	
Less Provision for Bad Debts		(475,249)		(375,571)	
			2,508,782		2,307,507
			3,450,889		2,547,833
Current Assets					
Short term deposit		404,308		609,956	
Other Debtors	6	64,000		125,301	
Cash and Bank	7	1,364,726		858,176	
		1,833,034		1,593,433	
Current Liabilities					
Sundry Creditors	8	46,167		44,840	
Proposed Dividend	11	1,381		643	
Corporation Tax		30,340		29,456	
		77,888		74,939	
Net Current Assets			1,755,146		1,518,494
			5,206,035		4,066,327
Creditor due after More than one year	12		(395,747)		-
Net Assets			4,810,288		4,066,327
Represented by:					
Share Capital	10		3,975,410		3,223,832
General Reserves	4		379,527		189,593
DWP Reserve	4		455,351		652,902
			4,810,288		4,066,327

Notes to the Financial Statements for the Year End 30th September 2010

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.

04.1 Reconciliation of Movements in the General Reserves

	RESERVES		TOTAL
	OTHERS	STATUTORY	
	£	£	£
Balance as at 01 October 2009	18,634	18,959	37,593
Surplus for the year	15,915	-	15,915
Transferred from DWP Growth Fund	246,914	-	246,914
Transferred to Statutory Reserve	(3,331)	3,331	-
Balance as at 30th September 2009	<u>278,132</u>	<u>22,290</u>	<u>300,422</u>

04.2 DWP Reserve

The Department Of Work & Pensions provided the Credit Union with funding aimed specifically at enabling the Credit Union to issue loans to members with financial difficulties. The DWP underwrote those loans in the event that the loan became a bad debt. The DWP reserve will be released to the Credit Union reserves in the coming financial year.

Movements of DWP Growth Fund

	2010	2009
Balance as at 01 October	652,902	609,485
Grants Received	45,430	43,417
Transferred to General Reserve as agreed by DWP	(246,914)	-
Balance as at 30 September	<u>455,351</u>	<u>652,902</u>

04.3 Other Reserves

	2010	2009
Balance as at 01 October	152,000	158,618
Grants Receipts	-	75,000
Transferred to Income statement	72,895	81,618
Balance as at 30 September	<u>79,105</u>	<u>152,000</u>

05 Fixed Assets	Equipment & Computers	Land & Building	Total
	£	£	£
Costs			
As at 01 October 2009	278,466	-	278,466
Additions	29,062	649,103	678,165
As at 30 September 2010	<u>307,528</u>	<u>649,103</u>	<u>956,631</u>
Depreciation			
As at 01 October 2009	209,493	-	209,493
Charge for the year	11,691	4,327	16,018
As at 30 September 2010	<u>221,184</u>	<u>4,327</u>	<u>225,511</u>
Net Book Value @ 30 September 10	86,344	644,776	731,120
Net Book Value @ 30 September 09	68,973	-	68,973
	2010		2009
	£		£
06 Debtors			
Grants and Fees Receivables	64,000		124,000
General Expenses	-		1,301
	<u>64,000</u>		<u>125,301</u>
07 Cash and Bank			
	2010		2009
	£		£
Cash & Bank balances held	<u>1,364,726</u>		<u>858,176</u>
08 Other Creditors			
	2010		2009
	£		£
General creditors	28,670		(25,492)
Unallocated Credits	1,485		1,485
Suspense	-		-
Other	16,012		24,007
	<u>46,167</u>		<u>-</u>
09 Investments			
	2010		2009
	£		£
Main Investments	210,988		211,253
Junior Investments	-		-
	<u>210,988</u>		<u>211,253</u>
10 Share Capital			
	2010		2009
	£		£
Adult Shares	3,888,389		3,155,062
Junior Savers	87,021		68,770
	<u>3,975,410</u>		<u>3,223,832</u>
11 Proposed Dividends			
	2010		2009
	£		£
Adult dividend	-		-
Junior dividend	738		643
	<u>738</u>		<u>643</u>

Notes to the Financial Statements for the Year End 30th September 2010

	Notes	2010		2009	
		£	£	£	£
Net Cash(Outflow) Inflow	1		88,657		21,934
Interest Received			4,418		27,625
Net cash inflow before investments & financing			93,075		49,559
Investment activities					
Fixed Deposit Investment			(200,036)		
Fixed Assets		(678,167)		(6,740)	
Net cash inflow before financing			678,167		193,296
Dividend Paid			-		-
Financing					
DWP Funding		298,517		87,299	
Increased Banking Provision		(60,000)		(50,500)	
Increase in Shares		751,578		464,617	
Mortgages		402,500		-	
Increase in Loans Granted		(300,953)		(443,845)	
Net Cash Inflow from Financing			1,091,642		57,571
Increase(Decrease) in Cash	2		506,550		300,426

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of deficit

Before tax to net cash inflow/(outflow)

Surplus/(Deficit) before Taxation		16,653		16,542
Add: (Increase)/Decrease in debtors		61,301		(12,552)
Depreciation		16,448		23,739
Bank Interest		(4,418)		(27,625)
Increase in Creditors		(1,327)		21,830
Net Cash Inflow		72,004		5,392
		88,657		21,934

2. Analysis of Changes in Net Funds

	£	£	£
Cash at Bank and in Hand	858,176	506,550	1,364,726

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 (Five vacancies)

01. Rouf Ahmed - Outgoing/seeking re-election
02. Grenville Bingham - Outgoing/seeking re-election
03. Nethliee Scarborough - Outgoing/seeking re-election
04. Malcolm Swallow - Outgoing/seeking re-election
05. Paul Nailor - Outgoing/not seeking re-election

SUPERVISORY COMMITTEE (One vacancy)

- 01 Denise Barnett - Outgoing/seeking re-election

CREDIT COMMITTEE (One vacancy)

01. Nethliee Scarborough - Outgoing/seeking re-election

The following persons submitted applications:

BOARD OF DIRECTORS (Five vacancies)

01. Rouf Ahmed
02. Susan Gooding
03. Nethliee Scarborough
04. Malcolm Swallow
05. Grenville Bingham

SUPERVISORY COMMITTEE (One vacancy)

01. Denise Barnett

CREDIT COMMITTEE

01. Nethliee Scarborough

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 for the period under review. We will however wish to propose a dividend payment of 1% for 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.

ACCOUNTING CYCLE

Be it resolved that the Board of the Credit Union should explore the possibility of changing the financial year of the Credit Union from October – September to January – December and should present a report on this recommendation to the next AGM for approval.

London Community Credit Union
offers a range of services to its members:

- + Savings**
- + Current Account**
- + Visa Debit & Cash Cards**
- + Junior Account**
- + Loans**
- + Insurance**
- + Online Banking**

Visit us at one of our local branches:

Bethnal Green 473 Bethnal Green Road, London E2 9QH

Bow 570 Roman Road, London E3 5ES

Poplar 16 Vesey Path, London E14 6BT

Hackney 225, Mare Street, London E8 3QE

Contact us:

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 **London Community
Credit Union**