

Directors Report to September 30th 2007

The Board of Directors is delighted to be able to bring you this report outlining the achievements of your credit union over the last year. Following on from the hard decisions made in 2006 in order to put the credit union on a sound financial footing, 2007 was a year in which we consolidated and rebuilt the business. Our employees, directors and most importantly our volunteers worked hard to consolidate our resources and grow the membership of the credit union.

Our overriding strategy has always been to establish a self-financing credit union. While this will take time, we believe that we cannot lose sight of this key strategic objective. We can achieve this through increased membership that generates sufficient loan income. And it is by becoming fully self-financing we will then be better able to use our talents and resources for the benefit of our members and enrich our local community. At the end of 2007 we had 1614 members, including 205 junior members. We will need to grow this to over 5000 in the next 3 years. Therefore, we believe that one of the resolutions we are asking you to consider will help us along this path. But first, let us review some of the highlights from 2007 and what has been achieved.

We thought the move from the shop premises in Walthamstow High Street to one room in Harmony Hall would result in fewer new members and a loss of interest from "passing trade". We were wrong. In 2006/7 we enrolled 600 new members, 278 more than enrolled in 2005/6 and 149 more than 2004/5. Savings increased from £341,000 to £422,000 up 20 % in the year. It was a busy year for loans, with over 962 new loans allocated with a total value of £426,000. The latter significantly improved our loans to savings ratio from 60% to 75%, another key success measure for any credit union. As expected with this level of growth, our provision for bad debts has increased in line with the loans growth. The Board continues to implement the bad debt collection policy and, where appropriate, used outside debt collection agencies for debtors who persistently refuse to pay back their loan. Where deemed necessary, the Board has approved the use of County Court Judgements. 2 loans totalling £763 were written off this year.

Some of this lending success was the result of the new Freedom Loans, which although slightly more expensive than Savers Loans, have less onerous savings criteria. This has enabled us to lend to new members who would have no other means of obtaining credit at a fair rate. What has been encouraging though, is the move of some new borrowers from Freedom to Savers Loans, thus enabling them to borrow at the lower cost. As you can imagine, this welcome increase in new members and loan activity has resulted in a hive of activity in our little office. At times it is so busy that our members have to wait outside the office before being served.

To have achieved all this in one year is truly remarkable. But success brings new challenges and our key priority over the coming months is to resolve the space issue. If we are to continue growing at our current pace we will need to expand our premises. To this extent your directors and employees are continuing to review the need for affordable office space. It is our hope that we will be able to report some good progress on this issue this time next year!

While the business has grown in 2007, we have had several changes on employees and volunteers as well:-

- Sadly we said goodbye to our manager Shahid Iqbal who left us in June 2007,
- But we are delighted to welcome David McMullan, who comes to us with a wealth of experience in the credit union movement. He has been involved in the setting up and development of several credit unions as both staff and volunteer for 20 nearly years, most recently for the East Lancashire Finance development agency.
- Victoria Walker joined us as our new volunteer co-ordinator in October and has made

enormous headway expanding our volunteer base, at the same time ensuring their talents are used to the maximum.

- We are also proud to announce that one of our experienced volunteers, Mouhssen Guemar is now employed on a part time basis as a bookkeeper.

None of the above would have been possible without the continued funding from our sponsors:-

- We continued to secure funding from LBWF council, to pay for our manager and part time bookkeeper.
- We successfully bid for a Big Lottery grant, which funds the volunteering project for four years. While it essentially pays for our volunteer co-ordinator, we are required to meet certain agreed targets on training and recruitment. These targets focus on improving the employment prospects of volunteers, at the same time as benefiting the credit union.
- We continue to receive central government funding for our loans officer, Archana Khosla. Although this funding finishes in April 2008, we are applying for a new grant, which will last for a further three years.

While the funding is extremely important to us at this stage of our development, the growth in new members and loans this year has resulted in a positive cash flow which has been used to help maintain and grow the business. As always, members should be assured that any deficit in the daily running costs does not affect members accounts or savings, which are kept entirely separately from the funding required to cover running the Credit Union. Members' savings are protected by our registration as a Credit Union and we have professional insurance to cover our members' monies.

New Initiatives

Membership growth and the extra business this can bring increases the pace at which WFCCU – or any credit union – can move towards self sufficiency. Mindful of this, your board has authorised tentative discussions with Waltham Forest Council Employee's Credit Union to examine ways in which we might develop together.

and finally...

as we stated last year, the progress we achieved through 2007 and to date, has been hard won, and would not have been possible without the tremendous hard work of your directors, employees, volunteers and you the members. Therefore I would like to thank each and every one of you for your continued hard work and support. Your achievements again this year are a testament to our belief that the Credit Union is a necessary and valuable asset to our community. With your help, we are determined to build on our recent successes and continue to provide financial services at affordable rates for our community.

One third of the Directors will again be retiring at the AGM and are eligible to be re-elected. All members at the AGM will be able to exercise their democratic right to elect the members of the Board.

The Board of Directors is confident in proposing a dividend of 1.0% for adults and 3% for juniors. Although this will reduce our reserves, we believe that it is sustainable in light of our current cash flow position and reflects the optimism of your Board that the Credit Union will be able to maintain a dividend going forward.

Cathy Perry
Chair, for and on behalf of the Board of Directors.

CAN YOU HELP? - YES YOU CAN!

No credit union can maintain growth without its members. Here are 5 ways you can help yourself **and** your own local Credit Union

- **Volunteer**

Victoria always welcomes new volunteers, particularly if you have previous administrative or financial experience. See how you can help the credit union while gaining invaluable and enjoyable experience for yourself.

- **Become a director**

There are opportunities on the board for you to become really committed to the development of WFCCU. Particularly welcome are members with FINANCIAL or BUSINESS experience. You will find a nomination form enclosed with this pack, if you are interested in joining the board, please contact us, even if you do not have anyone to nominate you.

- **Tell a friend**

Our current members are our greatest marketing tool. 75% of new members join because a friend or relative told them about the credit union. So help us to achieve our growth targets by passing on the enclosed application form and encourage someone else to join.

- **Save**

Just by putting your money into the credit union you are helping us to provide services that can transform the lives of your neighbours.

- **Take a loan**

In the long term, our income depends on interest from loans. Do yourself a favour with a loan at a fair interest rate and at the same time ensure that the credit union can use the interest for the good of your community.