

**MINUTES OF THE 1ST CLASS CREDIT UNION LTD
28TH ANNUAL GENERAL MEETING HELD ON 15/02/2020
AT 12 NOON IN THE MERCURE HOTEL GLASGOW.**

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Present on behalf of the Board of Directors: B Devenport, (BD) S. McLarty (S. McL)
G. McClure (G McC) P. Edwards (PE)
T. Higgins (TH) J. McNichols (J McN) J. Coventry (JC)

For Attendance on behalf of Supervisory Committee: G. McKenna (G. McK)

In Attendance: A. Wright (AW) C.U. Manager.

Auditor in attendance: Gary Copeland of Sharles + Co Chartered Accountants.

The chairman welcomed all present, he then declared there was a quorum and opened the meeting at 12/ Noon.

The chairman gave his address and explained the agenda and the Standing Orders and that the meeting would follow the reports as detailed in the presentations handed out to all attendees of the meeting.

The minutes of the previous AGM were read.

Agreed and Seconded by T. Higgins and G. McClure

Matters arising. AW spoke of the previous year's AGM, in which a member questioned the office staff on training of vulnerable customers, AW wanted to point out that since then, we have introduced staff training on serving / dealing with vulnerable customers through our trade body ABCUL.

The Chairman introduced the auditors (Gary Copeland) and ask that any questions be left to the end of his report.

Auditors Report: The Auditor went through the accounts of the credit union, from the report available to all in attendance, starting with page 4 opinion, responsibilities and basis for opinion, and informed those present that the books were in good order, well-kept and maintained to a good standard and that the financial statements give true and fair view of the state of the credit unions affairs as at the end of September 2019 and that they (auditors) had no reservations or reporting of irregularities within the year end audit.

He outlined page 19 and gave a summary of The Revenue Account for the year, explaining the increase in income from Loans was up by £114,529.00 giving a Loans Income of £1,231,368 the Bank Interest up from £14,565.00.to £36,563.00.

Together with other incomes we now have a Total Income of £1,326,535

Our Administrative Expense was £1,001,866, part of this was impaired loans of £124,033.00 giving us a Surplus of £294,333.

He addressed the Balance Sheet (page 7) that our Net Assets had grown from £ 1,399,710.00 to £1,651,335 an increase of £251,625.

The Bank Balance (Cash at bank) has increased from £3,233,295 to £4,466,408 an increase of £1,233,113.00

Our General Reserve (retained earnings) increased from £1,152,121.00 to £1,400,400 increase of £248,279.00.

With Revenue Reserve remaining at £291,068.00

He pointed out should the meeting agree with the director's proposals of the dividend pay-out this would equate to approximately £186,500 of the surplus.

All in all, another good year for the credit union.

Archie Leckie asked a question on the expense of "Professional Fees" and what this was: AW answered that this was made up of diligence work carried out on audit of PCS books, Lawyers reviewing commercial agreements the credit union would consider etc.

Treasurers Report:

James Coventry presented this report.

Carrying on from where the auditor left off, our income for this year was £1,326,535.00 (before tax) up by £126,902.00 (9.5%) on previous year's figure of £1,199,633.00.

Contained within these figures is loan income increase of £114,529.00 giving a total figure of £1,231,368.00.

Total Expenditure (including Bank services and charges) has increased from last year's figure of £912,723.00 to £1,032,201 an increase of £119,478.00 (11.55%) made up of impaired loans provision, wages, Insurance costs (LP/LS, Office, Fidelity Bond, and depreciation costs.

We have made a profit of £ 294,333 (before tax) for this year and we propose to set aside approximately £186,500 for Dividend and the remainder after tax will be paid into our reserves.

This past year has been a very good year, our Credit Unions has seen growth in membership and loans.

Looking forward we need to think about offering a wider service, more accessibility and better products at the same time as giving value for money to you our members.

This Credit Union has once again had a successful year and we hope that you will listen to the proposals being put forward by the BOD and support them.

Supervisory Committee and Internal Audit Report:

The report was presented by G. McKenna giving a brief synopsis of supervisory role and the work being carried out by them and Alexander Sloan (internal auditor) and gave assurance that 1st class credit union was abiding to its policies, the credit union act and PRA / FCA requirements.

Loans Report:

Loans Report read by Stephen McLarty:

The credit union made a total of 7000 **new** loans during the past financial year; these **new** loans totalled £8,574,546.00.

This figure is up on the previous year **new** loans by £47,428.00.

The Average **new** loan is £1,224.93 down by £24.00 on last year.

The Average loan is £2,809 down by £23 on last year's average loan.

Our total loan portfolio at the end of the financial year was £13,850,661.00 up by £1,546,773 on the previous year.

As mentioned previously our Share to Loan Ratio currently stands at 82% this is a quite remarkable increase and one Ratio we need to maintain.

Most credit unions our size is struggling to achieve a 60% -65% on loans.

I would like to take this opportunity to thank the staff and volunteers who assist with the loan allocations.

Hugh Gaffney (member) asked "Are the PCS membership now actively more involved in the credit union, saving, loans and new membership.

AW thanked him for the question and answered "Yes on all accounts we have gained more members and they are using our services; we have also started to attend branch meetings with some of them up and down the country.

DB (Director) reported that as the ex-chair of PCS credit union he wanted to extend his thanks to all at 1st class credit union for their support and commitment to the transfer of engagement and agreed that now was the time to build reputation with senior branches.

**Board of Directors Report:
Read by AW.**

This is our 29th year in operation and again another successful but challenging year.

On the downside, the migration of PCS members savings and loan accounts was not as we had expected, we had to clear out approximately 800 members who had not engaged with the original credit union and indeed would not engage with us.

This led to a reduction in the original loan book we thought we were taking over and created a greater debt provision on our side.

It also meant that we had a reduction in our Capital requirements, and this fell below the 10% expected for our size.

From January 2019- it was 9.12% till August 10.16%.

We had contacted the PRA regarding this matter during the timescale, but they were happy that our course of action would see us through it.

I would like to take this opportunity to say a huge thank you to our staff, who during the migration and transfer, worked tirelessly in a very challenging period.

The closure of the government backed Credit Union Expansion Project (CUEP) was a blow to our planning and thoughts for the future development for our credit union, but we are now working together with two other large credit unions engaging with a technology development company to develop and implement faster processes of loans, share-withdrawals and enabling us to digitally engage with our members 24/7.

This collaboration is now well under way and we are hopeful that we will have a completely new platform in the very near future, some of the advances we have made are now operational.

Together with a more robust management information system, risk awareness process and compliance toolkit we are hoping that as we build each component on to the existing platform that we have we will at some point rebuilt our operating system and auditing software to have a stand-alone system that will be available to other credit unions.

Some of our successes are:

To see our assets, grow to more than £17 million.

Our Loan Portfolio being at its highest level (£13.8 million) in our history.

That our membership now stands at 9038 (Sept 2019).

As mentioned above we are doing better on the loan product than most credit unions in the U.K. Our current Loan to Share Ratio is 88%.

We are still actively seeking to increase the female and younger member as per our Strategy Plans.

Our mobile APP has also been a huge success, we now have 4096 members (46%) using the App we would like this to increase.

We have also vastly improved our marketing capability with the use of new software that enables us to group our membership using demographics. It also allows us to communicate more efficiently.

As mentioned earlier our Common Bond now incorporates PCS Trade Union members, workers where the PCS is recognised as a trade union and their families.

This has allowed us to recruit within DWP, HMRC, Customs and Excise, DVLA etc, which we have started to attend workplaces and various meetings with PCS representatives. The potential for this membership is huge.

AW For and on behalf of The Board of Directors

Board of Directors Proposals:

1. The Board of Directors are proposing a dividend of 1.5% to all share accounts with balances up to £2500.00 and a further 1% on balances over £2500.00- AGREED.
2. The Board of Directors propose the retention of Sharles and Co. as External Auditors. - AGREED
3. The Board asks permission from the membership today that we agree to charge “dormant accounts” an administration fee of £5 per annum - AGREED.

There were 2 questions from the floor as to what is meant by “Dormant account” and another on would those “dormant “members receive a letter informing them of what was going to happen with their account.

AW answered yes, all accounts which are going into and remain in dormant situation will be written to and went on to explain what was meant by “dormant accounts”.

Election of Office Bearers:

BD informed the meeting that no written requests to join the board of directors has been received by the office and asked if anyone one present would like to put themselves forward, no one took up the chairs request.
So, he asked that the “Status Quo” prevail regarding the board and its directors -**Agreed**.

A.O.C.B.

A. Leckie asked what the situation of the old share 4 was?
Aw explained that it was status quo regarding share 4 but there may be a potential to create a new share product in the new platform being developed, hopefully more to come on this.

BD thanked everyone for their attendance and support and look forward to the next 12 months. He also asked that if members could stay behind to see a demonstration of the use and capabilities of “1st Class Credit Union App” by Luke.
The meeting Adjourned at 12.55.pm.