



**Tower Hamlets
Credit Union**

Annual Report 2010

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Executive Members of the Board



President:
Ian Moseley



Vice President:
Grenville Bingham



Treasurer:
Malcolm Swallow



Secretary:
Mohamed Yunis

Notice of the 10th Annual General Meeting

Notice is hereby given that the Tenth (10th) Annual General Meeting of Tower Hamlets Credit Union Limited will be held at Bethnal Green Library, Cambridge Heath Road, Bethnal Green, London, E2 0HL on Thursday 29th July 2010

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

Annual General Meeting Agenda

6.00 p.m.

- 01 Reading of notice convening the 10th A.G.M.
- 02 Credential (Quorum) Report
- 03 Adoption of Standing Orders
- 04 Minutes of the Last Annual General Meeting
- 05 Matters Arising
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- 11 When a motion is withdrawn, any amendment to it fails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 9th Annual General Meeting

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

Commencement

The meeting commenced at 6.28pm.

Notice of Proceedings

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

Credential Report

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

Members: 15

Staff: 12

Welcome Remarks

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

Standing Orders

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

Review of the 6/7/8th Annual General Meeting Minutes

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

MATTERS ARISING

Ian Moseley, invited questions from the floor on the minutes. He was asked whether the Board had tendered for audit services. Mr Moseley indicated that this exercise was ongoing and informed the meeting that a sub committee will be established to review this matter, take appropriate action and report its findings to the Board.

A question was asked about the Current Account and Mr Moseley said this would be dealt with under other business.

REPORTS

Board of Directors Report

Mr Gren Bingham read the Board Report and elaborated on the new Current Account Service, which he pointed out, was visibly displayed on the walls of the conference room. Mr Bingham indicated that DWP, London Borough of Tower Hamlets and the Credit Union had worked together to provide this vital service. Mr Bingham asked members to promote and use the new service. He said there was a small monthly charge of £3.00 for those who take advantage of the Current Account service.

Mr Bingham also asked members to take one of the newly designed newsletters.

Supervisory Committee Report

Ms Lena Pamphile, Chair of the Supervisory Committee, presented the report. Ms Pamphile said that in the Committee's opinion the Accounting records for the Credit Union were adequately maintained and that the Auditor's Report was a true reflection of the Credit Union's activities for the period ended September 30th 2008.

Ms Pamphile said that the Committee has struggled to retain members and asked for additional volunteers to offer themselves. She indicated that she was very pleased that two individuals had offered themselves to serve on the Committee.

Ms Pamphile also drew member's attention to an error in the Annual Report – Page 12. The photo of her has the wrong caption and should read Lean Pamphile – Chair of the Supervisory Committee.

Auditors Report

Terry McPherson, representative of Appleby & Wood, read the Auditor's Report. Mr McPherson said the Credit Union's income had increased over the period from £411,949 to £473,766. He also indicated that expenses had also risen significantly to £446,115.

The auditor stressed that the Credit Union needed to increase its reserves and recommended that no dividend payments should be declared to adult members. The auditor was in agreement with the Board's Recommendation to make a 1% dividend payment to Junior Savers.

Credit Committee Report

Ms Nethliee Scarborough read the report. She said the loan portfolio was now over £2 million and gave an overview of the functioning of the Committee. Ms Scarborough said that over 2,000 loans were approved totalling £1,763,274.

Ms Scarborough thanked the outgoing member Ms Enid Robinson for her support over the years. She then invited questions from the floor.

NOMINATING COMMITTEE REPORT

Elections

Mr Colin Eddy was introduced to take charge of elections for the Board of Directors, Credit Committee and Supervisory Committee.

Board of Directors

Mr Eddy informed the meeting that there were four (4) vacancies on the Board as follows: Messrs. David Gachette and Ismail Malik were outgoing and not seeking re election and Ms Diana Collins and Mr Ian Moseley were also outgoing but were seeking re-election.

Mr Eddy indicated that the Nomination Committee had recommended the following individuals to the meeting:

Mr Gareth Thomas
Mr Ian Moseley and
Ms Diana Collins

Mr Eddy indicated that there was one more vacancy and asked for nominations from the floor. Ms Ivone Pedroso was the only person recommended, seconded and accepted. Mr Eddy invited all the candidates to present themselves to the meeting.

He then indicated that since there were only four nominees for the four vacant positions no elections were required.

Supervisory Committee

Mr Eddy informed the meeting that there was an error in the Nomination Committee Report since Prince Efere submitted his application to serve on the Supervisory Committee. Mr Eddy mentioned that there were two vacancies and that Mr Gareth Thomas had to withdraw his application for a post on the Supervisory Committee since he was appointed to the Board of Directors. He indicated that there were 2 vacant posts and only two candidates.

Prince Efere and
Segarajasingham Nagarajah

Mr Eddy invited all the candidates to present themselves to the meeting.

No elections were required.

Credit Committee

Mr Eddy stated that there was one vacancy. The Nomination Committee did not make any recommendation since the candidate who submitted an application did not attend the screening meeting. The candidate was not present at the meeting.

Mr Eddy asked whether the meeting would be happy to give the Board the authority to co-opt a member to the Credit Committee. He asked all those in favour to show by a raise of hand. This was agreed unanimously.

RESOLUTIONS

Dividends

Mr Moseley presented the Board's recommendation to pay a dividend of 1% to junior members. This was put to the vote with the following results:

The payment of a 1 per cent dividend to junior members

16 Yes
0 Against

Auditors

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

OTHER BUSINESS

Mr Bingham gave members an overview of the new Current Account Service. He appealed to them to use the service. He also informed that the Credit Union had appointed 8 new employees to assist with providing them with a better service.

Mr Moseley asked all members present to promote the Credit Union.

ADJOURNMENT

The Annual General Meeting was adjourned at 7.43 pm.

Board of Directors Report - 30/09/09

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

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

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

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

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

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

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

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

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

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

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

encourage junior savers the board suggested a dividend of 1% be paid to junior saver accounts.

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

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

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

Vision and Actions for the Future

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

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

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

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

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

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

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

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

Community Activity

The Board established a Haiti Appeal Fund to help relieve the suffering experienced by victims of the earthquake. Members contributed generously and we were able to donate £631 to UNICEF, a reliable United Nations agency that helps children

Acknowledgements

Finally we cannot emphasise enough our sincere thanks to the staff and General Manager for their dedication, devotion, hard work and commitment to the Credit Union.

THE BOARD OF DIRECTORS

Executive Committee

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

President: Ian Moseley

Vice President: Grenville Bingham

Secretary: Mohamed Yunis

Treasurer: Malcolm Swallow

Other Serving Directors

Nethlee Scarborough

Samuel Addeh

Jamir Chowdhury

David Campbell

Rouf Ahmed

Diana Collins

Ivone Pedroso

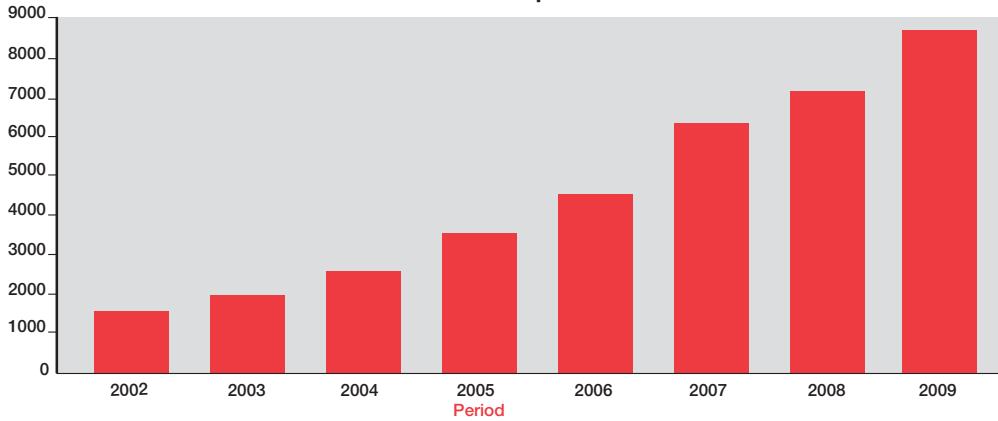
Gareth Thomas

Outgoing Directors

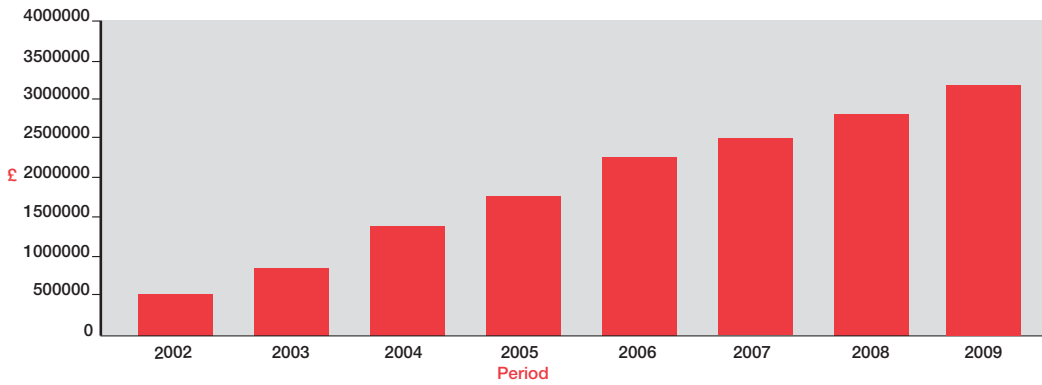
Ivone Pedroso, Samuel Addeh

Performance Highlights

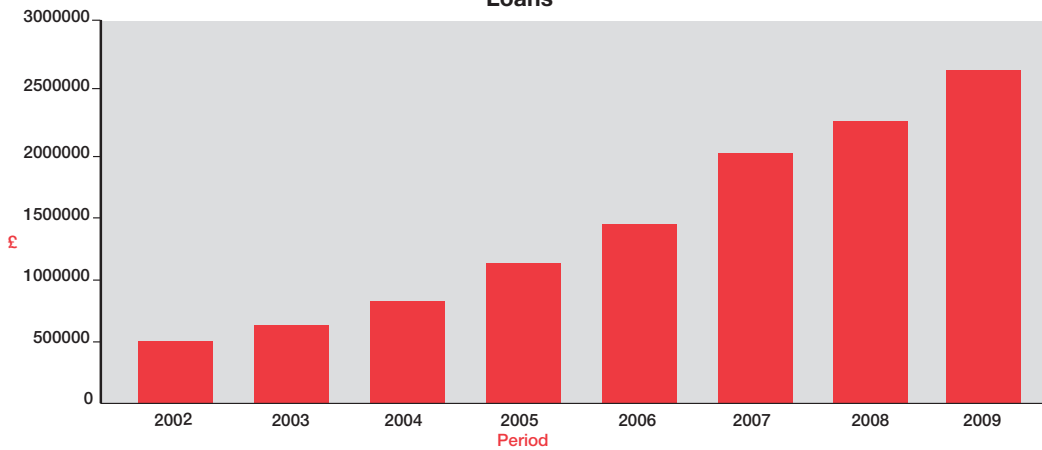
Membership



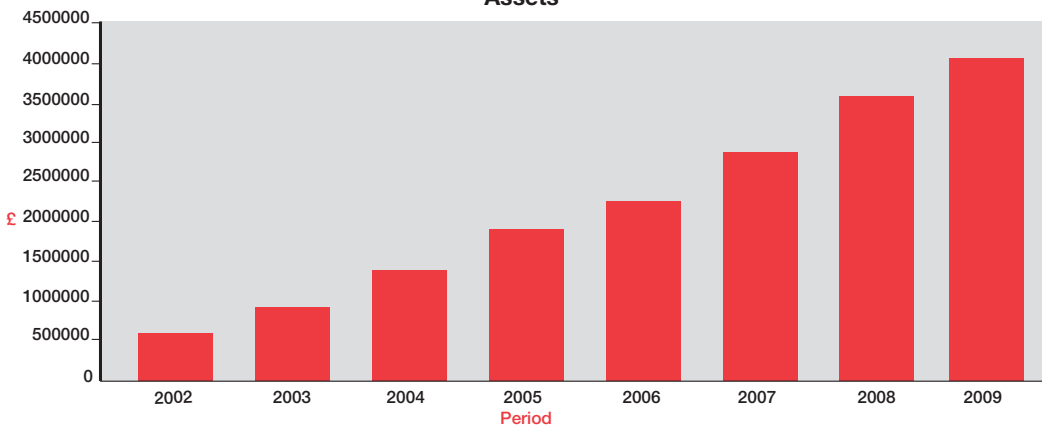
Shares



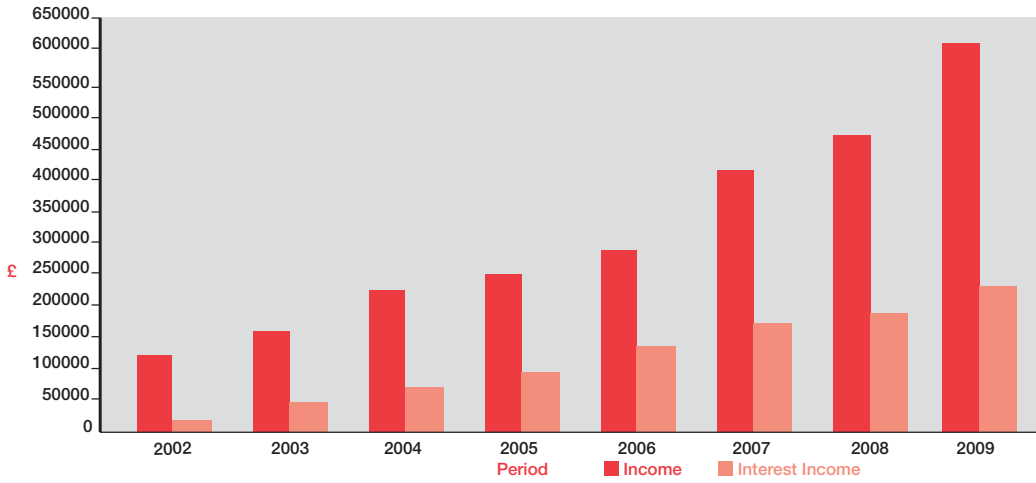
Loans



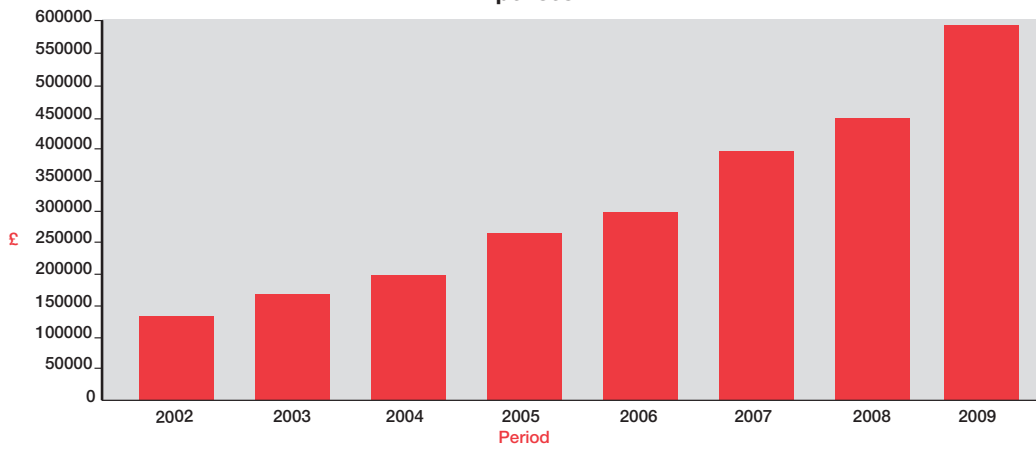
Assets



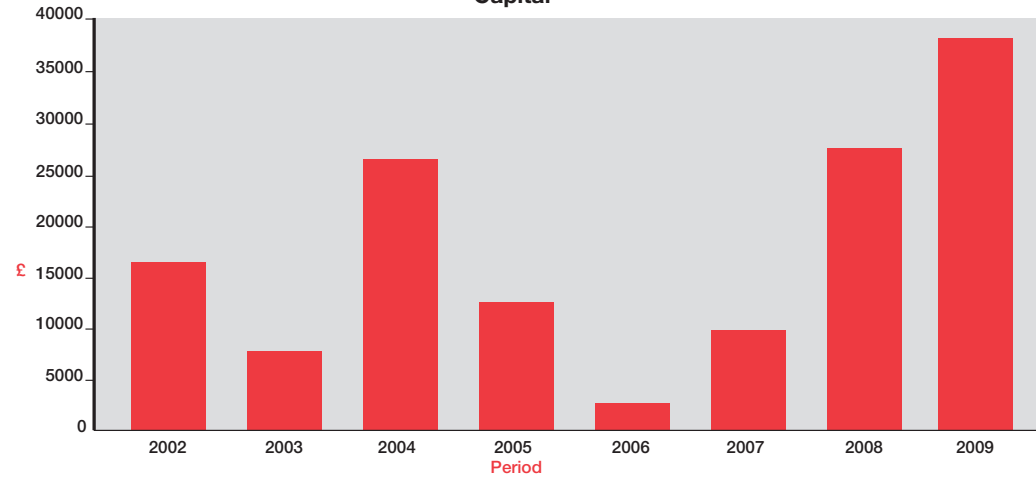
Income



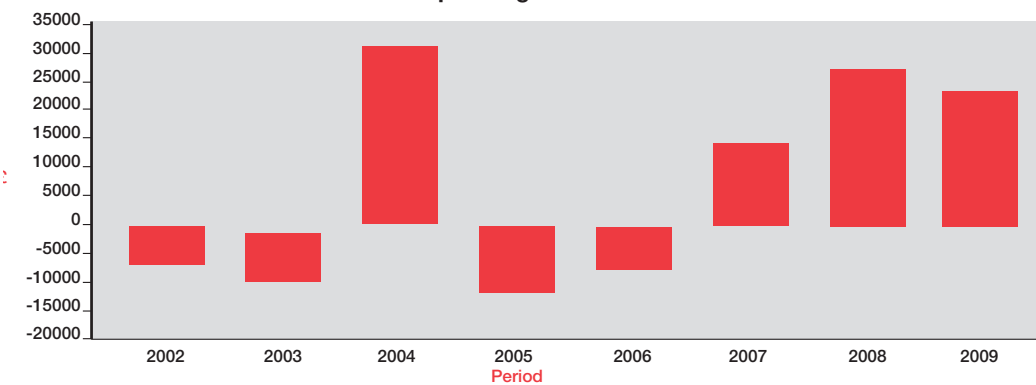
Expenses



Capital



Operating Profits



Credit Committee Report

Structure of the Committee

The following persons comprised the Committee.

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

The global economic climate continued to worsen and international and local credit facilities tightened. Our observation was that Credit Union members found it increasingly difficult and costly to negotiate loans or obtain credit facilities from other financial institutions. A number of members also had existing overdraft and other credit arrangements withdrawn from them by other institutions, which caused severe financial hardship.

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

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

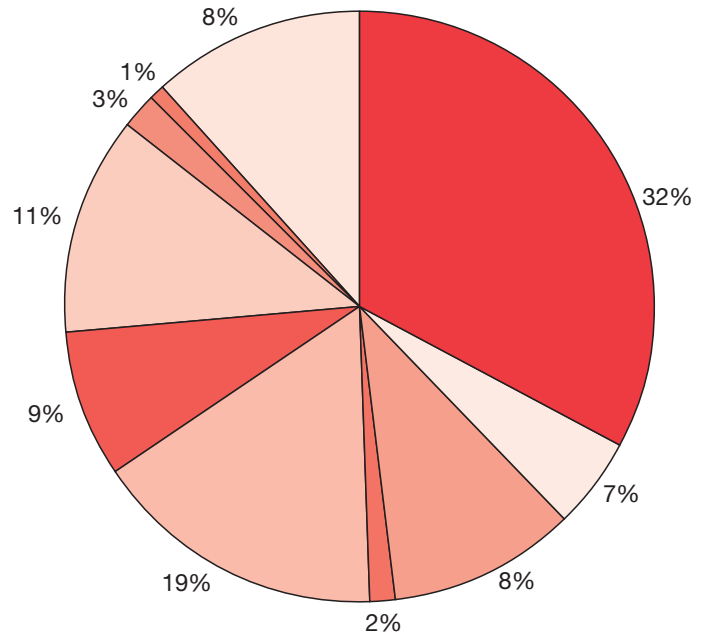
Lending

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

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

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

Loans by Type and Percentage



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

| Loan Purpose | Number of Loans | Value |
|------------------------------------|-----------------|-------------|
| Holiday 32% | 851 | £774,966.00 |
| Vehicle Purchase/ Repairs 7% | 126 | £173,758.00 |
| Furniture & Appliances 8% | 202 | £187,715.00 |
| Rent, Rates and Taxes 2% | 15 | £36,337.00 |
| Home Improvements/Deco 19% | 345 | £432,964.00 |
| Debt Consolidation/Urgent Bills 9% | 141 | £200,271.00 |
| Religious Festivity 11% | 37 | £251,163.00 |
| Education Expenses 3% | 31 | £59,664.00 |
| Medical 1% | 14 | £24,664.00 |
| Misc 8% | 17 | £188,827.00 |

Delinquency Management

The economic conditions have resulted in unemployment and the loss of income for our members. As a consequence some of them have been unable to service their loan account according to the terms and conditions initially agreed.

The Credit Union is mindful of the hardship being faced by its members and we have assisted them by reducing loan repayments, extending the term of the loan and in certain instances freezing interest payments until the member's circumstances changes.

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

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

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

Attendance at Meetings

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

Conclusion

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

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

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

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

Supervisory Committee Report

Introduction

In accordance with Rules of Tower Hamlets Credit Union Ltd (Section P Supervisory Committee 102 (e) and (f)), the Supervisory Committee is pleased to present its report on the supervision of the affairs of the Credit Union for the consideration of the 10th Annual General Meeting.

Structure of the Committee

The following persons comprised the committee

Lena Pamphile
Segarajasingham Nagarajah
Prince Efere

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

Overview of Supervision

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

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

Board of Directors

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

Financial Statements

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

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

Credit Committee

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

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

Internal Controls

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

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

Conclusion

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

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

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

Auditors' Report

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

We have audited the financial statements of the Tower Hamlets Credit Union Limited for the year ended 30th September 2009 which are set out on pages 1 to 6. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Credit Union's members, as a body, in accordance with the Industrial & Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditor's report and for no other purpose.

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

Respective Responsibilities

Industrial and Provident Societies law requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the surplus of the Credit Union for that period. In preparing those financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union. It is also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1964 to 2002 and the Credit Unions Act 1979. We also report to you if the Credit Union has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding other transactions is not disclosed.

Basis of Opinion

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

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

Opinion

In our opinion the financial statements:

give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Credit Union's affairs as at 30th September 2009 and of its surplus for the year then ended;

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

APPLEBY & WOOD

Statutory Auditors

40 The Lock Building

72 High Street

Stratford

Registered Auditors

Revenue Account for the Year End 30th September 2009

| Income | Note | 2009 | | 2008 | |
|---|------|---------|-----------|---------|-----------|
| | | £ | £ | £ | £ |
| Loan Interest | | | 229,024 | | 186,584 |
| Bank Interest | | | 2,642 | | 22,750 |
| Investment Interest | | | 24,983 | | 29,494 |
| Business Case DWP Fund | | | 64,707 | | 15,000 |
| DWP Revenue Fund | | | 150,000 | | 151,773 |
| Banking Project | | | 60,500 | | 10,000 |
| Bundled Income CUCA | | | 10,746 | | |
| Sundry Income | | | 18,989 | | 12,006 |
| | | | 561,591 | | 427,607 |
| Fixed Asset depreciation Release | | | 21,118 | | 14,159 |
| Grants Receivable | | | 32,000 | | 32,000 |
| | | | 614,709 | | 473,766 |
| Less Expenses | | | | | |
| Staff Salaries | | 271,789 | | 194,112 | |
| Other Staff Costs (including Volunteers expenses) | | 3,463 | | 4,157 | |
| Cleaning | | 505 | | 548 | |
| Printing & stationery | | 5,777 | | 7,092 | |
| Travel costs | | 1,008 | | 2,420 | |
| Professional Fees | | 4,950 | | - | |
| Repairs & Maintenance | | 856 | | 4,011 | |
| Telephone | | 9,163 | | 11,575 | |
| Computer Development | | 3,489 | | 184 | |
| Advertising & Publicity | | 31,415 | | 10,859 | |
| Depreciation | | 23,739 | | 41,029 | |
| Fidelity Bond | | 2,299 | | 2,070 | |
| ABCUL fees | | 5,897 | | 5,250 | |
| CUNA Insurance | | 22,338 | | 18,232 | |
| Insurance | | 870 | | 1,755 | |
| Committee Expenses | | 944 | | 748 | |
| Bank charges | | 4,771 | | 2,274 | |
| Office Expenses | | 2,685 | | 2,160 | |
| Sundry Expenses | | 1,595 | | 1,284 | |
| Audit | | 3,676 | | 3,600 | |
| Training | | 1,860 | | 2,020 | |
| Rent, Heat and Light | | 31,450 | | 40,276 | |
| Provision for delinquent loans | | 89,151 | | 87,175 | |
| Photocopy | | 1,902 | | 2,606 | |
| Lease of equipment | | 1,740 | | 678 | |
| Banking Expenses | | 57,841 | | - | |
| Debt Collection costs | | 5,688 | | - | |
| | | | (590,861) | | (446,115) |
| Surplus for the year before taxation | | | 23,848 | | 27,651 |
| Corporation Tax | | | (5,525) | | (10,449) |
| Surplus for the year after taxation | | | 18,323 | | 17,202 |
| Transfer to statutory reserves | | | (3,665) | | (3,440) |
| | | | 14,658 | | 13,762 |
| Proposed Dividends | | | 643 | | 7,306 |
| Surplus to Reserve | | | 14,015 | | 6,456 |

All amounts relate to continuing operations.

Balance Sheet for the Year End 30th September 2009

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

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

01 ACCOUNTING POLICIES

a) Accounting Policies

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

b) Interest

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

c) Corporation Tax

The provision of UK Corporation Tax is based on bank deposit account interest received at the rate of 21%.

d) Fixed Assets

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

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

02 STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

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

03 HISTORICAL COST PROFIT AND LOSS

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

04 RECONCILIATION OF MOVEMENTS IN THE GENERAL RESERVES

| | RESERVES | | TOTAL |
|--------------------------------------|----------|-----------|----------|
| | OTHERS | STATUTORY | £ |
| BALANCE AS AT 01 OCTOBER 2008 | £ 4,619 | £ 15,294 | £ 19,913 |
| SURPLUS FOR THE YEAR | 17,680 | - | 17,680 |
| TRANSFERRED TO APPROPRIATION ACCOUNT | - | - | - |
| TRANSFERRED TO STATUTORY RESERVE | (3,665) | 3,665 | - |
| BALANCE AS AT 30TH SEPTEMBER 2009 | 18,634 | 18,959 | 37,593 |

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

| 05 Fixed Assets | Office Improvement | Computers | Fixtures/ Equipment | Total |
|----------------------------------|-------------------------------|------------------|--------------------------------|--------------|
| | £ | £ | £ | £ |
| Costs | | | | |
| As at 01 October 2008 | 110,528 | 74,284 | 26,914 | 211,726 |
| Additions | 5,135 | 725 | 880 | 6,740 |
| As at 30 September 2009 | 115,663 | 75,009 | 27,794 | 218,466 |
| Depreciation | | | | |
| As at 01 October 2008 | 69,917 | 73,840 | 21,897 | 165,654 |
| Charge for the year | 19,277 | 292 | 4,170 | 23,739 |
| As at 30 September 2009 | 89,194 | 74,132 | 26,067 | 189,393 |
| Net Book Value @ 30 September 09 | 26,469 | 877 | 1,727 | 29,073 |
| Net Book Value @ 30 September 08 | 40,611 | 444 | 5,017 | 46,072 |
| | | 2009 | | 2008 |
| | | £ | | £ |
| 06 Debtors | | | | |
| Grants and Fees Receivables | | 124,000 | | 112,000 |
| General Expenses | | 1,301 | | 749 |
| | | 125,301 | | 112,749 |
| 07 Cash and Bank | | | | |
| | | 2009 | | 2008 |
| | | £ | | £ |
| Cash & Bank balances held | | 858,176 | | 557,750 |
| 08 Other Creditors | | | | |
| | | 2009 | | 2008 |
| | | £ | | £ |
| General creditors | | 1,485 | | 7,155 |
| Unallocated Credits | | 19,348 | | 15,749 |
| Suspense | | - | | 106 |
| Expenses | | 24,007 | | - |
| | | 44,840 | | 23,010 |
| 09 Investments | | | | |
| | | 2009 | | 2008 |
| | | £ | | £ |
| Main Investments | | 211,253 | | 425,899 |
| Junior Investments | | - | | - |
| | | 211,253 | | 425,899 |
| 10 Share Capital | | | | |
| | | 2009 | | 2008 |
| | | £ | | £ |
| Adult Shares | | 3,155,062 | | 2,698,891 |
| Junior Savers | | 68,770 | | 60,324 |
| | | 3,223,832 | | 2,759,215 |
| 11 Proposed Dividends | | | | |
| | | 2009 | | 2008 |
| | | £ | | £ |
| Adult dividend | | - | | 7,306 |
| Junior dividend | | 643 | | - |
| | | 643 | | 7,306 |

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

| | Notes | 2009 | | 2008 | |
|--|-------|------------------|----------------|------------------|----------------|
| | | £ | £ | £ | £ |
| Net Cash(Outflow) Inflow | 1 | | 21,934 | | (23,394) |
| Interest Received | | | <u>27,625</u> | | <u>22,750</u> |
| Net cash inflow before investments & financing | | | 49,559 | | 644 |
| Investment activities | | | | | |
| Fixed Deposit Investment | | (200,036) | | (432,738) | |
| Fixed Assets | | <u>(6,740)</u> | | <u>(5,756)</u> | |
| Net cash inflow before financing | | | 193,296 | | (438,494) |
| Dividend Paid | | | - | | - |
| Financing | | | | | |
| DWP & Leaside Funding | | 87,299 | | 315,990 | |
| Increased Banking Provision | | (50,500) | | 110,500 | |
| Increase in Shares | | 464,617 | | 282,227 | |
| Increase in Loans Granted | | <u>(443,845)</u> | | <u>(177,168)</u> | |
| Net Cash Inflow from Financing | | | <u>57,571</u> | | <u>531,549</u> |
| Increase(Decrease) in Cash | 2 | | <u>300,426</u> | | <u>92,411</u> |

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of deficit

Before tax to net cash inflow/(outflow)

| | | | | |
|-------------------------------------|---------------|-----------------|--------------|-----------------|
| Surplus/(Deficit) before Taxation | | 16,542 | | 27,651 |
| Add: (Increase)/Decrease in debtors | (12,552) | | (78,421) | |
| Depreciation | 23,739 | | 41,029 | |
| Bank Interest | (27,625) | | (22,750) | |
| Increase in Creditors | <u>21,830</u> | | <u>9,097</u> | |
| Net Cash Inflow | | <u>(5,392)</u> | | <u>(51,045)</u> |
| | | <u>(21,934)</u> | | <u>(23,394)</u> |

2. Analysis of Changes in Net Funds

| | £ | £ | £ |
|--------------------------|----------------|----------------|----------------|
| Cash at Bank and in Hand | <u>557,750</u> | <u>300,426</u> | <u>858,176</u> |

Nominating Committee Report

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

BOARD OF DIRECTORS (Two vacancies)

- 01 Samuel Addeh: Outgoing/seeking post on Supervisory Committee
- 02 Ivone Pedroso: Outgoing/not seeking re-election

SUPERVISORY COMMITTEE (Three vacancies)

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

CREDIT COMMITTEE (One vacancy)

- 01 Vacant

The following persons submitted applications:

BOARD OF DIRECTORS

- 01 Paul Nailor
- 02 Henrietta Cyrille
- 03 Jason Vaughan

SUPERVISORY COMMITTEE

- 01 Samuel Addeh
- 02 Lena Pamphile
- 03 Denise Barnett

CREDIT COMMITTEE

- 01 Samantha Wrsama

Recommendations & Resolutions

DISTRIBUTION OF SURPLUS

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

AUDITORS

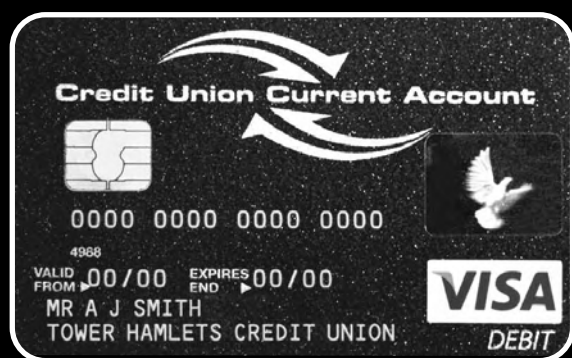
Be it resolved that the firm of Appleby & Wood be retained as auditors but that Credit Union should retender for the provision of auditing services and invite the firm of Appleby & Wood and others to tender.

EXPANSION

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

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