



Scottish Police
Credit Union Limited

Annual Report

2020



32nd Annual General Meeting
Tuesday 8th December 2020

AGENDA



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FOREWARD 2020



By the Chair

It gives me great pleasure to present this year's annual report to you in what has been one of the most challenging years in the Scottish Police Credit Union's history. The fact that we are bringing our AGM to you virtually is a first but very necessary step. I sincerely hope that you are well and have kept safe and free from this terrible virus which has affected every walk of life.

Despite the significant challenges we have faced over the past 12 months, I am delighted that we will be presenting to you a very successful set of accounts and a solid foundation for the continued success of our Credit Union.

We had to make some difficult decisions over the past 6 months particularly in relation to levels of savings and I am grateful for the support we have received from you as we have communicated some of these difficult decisions to you.

I look forward to the challenges that the following year will bring to us and I will ensure that everyone involved in the Scottish Police Credit Union continues to do their best to bring you the quality of service you have become accustomed to.

I therefore commend this annual report to you.

Austin Dorrian
Chair

CHIEF EXECUTIVE'S REPORT



Fellow members of the Scottish Police Credit Union. It gives me great pleasure to present to you my report for the financial year 2019/2020.

What a year we have had. Whilst we always anticipate that we will have challenges to face, how could anyone have predicted how this year would turn out? We have seen unprecedented illness and tragedy affect society. We have seen restrictions on our daily lives and many people facing hardship through firms closing during lockdown despite the Government's support packages such as the Furlough scheme.

All of the measures taken to stem the spread of Covid-19 have taken their toll on the economy. Interest rates are at an all-time low and the threat of negative interest rates remains real. The future economy remains uncertain.

We had to close our office to members back in February, and in March close the office altogether and allow staff to work from home. We managed this transition seamlessly and I hope you did not suffer any disruption to the service we provide to you. We ensured that we communicated any changes to you and kept you up to date with any decisions we had to make. Our previous investment in technology reaped dividends in allowing us to transition to a virtual organisation with no disruption to business.

As you would expect, we experienced a downturn in members



borrowing and an increase in members depositing lump sums during lockdown. As the vast majority of the credit union's income comes from interest on loans, it was essential that decisions were taken to protect all members' savings. Consequently, the Board decided to stop members depositing lump sums to their accounts to ensure that a reasonable dividend could be paid to all members whilst allowing the credit union to meet its regulatory requirements in relation to its capital to assets ratio.

As lockdown restrictions were relaxed, we saw positive signs of a return to borrowing by members. However, the continued uncertainty around the pandemic and its impact on the economy and the effect it has on interest rates has created an air of caution for everyone.

Whilst I am again delighted to report another good trading year and an overall increase in our loan book despite the challenges of the past year, we must be mindful of the future. Last year we loaned £9,827,610, which was down 13.2% on the £11,317,127 we loaned the year before. Our overall loan balance grew to £24,194,550 which is an increase of 4.6%. Again this demonstrates the continued faith you have in us to deliver a financial service, which is fair, competitive and ethical. Thank you for supporting us to continue to strive to 'Beat the Banks'. Since our inception in 1989 we have now loaned over £181 million to you.

Our savings total grew last year to over £33 million. This is an increase of 22% on the previous year. You will see from our



Treasurer Allan Macleod's report that thanks to our continued success, the Board of Directors are proposing another 'Beat the Banks' dividend on your shares of 1.2%.

We have continued to work hard to improve your user experience with us. Our business development and marketing team have kept you up to date with what has been happening as well as keeping your interest with a number of competitions and again I am very grateful for your engagement with these initiatives.

We are always grateful for the feedback we receive from you through these channels particularly the many messages of support we received during lockdown. It allows us to continue to remain relevant with you. We will continue to keep you up to date with everything that is going on with your credit union.

We have continued to streamline our internal processes to make our loans procedure more efficient. Our customer service and finance team have worked extremely hard to ensure that when you apply for a loan, a decision is made as quickly as possible on it and I am delighted to report that thanks to their efforts 98% of loans approved continue to be paid out within 24 hours. Yet another example of how we 'Beat the Banks'. One of the most exciting enhancements we recently introduced was the facility for payments to be made instantly from your account. If you use our online services to withdraw money from your Budget Booster account or your shares, the money transfers instantly to your nominated account.



I am grateful to members of my team for their continued support in working hard to bring success to your credit union and in particular, the flexibility and resilience they showed during the challenges of the last year. None of this would be possible without them.

I would like to record my appreciation for the support the Board of Directors have given me throughout the past year. We could not exist without the support of the many volunteers who give selflessly of their time to govern the credit union.

It would be remiss of me not to mention the support we receive from a number of departments such as the Finance Departments within Police Scotland. Without their help we would find it difficult to provide the service we do.

In closing, I would like to reassure every member of the credit union that I will continue to work hard to deliver the highest possible service to your credit union.

George Nedley
Chief Executive

TREASURER'S REPORT FOR 2019/2020 AND CONSIDERATION OF THE ACCOUNTS



I would like to begin this report by once again thanking Steven Cunningham, our External Auditor who has kindly agreed to refer to the Balance Sheet and Revenue Accounts which are presented to you in the Annual Report.

This is the time of the year when we reflect on the last 12 months but I am sure you will agree that none of us would have anticipated reflecting on such a unique year for so many reasons. Many of us thought we would be at a stage where we were discussing the impact of Brexit and you would be forgiven for thinking it would dominate our planning however we have all been forced to react to a global pandemic which threatens to bring significant financial implications for the global economy.

As you are aware we have been forced to make some difficult decisions since the global Covid-19 pandemic took hold. Everyone at the Scottish Police Credit Union is grateful for the support we have received from you our members as we have worked our way through the many challenges this year has brought.

Against this backdrop I am pleased to be able to confirm that your credit union continues to deliver a strong financial performance. Active membership numbers continue to increase, member deposits are up and although we seen a slight downturn in total loans taken during the pandemic, we



have seen a recovery as we return to some form of normality. The Accounts reflect this performance with a strengthening balance sheet and strong income statement.

As we face the potential of significant restrictions on our daily lives due to Covid-19 not to mention the uncertainty that Brexit may bring, we will continue to put your interests at the forefront of everything we do at the Scottish Police Credit Union in order to deliver the member –centred approach you deserve.

It is through the support of an increasing number of members that the success of the SPCU will continue to be secured. On behalf of the Board of Directors I would like therefore to acknowledge and thank all members for your continued support.

Allan Macleod
Treasurer

REPORT OF THE INDEPENDENT AUDITOR



Mr. Steven Cunningham will present the independent Auditor's Report. Please refer to the accompanying report "Annual Report and Financial Statements – Year ended 30/9/20.

Steven Cunningham,
Alexander Sloan, Chartered Accountants,
Glasgow

TREASURER'S DECLARATION OF DIVIDEND

Thanks to strong member demand for our loan products against a backdrop of economic uncertainty the Credit Union has produced another strong financial performance which supports both the strengthening of SPCU'S balance sheet and offering a very competitive dividend in these challenging times.

Reflecting this position the Board of Directors is pleased to recommend for member's approval a 1.2% dividend on share 1 & corporate share accounts.



It should be noted that applicable rules and regulations restrict the payment of the dividend to those who were members during all or part of the relevant financial year ending 30th September 2020 and who are still members when the dividend is declared at the A.G.M.

I would also confirm that the dividend is paid gross, with any income tax liability being the responsibility of individual members.

Allan Macleod
Treasurer

AUDIT & RISK COMMITTEE



It is with great pleasure that we submit the report of the Audit & Risk Committee for the financial year 2019/20.

At last year's AGM you voted to change our registered rules to abolish the Supervisory Committee and merge the members of the committee with the Board of Directors to form a new Audit & Risk Committee. The committee has now met on 4 occasions and has established enhanced audit arrangements.

In July 2020 we appointed Beaver & Struthers as our new internal audit partners. Over the past 4 years we have worked in partnership with Sharles Audit Ltd and we are grateful to them for their services.

The Audit & Risk committee has agreed a new audit plan with our new internal audit partners and this is now underway. The first piece of work has already been completed and I am pleased to report the internal audit of our Bank Reconciliation provided Substantial Assurance outcome with minor procedural areas for consideration of improvement.

The committee is responsible for reviewing the Credit Union's risk register and associated risk treatment plans to mitigate any risk identified. I am pleased to report that all actions being taken in relation to the risks identified are relevant and



are having the desired effect in reducing any risk the credit union may face.

We will continue to work alongside the Board, CEO and staff to ensure the best plan for delivery and our credit union's success. We would also like to thank the Board, CEO and staff for their assistance and support over the past 12 months.

In summary, the committee is pleased to report to the members that all the tests and checks completed by the committee and Internal Auditor were in order.

Graeme Gallie

Audit & Risk Committee

DIRECTORS REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020



DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Directors present their annual report and financial statements for the year ended 30 September 2020.

Principal activity

The principal activity of the credit union continued to be that defined in the Credit Union Act 1979.

The credit union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Results and dividends

The results for the year are set out on page 5 of the audited accounts (See 'Downloads' on our website for full accounts).

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Austin Dorrian
Duncan Sloan
Allan Macleod
Chris Mooney
Robert Kennedy
Ricky Mason
Craig Rankine



William Newlands
Alison Kennedy
Kevin Pollock
George Nedley
Graeme Gallie (Appointed 10 December 2019)
Lynne Hutchinson (Appointed 10 December 2019)

Compliance statement

Under the Prudential Regulation Authority rulebook the Board of Directors must report to the members at the Annual General Meeting on certain areas of compliance within the credit union. The credit union is therefore pleased to report that during the year the credit union has been in compliance with:

Depositor Protection Rules 11, 12, 14 and the requirements of rule 15 that relate to rule 11 ; and

PRA Credit Union Rule 2.10 (fidelity bond insurance requirements) ; and:

The requirements of compliance under the PRA “additional activities” .

Principal risks and uncertainties

The main financial risks of the credit union are set out in the notes to the financial statements.

Statement of Directors responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.



Legislation requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the credit union and of the surplus or deficit of the credit union for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.



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

Statement of disclosure to Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the credit union's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the credit union's auditor is aware of that information.

Auditor

A resolution for the re-appointment of Alexander Sloan as auditors of the credit union is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Robert Kennedy
Secretary

STANDING ORDERS FOR ANNUAL GENERAL MEETING



1. Quorum

15 Members in attendance shall constitute a quorum.

2. Agenda

The meeting shall follow the order of the Agenda unless two thirds of those present agree otherwise.

3. Motions

Motions must be seconded and forwarded to the Secretary in writing no less than 14 clear days prior to the AGM. Any motion received after this time will be ruled incompetent, unless accepted as an emergency motion by at least two thirds of the meeting.

4. Debating a Motion

The mover of any motion shall be allowed a maximum of 5 minutes to speak to the motion. The seconder of a motion shall be allowed 3 minutes to speak in support of it. Contributions from the floor shall be limited to 2 minutes per speaker.

All debates shall cease when the Chair decides that sufficient debate has taken place. No person shall speak without the permission of the Chair.

Any counter motions/ amendments shall be disposed of prior to the vote on the original motion. Any speaker must be recognised by the Chair before addressing the meeting.

Once a matter has been debated, no member shall re-introduce the item until at least three meetings have been held.



5. Elections

At each AGM, the following elections shall take place;

(1) One third of the Board of Directors

6. Conduct of Members at AGMs

Any person in breach of these standing orders shall be warned that any further misconduct will result in them being removed from the meeting.

7. Suspension of Standing Orders

Standing Orders can only be suspended if a matter of urgency arises and only if a majority of two thirds of those present agree.



APPENDIX 'A'

Minutes of the Thirty First Annual General Meeting held within The Fuse Youth Café, Glasgow, on Tuesday 10th December 2019 at 6.30pm

1. Chair's Welcome and Roll Call

The Chair ascertained that a quorum was present. A quorum of at least fifteen members is required to hold an AGM.

The Chair opened the meeting by welcoming all present and invited them to take an active part in the proceedings.

2. Adoption of Standing Orders

Ian Caldwell proposed that Standing Orders were adopted. This was seconded by Duncan Sloan and they were adopted for the duration of the meeting.

3. Minutes of Previous Meeting

The Chair informed the meeting that the minutes of the 30th Annual General Meeting held on 11th December 2018 had been circulated. Ricky Mason proposed their adoption, seconded by Duncan Sloan, and they were adopted as a true record of that meeting.

4. Chief Executive's Report

The Chief Executive referred the meeting to his report and his report was accepted by the meeting.



5. Treasurer's Report and Consideration of Accounts

The Treasurer spoke to his previously circulated report and his report was accepted by the meeting.

6. Report of the Auditor

Mr Jim Gourlay of Alexander Sloan, Chartered Accountants, presented his report on behalf of the Credit Union's auditors. Mr Gourlay pronounced a clean audit report and offered his thanks and that of his team for the assistance provided by Credit Union staff during the audit. The report was accepted by the meeting.

7. Declaration of Dividend

On behalf of the Board of Directors, the Treasurer was delighted to propose that the meeting approve a dividend of 1.6% on 'share 1' balances and Corporate Account balances. No dividend will be paid on saverplus accounts. The meeting endorsed this proposal.

8. Supervisory Committee Report

The chair of the committee presented the previously circulated report, which was accepted by the meeting.

9. Appointment of Auditors

Chartered Accountants, Alexander Sloan, were appointed Auditors for the financial year 2019/2020.



10. Election of Directors

The Chair advised the meeting that one third of the total number of directors required to step down each year. Throughout the year 3 elected Directors stood down and 3 Directors were co-opted onto the Board who were required to be elected at this AGM. Therefore only 1 Director was required to stand down but was willing to be re-elected.

The following people were then nominated en bloc for re-election to the Board of Directors:

Elections to the Board of Directors

Nominee	Nominated by:	Seconded by:	Decision
Ricky Mason	Ian Caldwell	Ricky Mason	Re-elected
Wullie Newlands	Ian Caldwell	Ricky Mason	Re-elected
Kevin Pollock	Ian Caldwell	Ricky Mason	Re-elected
Alison Kennedy	Ian Caldwell	Ricky Mason	Re-elected

The Chair also advised the meeting that the credit union's rules required the annual general meeting to determine the number of Board members to serve the credit union. The Chair proposed that the number to serve on the Board of Directors should be 11 rising to 15 with the approval of the proposed Rulebook changes.

In the absence of any counter proposal the members approved this proposal.



11. Election of Supervisory Committee

The following people were re-elected en bloc to the Supervisory Committee:

Nominee	Nominated by:	Seconded by:	Decision
Graeme Gallie	Ian Caldwell	Ricky Mason	Re-elected
Ewen Ellen	Ian Caldwell	Ricky Mason	Re-elected

12. Motions

There was one motion submitted as follows:

12.1 To alter the governance structure by transferring the roles and responsibilities of the Supervisory Committee to an Audit & Risk Committee.

The Chair invited the Compliance & Policy Manager to present the previously circulated motion as above and sought approval from members.

The Chair then called on the membership to approve the motion. The motion was carried.

13. Any Other Competent Business

There were no items of other competent business.

14. Close of Meeting

The Chair thanked everyone for attending.

Austin Dorrian
Chair

Robert Kennedy
Secretary



Close of meeting.