

LONDON PLUS CREDIT UNION LTD

Firm Reference No 473340

Registered No IP00739C

**DIRECTORS REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

30 SEPTEMBER 2019

LONDON PLUS CREDIT UNION LTD

ADMINISTRATIVE INFORMATION

Directors	Vincent Thomas John Barry Alex Noonoo Laura Cooke Jill Cook Mathew Tucker Anna Catt Alison McMillan-Puri Jutta Byers
Secretary	Jill Cook
Society Registration Number	IP00739C
Financial Conduct Authority Registration Number	473340
Registered Office	274 North End Road Fulham London SW6 1NJ
Auditors	Lindley Adams Limited Chartered Accountants and Statutory Auditors 28, Prescott Street Halifax, HX1 2LG
Bankers	The Co-operative Bank Plc PO Box 250 Skelmersdale WN8 6WT Cambridge & Counties Bank Limited Charnwood Court, New Walk Leicester LE1 6TE Nationwide Building Society Nationwide House Pipers Way Swindon SN38 1NW

LONDON PLUS CREDIT UNION LTD

ADMINISTRATIVE INFORMATION

Bankers (Continued)

Aldermore Bank Plc
1st Floor, Block B
Western House, Lynch Wood
Peterborough
PE2 6FZ

Arbuthnot Latham
Arbuthnot House
7 Wilson Street
London
EC2M 2SN

LONDON PLUS CREDIT UNION LTD

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LONDON PLUS CREDIT UNION LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

The Directors present their report and the financial statements for the year ended 30 September 2019.

Principal activity and Business Review

The principal activities of the credit union are the promotion and encouragement of regular saving and prudent borrowing by its members, as defined in the Credit Unions Act 1979.

Results and Dividends

The surplus for the year, after taxation, amounted to £56,971 (2018 - £9,092). In addition, there were 5,948 (2018 – 5,843) adult members with 1,860 (2018 - 1,574) members holding loans with the Credit Union.

The Directors recommend the payment of a 0.25% dividend at the year end. This will be voted upon at the Annual General Meeting.

Directors

The directors who served during the year are as stated below:

Vincent Thomas	
John Barry	
Alex Noonoo	
Laura Cooke	
Jill Cook	
Mathew Tucker	
Anna Catt	
Alison McMillan-Puri	appointed June 2019
Jutta Byers	appointed June 2019

Financial risk management objectives and policies

The main financial risks arising from the Credit Union's activities are credit risk, liquidity risk and interest-rate risk. The Board reviews and agrees policies for managing each of these risks and these are summarised below:

- Credit Risk: All loan applications are assessed with reference to the Credit Union's lending policy. Changes to policy are approved by the Board.
- Interest Rate Risk: The main interest rate risk arises from differences between interest rate exposures on assets and on liabilities that form an integral part of the credit union's operations. The Credit Union considers interest rates when deciding on the dividend rates to propose on share accounts.
- Liquidity Risk: The Credit Union's policy is to maintain sufficient funds in a liquid form at all times to ensure that the Credit Union can meet its liabilities as they fall due. The objective of liquidity is to help smooth mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

These areas are outlined in greater detail in section 15 of the Notes to the Financial Statements.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Credit Union legislation requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Ireland" (United Kingdom Accounting Standards and applicable law). Under Credit Union legislation the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the credit union and of the surplus or deficit of the Credit Union for that year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK 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 in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Credit Union's transactions and disclose with reasonable accuracy at any time the financial position of the Credit Union and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and with the Credit Union Act 1979. They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- There is no relevant audit information (information needed by the Credit Union's auditors in connection with preparing their report) of which the Credit Union's auditors are unaware, and
- The directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Credit Union's auditors are aware of that information.

This report was approved by the Board on and signed on its behalf by:

Name of Director 1: _____

Signature _____

Name of Director 2: _____

Signature _____

**REPORT OF THE INDEPENDENT AUDITOR
TO LONDON PLUS CREDIT UNION LTD**

OPINION

We have audited the financial statements of London Plus Credit Union Limited (the 'credit union') for the year ended 30 September 2019 which comprise revenue account, balance sheet, statement of changes to retained earnings, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances as set out in note 20 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Credit Union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained;
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF THE BOARD

As explained more fully in the Statement of Directors' responsibilities set out on page 2, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the credit union, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the credit union those matters we are required to state to it in a Report of the auditor's 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, for our audit work, for this report, or for the opinions we have formed.

.....
Lindley Adams Limited
Chartered Accountants and Statutory Auditors
28 Prescott Street,
Halifax, HX1 2LG

Date.....

LONDON PLUS CREDIT UNION LIMITED

Revenue Account for the year ended 30 September 2019

	Note	2019 £	As Restated 2018 £
Loan Interest receivable and similar income	4	321,016	317,053
Interest payable	5	<u>(3,878)</u>	<u>(3,205)</u>
Net interest income		317,138	313,848
Fees and commissions receivable	6	27,528	26,360
Fees and commissions payable		<u>(8,221)</u>	<u>(5,195)</u>
Net fees and commissions receivable		19,307	21,165
Other income	7	59,420	37,830
Administrative expenses	8a	(264,868)	(252,636)
Depreciation and amortisation	11	(4,778)	(8,026)
Other operating expenses	8b	(50,873)	(41,221)
Impairment losses on loans to members	12e	(16,274)	(61,123)
Surplus Before Taxation		<u>59,072</u>	<u>9,837</u>
Taxation	10b	(2,101)	(745)
Surplus for the Financial Year		<u>56,971</u>	<u>9,092</u>
Other comprehensive income		0	0
Total comprehensive income		<u><u>56,971</u></u>	<u><u>9,092</u></u>

Note: There is no comprehensive income other than those included on the Revenue Account.

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Balance Sheet as at 30 September 2019

	Note	2019 £	As Restated 2018 £
ASSETS			
Loans and advances to banks	16	<u>1,183,204</u>	<u>1,064,512</u>
Loans and advances to members	12	1,377,500	1,168,236
Tangible fixed assets	11	7,533	11,132
Prepayments and accrued income		25,229	8,047
Total assets		<u>2,593,466</u>	<u>2,251,927</u>
LIABILITIES			
Subscribed capital - repayable on demand	13	2,339,862	2,060,922
Other payables	14	<u>64,177</u>	<u>58,038</u>
		2,404,039	2,118,960
Retained earnings		189,427	132,967
Total liabilities		<u>2,593,466</u>	<u>2,251,927</u>

The financial statements were approved, and authorised for issue by the board on _____ and signed on its behalf by:

Director

Director

Secretary

LONDON PLUS CREDIT UNION LIMITED

Statement of Changes in Retained Earnings for the year ended 30 September 2019

	2019	As Restated 2018
	£	£
As at 1 October 2018	132,967	145,075
Total comprehensive income for the year	56,971	9,092
Other capital reserves release	(511)	(21,200)
As at 30 September 2019	189,427	132,967

Movement in reserves

	Retained earnings		Other capital reserves		Total
	General Note reserve	Other reserve	Lloyds Capital reserve	LBHF Capital reserve	
As at 1 October 2018	43,744	51,077	37,500	646	132,967
Surplus for year	21 40,000	16,971	0	0	56,971
Other movements	0	0	0	(511)	(511)
As at 30 September 2019	83,744	68,048	37,500	135	189,427

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Cash flow statement for the year ended 30 September 2019

	Note	2019 £	As Restated 2018 £
Cash Flows from operating activities			
Surplus Before Taxation		59,072	9,837
Adjustments for non-cash items			
Depreciation	11	4,778	8,026
Impairment losses	12e	18,063	63,556
		22,841	71,582
 Movements in:			
Prepayments and accrued income		(17,183)	(3,029)
Capital reserves		(511)	(21,200)
Other payables		6,140	243
		(11,554)	(23,986)
 Cash flows from changes in operative assets and liabilities			
Cash inflow from subscribed capital	13	5,533,862	4,171,140
Cash outflow from repaid capital	13	(5,254,922)	(3,877,532)
New loans to members	12a	(1,792,612)	(1,547,473)
Repayment of loans by members	12a	1,565,285	1,438,963
		51,613	185,098
 Taxation paid		(2,101)	(745)
Net Cash flows from operating activities		119,871	241,786
 Cash flows from investing activities			
Purchase of property, plant and equipment	11	(1,179)	(6,384)
Net cash flow from managing liquid deposits	16	(264,735)	(570)
		(265,914)	(6,954)
 Net increase (decrease) in cash and cash equivalents		(146,043)	234,832
Cash and cash equivalents at beginning of year		978,803	743,971
 Cash and cash equivalents at end of year	16	832,760	978,803

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2019

1 Legal and regulatory framework

The Credit Union is a society established under the Co-operative and Community Benefit Societies Act 2014, whose principal activity is to operate as a credit union, within the meaning of the Credit Unions Act 1979. The Credit Union has registered with the Financial Conduct Authority and is regulated by the Prudential Regulation Authority under the provisions of the Financial Services and Markets Act 2000.

In accordance with the regulatory environment for credit unions, deposits from members can be made by subscription for redeemable shares, deferred shares and interest - bearing shares. At present the Credit Union has only issued redeemable shares.

2 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 - the Financial Reporting Standard applicable in the UK and Ireland.

The financial statements are prepared on the historical cost basis.

Going concern

The directors of the Credit Union believe that it is appropriate to prepare the financial statements on the going concern basis. In accordance with PRA Rulebook Guidelines outlined in Section 8.5 (1), the credit union must maintain a minimum Capital-To-Total assets ratio of 5%.

	2019	2018
The relevant ratios are:-	7.30%	5.90%

Income

Loan interest receivable and similar income: Interest on both loans to members and loans to banks (i.e. cash and cash equivalents held on deposit with other financial institutions) is recognised using the effective interest method, and is calculated and accrued on a daily basis. Exempt interest on members loans is not recognised.

Fees and commissions receivable: Fees and charges either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is completed. Other income: Other income is recognised either evenly over the period to which it relates or when the transaction is complete.

Taxation

The tax charge for the year reflects current tax payable. Current tax is the expected corporation tax payable for the year, using tax rates in force for the year. The Credit Union is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income.

As a result of the limited activities of the Credit Union from which profits are chargeable to corporation tax, it is unlikely that deferred tax will arise.

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Notes to the Financial Statements for the year ended 30 September 2019 (continued)

2 Accounting policies (cont.)**Tangible fixed assets**

Tangible fixed assets comprises items of property, plant and equipment, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value, on a straight line basis over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Printers	4 years
Computers and equipment	3 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and with the Bank of England and loans and advances to banks (i.e. cash deposited with banks) with maturity of less than or equal to three months.

Deferred grants and funding / revenue contributions

Deferred grants in respect of capital expenditure are credited to the income and expenditure account over the estimated useful life of the relevant fixed assets. Deferred grants and funding in respect of revenue items are credited to the income and expenditure account over the period to which they relate or to match the relevant expenditure. The grants / funding shown in the balance sheet represent the grants / funding receivable to date less the amount so far credited to the income and expenditure account.

Financial assets – loans and advances to members

Loans to members are financial assets with fixed or determinable payments. Loans are made to members for provident or productive purposes on such security (or without security) and terms as the rules of the Credit Union provide. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member.

Impairment of financial assets

The Credit Union assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

Financial liabilities – subscribed capital

Members' shareholdings in the Credit Union are redeemable and therefore are classified as financial liabilities, and described as subscribed capital. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

Employee benefits

Defined contribution plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by the Credit Union for the relevant period.

Other employee benefits: Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

Reserves

Retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2019 (continued)

3 Use of estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the Credit Union's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Impairment losses on loans to members

Impaired losses are stated after specifically reviewing all loans in arrears. The criteria used is whether the loan will be repaid within the term of the loan based upon the current regular pattern of repayments.

4 Loan interest receivable and similar income	2019	As Restated 2018
	£	£
Loan interest receivable from members	309,956	313,131
Bank interest receivable from cash and liquid deposits	11,060	3,922
Total loan interest receivable and similar income	<u>321,016</u>	<u>317,053</u>

5 Interest expense	2019	2018
	£	£
Interest paid during the year	<u>3,878</u>	<u>3,205</u>
Dividend rate	0.25%	0.25%
Interest proposed, but not recognised	<u>4,500</u>	<u>3,878</u>
Dividend rate	0.25%	0.25%

6 Fees and commissions receivable	2019	2018
	£	£
Membership fees	7,089	2,468
Service charge	9,355	18,092
Other fees and commission	11,084	5,800
Total fees and commissions receivable	<u>27,528</u>	<u>26,360</u>

7 Other Income	2019	2018
	£	£
Grants and deferred income	0	5,810
Revenue Grant release: Lloyds Banking Foundation	21 40,000	0
Service contracts	19,420	32,020
	<u>59,420</u>	<u>37,830</u>

8 Expenses	Note	2019	2018
		£	£
Administrative expenses	8a	264,868	252,636
Depreciation and amortisation	11	4,778	8,026
Other operating expenses	8b	50,873	41,221
		<u>320,519</u>	<u>301,883</u>

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2019 (continued)

8a Administrative Expenses	Note	2019	2018
		£	£
Employment costs	9b	197,659	187,144
Training and Conference		2,168	2,940
Advertising and other costs		13,856	12,024
Other staff expenses		2,319	2,912
Auditors remuneration	8c	3,710	2,952
Telephone		3,141	3,260
Computer maintenance		10,505	10,521
Legal and Professional		180	0
General expenses		3,195	2,251
Printing, Postage and Stationery		6,075	5,780
Other insurances		1,626	1,767
Credit check fees		12,460	12,708
Debt recovery costs		1,065	3,236
Online banking fees		6,909	5,141
Total Administrative Expenses		264,868	252,636
8b Other Operating Expenses		2019	2018
Cost of occupying offices (excluding depreciation)		£	£
Rent, Rates and Room Hire		36,307	26,780
Waste		564	1,052
Repairs and Maintenance		550	2,453
Heating and Lighting		3,165	2,092
Other occupancy costs		2,321	677
		<u>42,907</u>	<u>33,054</u>
Regulatory and financial management costs			
Financial Conduct Authority and Prudential Regulation Authority Fees		481	613
National Body Dues		4,687	4,176
Financial Services Compensation Scheme Levy		58	291
Fidelity Insurance		2,740	2,487
Loan Protection and life savings insurance		0	600
		<u>7,966</u>	<u>8,167</u>
Total Other operating Expenses		50,873	41,221
8c Auditors remuneration			
The Credit Union voluntarily presents an analysis of its auditors' remuneration in accordance with Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.			
		2019	2018
		£	£
Fees payable for the audit of the Credit Union's annual accounts		3,620	2,952
Fees payable to the Credit Union's Auditor for other services:			
Services relating to taxation		90	0
Total Auditors remuneration		3,710	2,952

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2019 (continued)

9 Employees and employment costs

9a Number of employees	2019	2018
The average monthly number of employees during the year were:	Number	Number
Office staff	<u>9</u>	<u>8</u>
9b Employment costs	2019	2018
	£	£
Wages and salaries	178,502	171,909
Social security costs	12,753	11,852
Payments to defined contribution pension schemes	<u>6,404</u>	<u>3,383</u>
Total employment costs	<u>197,659</u>	<u>187,144</u>

Key Management and Directors remuneration

The Directors of the Credit Union are all unpaid volunteers. The key management team for the Credit Union includes the chief executive officer and two senior staff.

	2019	2018
	£	£
Short term employee benefits	112,061	106,000
Payments to defined contribution pension schemes	<u>4,543</u>	<u>2,559</u>
Total key management personnel compensation	<u>116,604</u>	<u>108,559</u>

Short-term employee benefits include wages, salaries, social security contributions and paid annual leave.

10 Taxation**10a Recognised in the Revenue Account**

The taxation charge for the year, based on the small profits rate of Corporation Tax of 19% (2018 19%) comprised:

	Note	2019	2018
		£	£
Current tax			
UK Corporation tax	10b	2,101	745
Total current tax and total taxation expense recognised in the Revenue Account		<u>2,101</u>	<u>745</u>

10b Reconciliation of taxation expense

The Credit Union is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income. As a result, tax charge for the year differs from the standard rate of corporation tax. The differences are explained below:

	2019	2018
	£	£
Surplus Before Taxation	<u>59,072</u>	<u>9,837</u>
Surplus before taxation multiplied by small profits rate of corporation tax in the UK of 19% (2018 19%)	11,224	1,869
Effects of:		
Non-taxable surplus on transactions with members	<u>(9,123)</u>	<u>(1,124)</u>
Total tax charge for the year	<u>2,101</u>	<u>745</u>

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Notes to the Financial Statements for the year ended 30 September 2019 (continued)

11 Tangible Fixed Assets

Tangible Fixed Assets comprise the following property, plant and equipment:

	Computers and equipment	Printers	Total
Cost	£	£	
As at 1 October 2018	20,806	9,168	29,974
Additions	759	420	1,179
Disposals			0
As at 30 September 2019	<u>21,565</u>	<u>9,588</u>	<u>31,153</u>
Depreciation			
As at 1 October 2018	16,550	2,292	18,842
Charge for the year	2,381	2,397	4,778
Charge on disposal			0
As at 30 September 2019	<u>18,931</u>	<u>4,689</u>	<u>23,620</u>
Net Book Value			
As at 30 September 2019	<u>2,634</u>	<u>4,899</u>	<u>7,533</u>
As at 30 September 2018	<u>4,256</u>	<u>6,876</u>	<u>11,132</u>

12 Loans and advances to members

			As Restated
12a Loans and advances to members	Note	2019	2018
		£	£
As at 1 October 2018		1,313,362	1,206,224
Advanced during the year		1,792,612	1,547,473
Interest receivable		309,956	334,013
Repaid during the year		(1,875,241)	(1,772,976)
Gross loans and advances to members	12b	<u>1,540,689</u>	<u>1,314,734</u>
Impairment losses:			
Individual financial assets	12b, 12e	(1,043)	(1,372)
Groups of financial assets	12d	(162,146)	(145,126)
	12c	<u>(163,189)</u>	<u>(146,498)</u>
As at 30 September 2019		<u>1,377,500</u>	<u>1,168,236</u>
12b Memorandum - Total loan assets regulatory purposes	Note	2019	2018
		£	£
Gross loans and advances to members		1,540,689	1,314,734
Impairment of individual financial assets		(1,043)	(1,372)
Total loan assets for regulatory purposes	15b	<u>1,539,646</u>	<u>1,313,362</u>

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2019 (continued)

12c Credit risk disclosures

The credit union does not offer mortgages and as a result all loans to members are unsecured, except where there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding.

The carrying amount of the loans to members represents the credit union's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2019		As Restated 2018	
	Amount	Proportion	Amount	Proportion
Not impaired:				
Neither past due nor impaired	632,736	41.05%	441,344	33.57%
Up to 3 months past due	717,581	46.58%	699,664	53.22%
Between 3 and 6 months past due	0	0.00%	0	0.00%
Between 6 and 9 months past due	0	0.00%	0	0.00%
Between 9 months and 1 year past due	0	0.00%	0	0.00%
Over 1 year past due	0	0.00%	0	0.00%
Sub-total: loans not impaired	1,350,317	87.63%	1,141,008	86.79%
Individually impaired:				
Not yet past due, but impaired	0	0.00%	0	0.00%
Up to 3 months past due	0	0.00%	0	0.00%
Between 3 and 6 months past due	15,794	1.03%	24,601	1.87%
Between 6 and 9 months past due	16,595	1.08%	17,282	1.31%
Between 9 months and 1 year past due	21,697	1.41%	23,402	1.78%
Over 1 year past due	136,286	8.85%	108,441	8.25%
Total loans	1,540,689	12.37%	1,314,734	13.21%
Impairment allowance	(163,189)		(146,498)	
Total carrying value	1,377,500		1,168,235	

Factors that are considered in determining whether loans are impaired are discussed in note 3.

12d Allowance account for impairment losses	Note	As Restated	
		2019	2018
		£	£
As at 1 October 2018		145,126	82,942
Allowance for losses made during the year		17,020	62,184
Increase in allowance during the year	12e	17,020	62,184
As at 30 September 2019		162,146	145,126
12e Impairment losses recognised for the year		2019	2018
		£	£
Impairment of individual financial assets		1,043	1,372
Increase in impairment allowances during the year		17,020	62,184
		18,063	63,556
Reversal of impairment where debts recovered		(1,789)	(2,433)
Total impairment losses recognised for the year		16,274	61,123

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2019 (continued)

13 Subscribed capital - financial liabilities	2019	2018
	£	£
As at 1 October 2018	2,060,922	1,767,314
Received during the year	5,529,984	4,167,935
Dividends paid during the year	3,878	3,205
Repaid during the year	(5,254,922)	(3,877,532)
As at 30 September 2019	<u>2,339,862</u>	<u>2,060,922</u>

Deposits from members are made by way of subscription for shares. The balance includes deposits made by juvenile members - £14,063 (2018 £11,288).

14 Other payables	2019	2018
	£	£
UK Corporation tax	2,101	745
Accruals and deferred income	42,076	37,293
Loan Guarantee Fund	20,000	20,000
	<u>64,177</u>	<u>58,038</u>

15 Additional financial instruments disclosures

15a Financial risk management

The Credit Union manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable.

The main financial risks arising from the Credit Union's activities are credit risk, liquidity risk and interest rate risk. The board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the Credit Union, resulting in financial loss to the Credit Union. In order to manage the risk the Board approves the Credit Union's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of payment has changed. The Credit Union also monitors its banking arrangements closely in light of the

Liquidity risk: The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it meets its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Note 2 provides further details about the impact of the maturity mismatch on the going concern status of the

Market risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. The Credit Union conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore the Credit Union is not exposed to any form of *currency risk* or *other price risk*.

Interest rate risk: The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a credit union's operations. The Credit Union considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. The Credit Union does not use interest rate options to hedge its own positions.

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2019 (continued)

15b Interest rate risk disclosures

The following table shows the average interest rates applicable to relevant financial assets and financial liabilities.

	2019		2018 (As Restated)	
	Amount	Average Interest Rate	Amount	Average Interest Rate
Financial assets	£	%	£	%
Loans to members	1,539,646	21.73%	1,313,362	24.86%

The interest rates applicable to loans to members are fixed and range from 4.79% to 36% per annum.

15c Liquidity risk disclosures

Excluding short-term other payables, as noted on the balance sheet, the Credit Union's financial liabilities, the subscribed capital, are repayable on demand.

15d Fair value of financial instruments

The Credit Union does not hold any financial instruments at fair value.

	Note	2019	As restated 2018
		£	£
16 Cash and cash equivalents			
Loans and advances to banks		1,183,204	1,064,512
Less: amounts maturing after three months	22b	(350,444)	(85,709)
Total cash and cash equivalents		832,760	978,803

17 Post balance sheet events

There are no material events after the balance sheet date to disclose.

18 Contingent liabilities

The Credit Union participates in the Financial Services Compensation Scheme (FSCS) and therefore has a contingent liability, which cannot be quantified, in respect of contributions to the FSCS, as required by the Financial Services and Markets Act 2000. The Financial Conduct Authority (FCA) has provided details of how the calculation of next year's contribution towards the FSCS will be calculated and full provision has been included for this liability. However this is subject to future changes in interest rates and levels of deposits held by UK deposit takers. Therefore there is inherent uncertainty regarding the totality of the levy that the Credit Union will have to pay.

19 Related Party Transactions

During the year, 1 member of the board, staff or volunteers (none of their close family members), had or were issued with loans with the Credit Union (2018 - Nil Members). These loans were approved on the same basis as loans to other members of the Credit Union. None of the directors, staff, volunteers and close family members have preferential terms on loans.

20 Non-audit services

In common with many other Credit Unions of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist us with the preparation of the financial statements.

21 Reserves

In this year, the credit union has received £40,000 from the Lloyds Banking Group Credit Union Development Fund. The restricted funding was awarded to add to the credit unions reserves, this is included in the Revenue account under Other Income and has been transferred to the General Reserve in full.

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2019 (continued)

22 Prior year adjustments

- 22a The prior year figures have been restated due to a change in accounting policy. In prior years the credit union's policy was to not recognise interest due on loans which were more than 13 weeks in arrears in interest receivable and the impairment on loans did not include interest due. In accordance with PRA Rule 3.11 the credit union now includes interest due in the allowance account for impairment losses and recognises all interest due in loan interest receivable. The interest recognised for loans up to 13 weeks in arrears was previously included in Other Receivables on the Balance Sheet, all interest due is now included as part of Loans and advances to members on the Balance Sheet.

The effect of these changes is as follows:

	Previously stated:	Restated to:	
Retained earnings at 30th September 2017	£141,885	£145,075	[e]
Balance Sheet year as at 30th September 2018:			
Loans and advances to members	£1,156,119	£1,168,236	[c]
Other Receivables	£8,689	£0	
Retained earnings as at 30th September 2018	£129,540	£132,967	[f]
Surplus after tax for year ending 30.09.2018	£8,855	£9,092	[d]

A reconciliation of these changes is as follows:

Reconciliation of Loan interest receivable and similar income from previous accounts		2018
		£
Loan interest receivable and similar income as previously stated		302,501
Additional interest accrued on loans at 30 September 2018	[a]	26,745
Less additional interest accrued on loans at 30 September 2017	[a]	(12,193)
Restated amount		<u>317,053</u>
Reconciliation of Impairment losses on loans to members from previous accounts		2018
		£
Impairment losses on loans to members as previously stated		(46,808)
Additional impairment on interest accrued on loans at 30 September 2018	[b]	(23,317)
Less impairment on interest accrued on loans at 30 September 2017	[b]	9,002
Restated amount		<u>(61,123)</u>
Gross up of Loans and Advances to members from previous accounts		2018
		£
Loans and Advances to members as previously stated		1,156,119
Additional interest accrued on loans at 30 September 2018		35,434
Less increase in impairment allowance		(23,317)
Restated amount	[c]	<u>1,168,236</u>

LONDON PLUS CREDIT UNION LIMITED

Notes to the Financial Statements for the year ended 30 September 2019 (continued)

22 Prior year adjustments (continued)

Reconciliation of previous surplus		2018
		£
Surplus as previously reported		8,855
Plus increase in interest receivable	[a]	14,552
Less increase in impairments losses on loans to members	[b]	<u>(14,315)</u>
Restated amount	[d]	<u>9,092</u>

Reconciliation of previous retained earnings		2017	2018
		£	
Retained earnings as at 30th September as previously stated		141,885	129,540
Increase in surplus from year ending 30th September 2017			3,190
Plus additional interest accrued on loans at 30 September 2017		12,192	14,552
Less additional impairment on interest accrued on loans at 30 September 2017		<u>(9,002)</u>	<u>(14,315)</u>
Retained earnings restated	[e]	<u>145,075</u>	<u>132,967</u>

- 22b The prior year cash flow statement has also been restated along with Note 16 Cash and Cash Equivalents. In the prior year the credit union included a balance on the Metro Bank account which did not meet the definition of cash and cash equivalent as it had a maturity date of more than 3 months. The effect of this adjustment is to reduce the total of cash and cash equivalents as at 30th September 2018 from the previously reported figure of £1,064,512 to £832,760 and the cash and cash equivalent at the beginning of the year from the previously reported figure of £829,110 to £743,971.

23 Leasing Agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:		2019	2018
		£	£
Within one year		16,000	14,000
Between one and five years		<u>32,000</u>	<u>0</u>
		<u>48,000</u>	<u>14,000</u>

24 Financial Commitments

		2019	2018
		£	£
Contracted but not provided for in the financial statements		<u>48,000</u>	<u>14,000</u>