

2014
**Business
Review and
Summary
Financial
Statement**

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“Despite widespread, ongoing, change across the industry and continued economic uncertainty, our clarity of purpose has enabled the Society to combine resilience and flexibility, and deliver a strong performance for the past twelve months.”

Peter Kerns
Chairman

Business Review

“Our traditional building society principles are founded on trust, ethical behaviour, service excellence and customer focus and have a direct contemporary relevance with our growing membership base.”



Peter Kerns,
Chairman

2014 has been another successful year for Leek United Building Society. Despite widespread, ongoing, change across the industry and continued economic uncertainty, our clarity of purpose has enabled the Society to combine resilience and flexibility, and deliver a strong performance for the past twelve months. Our traditional building society principles are founded on trust, ethical behaviour, service excellence and customer focus and have a direct contemporary relevance with our growing membership base.

The UK economic picture remains mixed. Despite strong growth in GDP during the year, low levels of inflation and falling unemployment, the wider economic backdrop remains downbeat, with negative monetary and business conditions in the Eurozone and numerous global geo-political risks. Base rates are not expected to increase before the imminent general election and may stay at current levels for some time afterwards, but the impact of eventual rate rises on household finances and, consequently, arrears and affordability are difficult to predict after such a protracted period of low rates.

Within this uncertain economic context, your Society has once again produced a strong set of financial results, with 6.1% growth in total assets resulting in our balance sheet exceeding £0.9bn for the first time. This was coupled with a strong level of post tax profits, essential because this is the only means by which our robust capital position can be maintained. We have generated this profit whilst remaining mindful of our members' needs, in particular the difficulties faced by our savers suffering continued low interest rates and have sought, wherever possible, to maintain these rates at equitable but sustainable levels.

For our mortgage borrowers, whilst gross lending levels are below those of 2013, we have extended £109m of new mortgage lending to our customers during 2014. Our mortgage book remains extremely high quality, owing to our prudent lending policy and thorough underwriting standards, and we have undertaken a restructuring and transformation of our mortgage operations function during the year.

The strong growth in savings balances experienced by the Society in 2013 continued in 2014, with significant inflows of deposits resulting in growth of 6.1%

to a record level of £0.8bn. This is testament to the loyalty of our customer base, to our high standards of customer service (with the Society being seen as a trusted alternative to banks), and to the comprehensive and competitive range of products offered by the Society. With our exciting new partnership with Stoke City Football Club, I look forward to welcoming significant numbers of additional members to the Society and to the increase in profile that this will give us, both locally and nationally.

Whilst the financial performance for 2014 has been strong, we are by no means complacent and constantly strive to ensure that we remain well placed to continue this success in future years. Regulatory challenges are increasing which have a major impact on smaller building societies. Additionally, the Society is currently making a significant investment, both in people and technology, intended to improve and strengthen our risk management capability, and also to enhance our technology infrastructure and we expect this to continue into 2015. This programme of investment will develop our already strong levels of customer service and enhance our relationship with our members.

As noted in previous years, the impact of the Financial Services Compensation Scheme on building societies such as ours is punitive and disproportionate. The share borne by Leek United rose again in the year from £0.5m in 2013 to £0.8m in 2014.

2014 has seen changes to the Board for both Non Executive and Executive Directors with Ann O'Connell and Keith Griffiths leaving the Board and Rachel Court, Paul Wilson and Tony Hubbard joining. Derek Lyons is retiring following the Annual General Meeting after serving

as a Non Executive Director for twelve years, including acting as Vice Chairman and the Society's Senior Independent Director. Ann O'Connell resigned from the Board in May, having served the Society since December 2012 as a Non Executive Director and as Chair of the Board Risk Committee. Keith Griffiths retired as Finance Director at our Annual General Meeting in April 2014. I am sure that everyone will join me in thanking them for their service to the Society and in wishing them all the very best for the future.

Rachel Court was co-opted as a new Non Executive Director to the Board in November 2014. Rachel is highly experienced in project management and cultural development, and has an abundance of building society experience in developing and delivering both customer and people strategies. Paul Wilson and Tony Hubbard joined the board as Executive Directors in 2014; Paul as Finance Director in July and Tony as Operations Director in November, both bringing with them a wealth of financial services experience. I am delighted to welcome them all to the Board.

Finally, I would like to pay tribute to all my colleagues throughout the Society, through whose commitment and high standards these excellent financial results have been delivered, and by whose efforts our members' interests continue to be protected. I also thank the members for their continued loyalty and faith in Leek United and for continuing to support the Society.

Peter Kerns

Chairman

25 February 2015

Review of the year

	2014
Group profit before tax	£4.9m
Group reserves	£55.8m
Group assets	£905.3m
Core tier 1 ratio	17.8%
Management Expense Ratio	0.85%



Kevin Wilson,
Chief Executive

Overview

I am pleased to report that the Society has delivered a strong performance during the past twelve months, and ends the financial year in a robust position.

Total assets grew by 6.1% during the year, largely fuelled by significant additional savings deposits from our loyal member base, leading to a healthy liquidity position at the end of the year. Whilst mortgage lending during the year was lower than in 2013, mortgage balances remained stable.

We continue to maintain a robust capital position, via an appropriate level of profit; profit before tax was £4.9m in 2014 (£4.3m in 2013), delivered through a combination of our wide range of competitive products combined with our excellent levels of customer service. As a result of our strong performance, reserves grew to £55.8m, while the core tier 1 ratio was 17.8% (2013: 19.2%). The 2014 capital position has been impacted by new capital rules and the year end pension valuation, which is affected by market conditions and can be volatile. The capital position remains strong and ensures that the Society has a solid foundation for future growth and success, and is well prepared to meet the challenges arising from the uncertain

economic outlook and continuous regulatory change.

Our other key financial ratios including liquidity, gross capital and free capital complete a strong financial performance.

Mortgage Lending

Competition in the mortgage market has intensified over the last year with the return to the market of the major banks following a period of consolidation and recapitalisation. In addition the introduction of new rules under the Mortgage Market Review (MMR) has had a significant impact on many of our competitors and on the Society. Mortgage balances remain steady, at £675.2m (2013: £674.3m). We have always had a cautious approach to lending and consideration of our members and affordability tests have always been at the heart of our lending policy. However, MMR has significantly increased the time taken to advise customers on a suitable product, placing increased pressure on resources and impacting our ability to deliver previous mortgage volumes. This is reflected in gross lending of £109m in 2014, reduced from the elevated levels experienced in 2013 (£139m).


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 150th Anniversary charities
 donation

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 Leek Customer Adviser,
 Jeanette Mountford (third from
 left), climbing Mount Toubka for
 Christie Hospital at Salford Royal
 and Wythenshawe Hospital

There has been considerable work undertaken to improve our mortgage processing and servicing capability during the year. Our commitment to supporting our members through the provision of a comprehensive range of fixed, variable and discounted rate mortgage products, together with our investment in the business to launch a project to offer complete online access, starting with online mortgage applications, for both direct and broker-originated channels will enable us to deliver sustainable, organic growth in lending over the medium term.

Our cautious approach to lending and consideration of our members is evident in our extremely low level of arrears, which is considerably below the industry average. Two properties were taken into possession during the year (2013: one property). We recognise that household incomes remain under pressure and will continue to adopt forbearance strategies where appropriate to support borrowers facing difficulties, utilising repossession only as the last resort.

Savings

The extremely challenging conditions faced by savers show no signs of abating in the near term. A rise in base rates may now be delayed until early 2016.

Despite this difficult environment, and following significant growth in 2013, I am delighted to report that the past twelve months saw another considerable increase in savings balances, up by 6.1% from £796.3m to £844.9m. Our members

continue to demonstrate their loyalty and trust in the Society and appreciation of the attractive range of savings products on offer, as well as the high quality of our customer service.

I recognise the concerns of savers and am keenly conscious of the need to provide a rate of interest that is both fair and sustainable. Due to the extremely low interest rate environment, together with the actions of some of our competitors in reducing savings rates, the Society has been compelled to implement some careful and limited rate reductions during the year on certain products. These decisions have not been taken lightly, and have been given very careful consideration. We have continued to protect the interests of existing members by providing a range of attractively priced loyalty savings products.

Our savings range was further enhanced during the year through our partnership with Stoke City Football Club, through which we have been granted exclusive rights to provide a 'Save and Support' Affinity Savings Account. This is a fantastic opportunity for our Society, providing access to a very large new customer base in our local heartland, in addition to significant national exposure via the Premier League. It brings together two local businesses of key strategic importance in the local communities that we serve and represents a huge step forward on our journey to be recognised as the best regional building society in the UK.

Review of the year

(continued)



Our staff and members

The strong performance for 2014 is to the credit of our staff, who continue to provide an outstanding service to our members and I would like to record my gratitude for their considerable passion, flexibility and dedication. Customer satisfaction remains a fundamental objective for the Society, reflected in our values and in our internal monitoring of the number of upheld complaints and the very high customer satisfaction ratio. I am extremely proud of all our colleagues in delivering a consistently excellent quality of customer service. Leek United's branch network is a core element of our strategy, in line with our face-to-face advice centred approach, and a vital component in continuing to provide the excellent service for which we are well known.

As a mutual, we remain committed to supporting our local regions through a wide range of sponsorship activities. Perhaps the single best example of this was the Leek & District Show. The Society has strengthened its long standing links with the show and is committed to being the main sponsor for at least three years.

The show was highly successful bringing families and businesses together in our heartland. A range of activities and special mortgage offers were provided for the community, which encapsulates perfectly the community ethos that is at the heart of everything we do at Leek United. Similarly, we are developing our links with local schools and colleges, providing work experience placements for students and attending careers events to highlight opportunities for the years to come.

2014 saw another year of active fundraising across the Society with some of the highlights being the purchase of specialist dementia friendly equipment for Leek Moorlands Hospital and sponsorship of the Leek CSOB junior football teams. Back in the summer a 'mountain' of cash was raised for charity by intrepid Leek United staff making it to the peak of Snowdon in memory of our friend and colleague Alan Embury, who sadly passed away in 2014, raising £2,840 for Wythenshawe Hospital's Cardiac Unit.

Donation to CSOB Football Club



Outlook

Despite the prevailing economic uncertainty and significant global political and financial disorder, the outlook for the Society is bright. I am proud of our continued success, of our people and members and the benefits and achievements delivered over the past twelve months.

We remain as committed as ever to the traditional values of a mutual organisation and the tried and tested building society model. This is fundamental to our success, and has proved extremely resilient over our long history as well as during more recent times, when trust in the banking sector has fallen considerably. Central to these values is the determination to deliver the right outcomes for our customers based on their needs which we remain mindful of at all times.

This clear strategic focus ensures that we are well placed to meet future regulatory challenges and respond to the changing economic environment. The Society continues to go from strength to strength, and I look forward to 2015 and beyond with optimism.

Kevin Wilson

Chief Executive

25 February 2015

Group profit before tax

£4.9m

Corporate Governance Report

The Society's Board is accountable to members for the careful direction of Society affairs, safe stewardship of funds held on members' behalf and the provision of high quality products and services which meet the needs of individual members whilst offering a fair deal to all.

2014 has seen changes to the Non Executive Directors with Ann O'Connell resigning from the Board in May, having served the Society since December 2012 and Rachel Court being co-opted as a new Non Executive Director to the Board in November 2014. At the end of 2014 the Board consisted of five Non Executive and three Executive Directors.

The Board focuses not only on members' interests as customers for the Society's products and services but also their interests as members of a mutual enterprise. The Board takes account of the guidance contained in the revised UK Corporate Governance Code 2012, which is addressed to plcs. The Prudential Regulation Authority also state that building societies should have regard to the Code when establishing and reviewing their own corporate governance requirements. The Board is pleased to confirm that it has had regard to the Code in all matters pertaining to their corporate governance requirements.

A formal system of Board appraisals is in place and each director's personal contribution to Board proceedings and Society progress in the year has been the subject of rigorous review by the

Chairman. Performance evaluation of the Chairman has been conducted by Non Executive Directors led by the Senior Independent Director and taking account of the views of the Executive Directors.

The overall effectiveness of the Board and its committees is monitored throughout the year and is subject to formal review on an annual basis. This evaluation encompasses the balance of skills, experience, independence and knowledge of the Society's Board, together with its diversity and gender balance, how the board works together as a unit and other factors relevant to its effectiveness.

In a fast changing, highly regulated business environment, all directors participate in a programme of training and professional development designed to keep their knowledge and skills up to date. They are also entitled to obtain independent professional advice at the Society's expense.

The offices of Chairman and Chief Executive are separate and held by different people.

The Board considers that all Non Executive Directors are independent and carry out their duties with complete objectivity. The Board has considered the individual performance of any director whose service exceeds nine years. This constitutes two members of the Board; Jim Washington and Derek Lyons and is satisfied that their independence is not impaired as they are considered to be independent in character and



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Main sponsors of
Leek Show

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judgement and free of any relationship or circumstances which could materially interfere with the exercise of their judgement. Non Executive Directors with over nine years service offer themselves for re-election on an annual basis, therefore Jim Washington offers himself for re-election and Derek Lyons will be retiring from the Board. All other directors are required to submit themselves for re-election at least once every three years.

All directors conform to the requirements of the Approved Persons regime governed by the Financial Conduct Authority and pass the “fit and proper” test specified in the PRA Handbook.

The Code recommends that a Non Executive Director should be designated as the Senior Independent Director with responsibility for leading Non Executive Directors in the performance appraisal of the Chairman and to act as a contact for any member who may feel that contact with the Chairman or Chief Executive would not be appropriate. The Senior Independent Director in 2014 was Derek Lyons and, following his retirement at the AGM will be Jim Washington, who is pleased to act as an alternative contact point for members.

Board Committees

The Society uses the Risk Management Framework as part of our strategy to proactively manage our risks in accordance with our neutral risk appetite stance. The structure as at 31 December 2014 is shown above:



Key

- Board Sub Committee
- 1st Line Management Committee
- 2nd Line Management Committee

As at 31 December 2014, the Society's Principal Risks were managed through the following Committees:

Board	Board Risk Committee	
	Management Risk Committee	Asset & Liability Committee
Pension Risk	Operational Risk	Market Risk
	Reputational & Conduct Risk	Liquidity Risk
	Legal and Regulatory Risk	Strategic Risk
	Credit Risk	

Corporate Governance Report

(continued)

The Board owns and approves the risk appetite for the Society including the Risk Management Framework. The Framework identifies the revised process, ownership, responsibilities and the risk oversight required to support effective implementation across the Society.

The Society operates a 'three lines of defence' governance model to ensure appropriate responsibility is allocated to the management, reporting and escalation of risks. The business areas provide the first line of defence which includes ensuring the Society complies with policies, risk appetite and limits, stress testing, self assessment and development of risk registers. The Risk and Compliance functions comprise the second line of defence, developing the Risk Framework and undertaking risk monitoring, challenge and oversight. Internal Audit act as the third line of defence, providing an independent challenge to the overall management of the Framework and also providing assurance to both the Board Audit Committee and Executive on the adequacy of both the first and second lines.

Supervision and direction is facilitated by the operation of a number of Board committees which meet regularly to consider issues specific to key business areas.

Board Risk Committee

The role of the Board Risk Committee (BRC), a sub-committee of the Board assists the Board in carrying out its

responsibilities relating to Risk and Compliance in the Society:

- to provide assurance to the Board of the independence and quality of the risk and compliance functions;
- to advise the Board on the Risk Management Framework and oversee the design, quality and effectiveness of the Framework;
- to provide specialist advice to the Board and other committees in assessing Prudential and Conduct risks arising;
- to ensure the Society has adequate stress testing in place and to review, challenge and approve this framework;
- to ensure that the risks are being managed in accordance with policy and within the limits of the Board's stated risk appetite;
- to provide assurance to the Board that the Society is adhering to regulatory risk requirements and best practice in risk measurement methodologies and risk management practice;
- monitor the identified risk control failings and weaknesses and actions taken to resolve them, in co-operation with the Board Audit Committee.

As at 31 December 2014, the BRC comprised Richard Goddard (Chair), Rachel Court and Jim Washington.

The BRC is supported by the Management Risk Committee (MRC) and the Asset and Liability Committee (ALCO).

The Management Risk Committee's main responsibility is to assess the management of operational, credit, reputational and conduct together with legal and regulatory risk across the group. Responsibilities of the MRC also include ensuring the detailed application of the Framework and the development of key risk policies and indicators.

The ALCO supervises the group's treasury and financial risk management activities and advises and supports the Finance Director in carrying out his responsibilities, including the identification, management and control of the balance sheet risks and the overview and monitoring of relevant risk control frameworks. Responsibility of market, liquidity and strategic risk has been delegated to the Asset and Liability Committee.

Board Audit Committee

The Board Audit Committee (BAC), a sub-committee of the Board assists the Board in carrying out its responsibilities relating to:

- the effective operation of the Society's lines of defence, internal controls and risk management systems;
- reviewing the adequacy and effectiveness of the Society's fraud prevention systems and controls;
- the appointment or removal of the Head of Internal Audit, and monitoring of the effectiveness of the Internal Audit function;
- monitoring the integrity of the financial statements of the Society, reviewing any significant financial reporting judgments contained therein;
- the engagement, performance and effectiveness of the external auditor, ensuring that the provision of non-audit services and associated fees do not impair the independence and objectivity of the external audit and that recommendations have been acted upon by the Society.

The key judgmental items considered by the BAC in relation to the financial statements for 2014 included:

- the provision required for both specific and general mortgage provisions, assessed based on the level of arrears, concessions and any other potential impairment indicators on customer mortgage accounts. The key sensitivities are the levels of current and estimated potential future arrears as well as expected levels of loan exposure compared to expected level of security value including mortgage indemnity insurance where relevant;
- the assumptions utilised in the valuation of the defined benefit pension scheme under FRS 17. This is particularly sensitive to asset valuations as well as expectations of long term corporate bond yields, inflation and mortality;
- the provision relating to the FSCS levy. This estimate is based on publicly available information at the time, in respect of the levy for 2014 and future years. It is affected by the Society's market share of protected deposits as well as the interest and capital requirements of the FSCS scheme.

Corporate Governance Report

(continued)

The BAC reviewed and challenged the assumptions, estimates, risks and sensitivities for each accounting estimate and was satisfied that the provisions were towards the prudent end of the range of sensitivities and they were appropriately dealt with in the accounts. Management involved the use of external specialists in the valuation of the defined benefit scheme which included advice on the assumptions to use and the sensitivities of those assumptions. The BAC were satisfied that the pension assumptions were within an appropriate range by reviewing the sensitivities and benchmarking with external data and with other organisations.

The external auditor, PricewaterhouseCoopers LLP, has been engaged by the Society since the audit of the 1998 financial statements. During 2014, the BAC considered whether a tender should be undertaken in 2015 regarding the reappointment of the external auditor and decided to defer an audit tender until 2016 at the earliest. The BAC considered transitional regulatory requirements, the tenure of the current auditors and the current business priorities in reaching this decision.

The BAC assessed the effectiveness of the external audit process through a combination of feedback from committee members and Society management, completion of standard questionnaires and other external independent information where available. The BAC assesses all requests to use the external

auditor for non-audit work and receives explanations from management and the external auditor to satisfy each member that the objectivity and independence of the external auditors is safeguarded. At 31 December 2014 the committee comprised Richard Goddard (Chair) and Jim Washington.

Remuneration Committee

The Remuneration Committee sets appropriate levels of pay and conditions for Board and executive management posts. The committee makes an annual report to members - this can be found on page 19. The committee is composed entirely of Non Executive Directors and committee membership at 31 December 2014 was Jim Washington (Chair), Rachel Court, Peter Kerns and Derek Lyons.



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AGM cheque presentation
to Douglas Macmillan

Nominations Committee

The Nominations Committee is responsible for regularly reviewing the structure, size, composition and the balance of skills, knowledge and experience of the Board, and making recommendations to the Board with regard to any necessary changes and in particular to ensure that membership is refreshed. All Non Executive Board vacancies are advertised in the press/media with a regional or national scope as appropriate. At 31 December 2014 the committee comprised Peter Kerns (Chair), Derek Lyons, Jim Washington and Kevin Wilson.

Careful consideration is given to the combined skills and experience of the existing Board members and diversity in making new appointments to the

Board. The Society believes that diversity amongst Board members is of value and this is considered alongside the key requirements of relevant knowledge, skill and expertise to perform effectively as a member of the Board. It is the Society's policy to make appointments to the Board without regard to age, ethnic origin, creed, gender, marital status, disability, sexual orientation and religion or belief.

In 2014 the Society used two independent executive search and selection firms, Warren Partners and Adderley Featherstone, to support the recruitment of Non Executive Directors. The only connection with these firms is for recruitment and selection.

Attendance at Board and Board sub-committee meetings – 2014

Name	Board	Audit	Risk	Nominations	Remuneration
Rachel Court (from 26/11/14)	2 (2)	-	-	-	1 (1)
Richard Goddard	12 (12)	4 (4)	8 (8)	-	-
Keith Griffiths (to 30/04/14)	0 (4)	-	-	-	-
Tony Hubbard (from 03/11/14)	2 (2)	-	-	-	-
Peter Kerns	12 (12)	-	-	6 (6)	5 (5)
Derek Lyons	12 (12)	-	-	6 (6)	5 (5)
Ann O'Connell (to 12/05/14)	4 (4)	1 (1)	4 (4)	-	-
Jim Washington	12 (12)	4 (4)	8 (8)	6 (6)	5 (5)
Kevin Wilson	11 (12)	-	-	6 (6)	-
Paul Wilson (from 07/07/14)	6 (6)	-	-	-	-

Figures in brackets denote number of meetings for which eligible to attend during the year.

Corporate Governance Report

(continued)

Relations with members

The views of new and existing members are sought by individual questionnaires during the year. Member Forums are held each year when the Chief Executive supported by the Chairman as well as other Executive Directors, gives a presentation on the main business developments and members present have the opportunity to raise questions to the directors and senior management.

All members of the Board are present at the AGM (unless their absence is unavoidable). The chair of each of the committees are therefore available to answer questions raised by members.

On behalf of the Board of directors

Peter Kerns

Chairman

25 February 2015

Constructive use of the AGM

The Society sends details of the AGM to all members who are eligible to vote. Members are encouraged to vote or appoint a proxy to vote if they cannot or choose not to attend the AGM. A donation to charity is made for each vote cast.



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Launch of Stoke City Football Club 'Affinity Accounts'

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AGM cheque presentation to Donna Louise Trust



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Directors' Remuneration Report

The Society's Remuneration Committee is composed solely of Non Executive Directors. Jim Washington, Derek Lyons, Peter Kerns and Rachel Court served on the committee during 2014.

The committee's principal responsibility is to determine the level of remuneration for Executive Directors and the level of fees payable to Non Executive Directors. In making its determinations the committee has regard to the UK Corporate Governance Code 2012 and the FCA Remuneration Code. The principles of the Remuneration Code are that:

- levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the company successfully, but a company should avoid paying more than is necessary for this purpose. A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance;
- there should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.

Executive Directors

The main elements of each Executive Director's remuneration package are - basic salary, pension benefits, private medical insurance and the provision of a company car or car allowance. The Chief Executive is a member of the Leek United Building Society Pension and Assurance Scheme, which closed for future accrual on 24 April 2013. The Chief Executive, Finance Director and Operations Director are members of the defined contribution stakeholder pension scheme.

The Corporate Governance Code recommends that an Executive Director's service contract period should be set at 12 months or less and the contractual notice period for all Executive Director appointments conforms to this limit.

Non Executive Directors

Non Executive Directors receive fees for the provision of their services, including additional fees for chairmanship of committees where relevant. They do not have service contracts and do not receive any other benefits, bonus or pension entitlement. They are subject to tri-annual re-election by the members at an Annual General Meeting and those who continue beyond a third three year term are subject to annual re-election thereafter.

Directors' Remuneration

The table below summarises directors' pay and benefits for the year ended 31 December 2014.

	2014					2013				
	Salary/ Fees £000's	Benefits /Other £000's	Sub Total £000's	Pensions £000's	Total £000's	Salary/ Fees £000's	Benefits £000's	Sub Total £000's	Pensions £000's	Total £000's
Non Executive Directors										
Peter Kerns	33	-	33	-	33	29	-	29	-	29
Rachel Court (from 26/11/14)	2	-	2	-	2	-	-	-	-	-
Richard Goddard (i)	30	-	30	-	30	23	-	23	-	23
Derek Lyons	28	1	29	-	29	27	1	28	-	28
Jim Washington	28	-	28	-	28	26	-	26	-	26
Paul Marriot (to 24/04/13)	-	-	-	-	-	10	-	10	-	10
Ann O'Connell (to 12/05/14)	10	-	10	-	10	23	-	23	-	23
Mark Taylor (to 19/02/13)	-	-	-	-	-	4	-	4	-	4
Executive directors										
Kevin Wilson	190	11	201	28	229	181	9	190	18	208
Tony Hubbard (from 03/11/14)	15	1	16	2	18	-	-	-	-	-
Paul Wilson (from 07/07/14)	59	5	64	9	73	-	-	-	-	-
Keith Griffiths (to 30/04/14) (i) (ii) (iii)	39	31	70	6	76	95	10	105	35	140
	434	49	483	45	528	418	20	438	53	491

- (i) Richard Goddard received a one-off £5k payment in 2014 reflecting his duties as Chair of the Trustees of the Pension Scheme, in addition to being Chair of the Risk Committee and Chair of the Audit Committee.
- (ii) Keith Griffiths received £18k holiday pay relating to 2013 and 2014 and an additional £10k as part of his agreed retirement package.
- (iii) The Executive Directors have the option to sacrifice part of their salary in exchange for the Society making

additional pension contributions on their behalf. During 2013, Keith Griffiths took advantage of this option.

Member Consultation

The Directors' Remuneration Report will be the subject of an advisory vote at this year's AGM.

Jim Washington

Chair of the Remuneration Committee
25 February 2015

Summary Financial Statement

For the year ended 31 December 2014

The Summary Financial Statement is a summary of information in the audited Annual Accounts, Directors' Report and Annual Business Statement, all of which will be available to members and depositors free of charge on demand at every office of Leek United Building Society from 8 April 2015.

Approved by the Board of directors on 25 February 2015.

Peter Kerns Chairman
Kevin Wilson Chief Executive
Paul Wilson Finance Director

Summary Directors' Report

Financial Performance

Total Assets

The total assets of the group at the end of 2014 were £905m, an increase of £52m in the year.

Profit and Capital

The profit after tax of £3.8m was transferred to the general reserve.

In addition, the general reserve was impacted by the year end pension valuation, reducing reserves by £2.7m. Gross capital amounted to £55.8m at 31 December 2014.

Management Expenses

The management expenses ratio was 0.85% for 2014 (2013: 0.84%)

Liquid Assets

Liquid Assets, in the form of cash securities amounted to £226.6m, representing 26.82% of shares and borrowings.

Mortgages

The total amount outstanding on mortgages at the end of the year was £675.2m

Shares and Deposits

Investors' and depositors' balances at 31 December 2014 totalled £844.9m, an increase during the year of £48.6m.

Interest Rates

The residential mortgage base rate was 5.19% throughout the year.

Summary Statement

Group Results for the Year	2014 £000's	2013 £000's
Net interest receivable	11,030	10,257
Other income and charges	1,250	1,071
Administrative expenses and Depreciation	(7,440)	(6,956)
Net finance credit on pension scheme	665	160
Provision for bad and doubtful debts	108	232
Financial Services Compensation Scheme Levy	(758)	(500)
Profit for the year before taxation	4,855	4,264
Taxation	(1,009)	(1,058)
Profit for the year	3,846	3,206

Financial position at the end of the year

Assets	2014 £000's	2013 £000's
Liquid assets	226,591	175,318
Mortgages	675,165	674,266
Fixed and other assets	3,494	3,784
Total assets	905,250	853,368
Liabilities		
Shares	820,492	770,455
Borrowings	24,366	25,810
Other liabilities	2,548	2,403
Net pension liabilities	2,038	-
General reserve	54,693	53,587
Revaluation reserve	1,113	1,113
Total liabilities	905,250	853,368

Summary of key financial ratios at the end of the year

	2014 %	2013 %
1. Gross capital as a percentage of shares and borrowings	6.61	6.87
2. Liquid assets as a percentage of shares and borrowings	26.82	22.02
3. Profit for the year as a percentage of mean total assets	0.44	0.39
4. Management expenses as a percentage of mean total assets	0.85	0.84

Gross capital as a percentage of shares and borrowings measures the proportion which the group's capital bears to the group's liabilities to holders of shares, depositors and other providers of funds (investors).

The group's capital consists of profits accumulated over many years in the form of reserves together with the revaluation reserve. Capital provides a financial cushion against any losses which might arise from the group's activities and therefore protects investors.

The **liquid assets ratio** measures the proportion that the group's assets, which are held in the form of cash, short-term deposits and securities readily convertible into cash, bears to the group's liabilities to investors.

Most of the group's assets are long-term mortgages, while many of its liabilities to investors are repayable on demand. Liquid assets are generally readily realisable, enabling the group to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

The **profit/assets ratio** measures the proportion that the group's profit after taxation for the year bears to the average of the group's total assets during the year.

The group needs to make a reasonable level of profit each year in order to maintain its capital ratio at a suitable level to protect investors. However, a building society does not have to pay dividends to equity shareholders as a company does. The group is therefore able to operate safely with lower margins than a bank.

The **management expenses ratio** measures the proportion that the group's administrative expenses bears to the average of the group's total assets during the year. Management expenses consist mainly of the costs of employing staff and of running the society's branches. Expenses need to be controlled so that the group operates as efficiently as possible while providing the service that members require.

Independent Auditors' Statement on the Summary Financial Statement

We have examined the Summary Financial Statement of Leek United Building Society (the 'Society') set out on pages 20 to 21, which comprises the results for the year, the financial position as at 31 December 2014 and the summary of key financial ratios.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Summary Financial Statement, in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement with the full Annual Accounts, the Annual Business Statement and the Directors' Report and its compliance with the relevant requirements of Section 76 of the Building Societies Act 1986 and the regulations made under it.

We also read the other information contained in the Business Review and Summary Financial Statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises only the Summary Directors' Report, Directors' Remuneration Report and the Corporate Governance Report.

This statement, including the opinion, has been prepared for and only for

the Society's members as a body in accordance with Section 76 of the Building Societies Act 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

Our examination involved agreeing the balances in the Summary Financial Statement to the full Annual Accounts. Our report on the Society's full Annual Accounts describes the basis of our audit opinion on those Annual Accounts, the Annual Business Statement and the Directors' Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the full Annual Accounts, the Annual Business Statement and the Directors' Report of Leek United Building Society for the year ended 31 December 2014 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986, and the regulations made under it.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

25 February 2015

Information relating to directors as at 31 December 2014

	Name Date of Birth	Occupation	Date of Appointment	Other Directorships
	Rachel Court 27/06/66	Building Society Non Executive Director	26/11/14	None
	Richard Goddard MA, FCA 09/06/57	Finance and Risk Consultant	23/11/11	RCG Business Consultancy Ltd
	Tony Hubbard 22/10/68	Building Society Operations Director	03/11/14	None
	Peter Kerns 09/06/53	Non Executive Director	21/12/09	Leek United Home Loans Ltd Leek United Financial Services Ltd The Mortgage Outlet Ltd
	Derek Lyons MCISI 05/12/43	Financial Consultant	14/06/02	None
	Jim Washington ACIB 26/05/50	Self-employed Independent Mortgage Consultant	23/11/05	None
	Kevin Wilson 20/12/58	Building Society Chief Executive	01/10/98	Leek United Home Loans Ltd Leek United Financial Services Ltd The Mortgage Outlet Ltd
	Paul Wilson ACA 02/04/71	Building Society Finance Director	07/07/14	None

Registered Principal Office

50 St. Edward Street
Leek, Staffs, ST13 5DL

Registered No.

323B

Directors

Rachel Court JP, BA
Richard Goddard MA, FCA
Tony Hubbard
Peter Kerns
Derek Lyons MCISI
Jim Washington ACIB
Kevin Wilson
Paul Wilson ACA

Chairman

Peter Kerns

Chief Executive

Kevin Wilson

Finance Director

Paul Wilson

Operations Director

Tony Hubbard

Internal Auditor

Ian Boston

Bankers

HSBC
Santander

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester M2 3PW

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Authorised by the Prudential Regulation Authority and regulated by the
Financial Conduct Authority and Prudential Regulation Authority



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The pulp used in the manufacture of this paper is from renewable timber produced from sustainable forests and is elemental chlorine free.