



THE ANNUAL GENERAL MEETING OF 1ST CLASS CREDIT UNION

SATURDAY 29TH JANUARY 2022 10AM

1. **INTRODUCTION AND WELCOME** from Jackie Littlewood, ABCUL (Association British Credit Unions Ltd). Housekeeping and instructions on voting protocols.

Jackie then handed over to Chair, Bruce Devenport

2. **CHAIR ADDRESS:**

May I take this opportunity to introduce myself, my name is Bruce Devenport, and I am the current Chair of 1st Class Credit Union. I was until a couple of years ago employed within Royal Mail and having worked in that environment believe I have seen enough in my service to know what our members require to meet their needs. I would like to mention that over the last two years and since the pandemic we as a Board have worked even harder to ensure that the members are our priority and as such, we have seen a move away from the paper-based process to a much faster sleeker IT based process. I would also like to take this opportunity to thank every one of the staff who work incredibly hard and deliver excellent service to our members. You might not be aware, but we are celebrating our 30th year in business during May 2022 and born out of Glasgow Mail Centre. We have almost 10000 members and members from PCS. There won't be a Royal Mail side of it and a PCS side of it, there will be a 1st Class side. As mentioned, we are 30 years old this year and it is with this in mind that I inform you of the retirement of our CEO Mr Andrew Wright who has been at the helm since the credit union was started. Having reached a time in his life where he has decided to retire, I am sure you would want to join me in thanking him for everything he has done over the years not only for our membership but also the wider community of Credit Unions. My next task is to welcome our new CEO Gayle Adnyana who I am sure will take us to the next level over the coming years. Gayle started in September under a baptism of fire and were immediately thrown into a PRA situation. We haven't had the letter yet but it was very positive. Gayle has the full support of the Board, lets move it forward and do the best for the business. Gayle comes to us with a wealth of experience some in the finance sector and I along with the rest of the board are looking forward to the new era that awaits us. We will be focusing on several key priorities in the year ahead including: Further development of our IT system, Re-engaging with our members and trying to find new ways to connect, Offering a new payment support system and contact process for when life is tricky or for when we are feeling vulnerable, Improving our colleague training so that we are better equipped to be of service to our members, Improving our Risk Framework so that we can take the best care of our members money, Growing our membership base, Thanks for listening and here's to the future, remember it's our credit union owned and run for you - the members.

3. **STANDING ORDERS,**

Shown on screen. Luke McGilvray, Head of Member Services, read them to the AGM

STANDING ORDERS FOR 30TH AGM – 29/01/22

1. Quorum. 15 members shall constitute a quorum.
2. Agenda, on-screen version.
3. Elections (if applicable) (a) 1/3 of the BOD (b) supervisory committee. If appropriate, election shall be secret.
4. Motions must be seconded and forwarded to secretary 7 days prior to AGM. Any motion received after that date, shall be ruled incompetent unless by the standing orders committee or BOD or by a 2/3rd's majority of the A.G.M.
5. Rules for debate of motion. Mover allowed 2 minutes to speak. Secunder 2 minutes in support. Contributions / against from floor, 2 minutes per speaker. All debates shall cease when chair decides sufficient debate has taken place. Any counter motions/amendments shall be disposed of, prior to the vote on original motion. Standing Order's or BOD has authority to alter limits as deemed necessary. Speaker to be recognised.
6. Conduct at meeting. (a) Any person in breach of these standing orders, shall be warned that any further misconduct will result in them being removed from meeting. (a) All debates shall cease when the chair rises to his/her feet / speaks and shall only resume when he/she resumes their seat / says "resume". (b) These standing orders can only be suspended if a matter of urgency arises and only if a majority of two thirds of those present agree.
7. Election of Office Bearers: (a) Any members who have put their name forward for election to the Board of Directors prior to the date of the A.G.M. will be acknowledged by a letter from the Credit Union, their name will be read out at the A.G.M. and voted upon as an "In Principal Director". Their application will be discussed at the next Board of Directors meeting to ascertain the reasonableness of the "Fit and Proper" criteria for that individual to carry out this position, if this meets with Director's approval, they will be asked to submit further information outlining their intentions, reasons, credit union history and any participation in the sector to date. They will also have to complete a Financial Conduct Authority (FCA) approved person form which will be sent to the FCA for approval, and we will notify the Prudential Regulatory Authority (PRA) of this possible addition to our board. (b) Any member present at A.G.M. can put their name forward on the day of the A.G.M. and will be voted on to board "In Principle" but will have to submit a written request to satisfy the Board of Directors of their individual intention, reasons, credit union history and any participation or involvement in the credit union movement. They may be asked to attend an interview for that position. Once all this has been done and the Board are happy to continue with the process the member will receive the FCA approved persons form and the procedure will happen as above from this stage.

4. Members asked to vote on the Standing Orders: 87% of members voted and it's a majority
5. Minutes of the 29th AGM from January 2021 as set out below: The Chair asked for a proposer and a seconder. Tommy Higgins proposed and Gordon McClure seconded. There were no matters arising.

**MINUTES OF THE 1ST CLASS CREDIT UNION LTD
29TH ANNUAL GENERAL MEETING HELD ON 30/01/21
AT 12 NOON VIRTUALLY**

.....

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)
P.Kelly (PK) P.Selby (PS)

For Attendance on behalf of Supervisory Committee: R.Hall (RH)

In Attendance: A. Wright (AW), L.McGilvray (LM), J.Littlewood (JL), G.Copeland (GC)

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. Bruce passed over to Jackie who then explained how the voting and asking questions functions to the attendees.

Bruce provided the sad news that board member Dave Bean who passed away in the past year. Bruce then held a minutes silence for everyone who has passed away.

Bruce explained the agenda, the Standing Orders and that the meeting would follow the reports as detailed in the presentations handed out to all attendees of the meeting.

JL held a voting poll for the Standing Orders to be agreed, they were unanimous in agreement.

The minutes of the previous AGM were shown on screen, and a vote was held to agree the previous minutes. The attendees were unanimous in their agreement.

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 2020 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 £3,547 giving a Loans Income of £1,234,914.00. The Bank Interest has decreased from £36,563 to £33,550.

Together with other incomes we now have a Total Income of £1,278,973.00.

Our Expenditure was increased from £1,001,865 to £1,021,073.

He addressed the Balance Sheet (page 7) that our Net Assets had grown from £1,651,335.00 to £1,942,396.00 an increase of £291,061.00.

The Bank Balance (Cash at bank) has increased from £4,466,408.00 to £5,467,663.00 an increase of £1,001,255.00

Our General Reserve (retained earnings) increased from £1,400,400.00 to £1,403,862.00 increase of £3,462.00.

Revenue Reserve increased by £100,000 from £291,068.00 to £391,068.00.

He pointed out should the meeting agree with the director's proposals of the dividend pay-out this would equate to approximately £123,000 of the surplus.

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

Questions –

Q - What was the main reason for lower income?

A – GC, There were some investments which arrived with up front costs and the lending situation with COVID19.

Q – What are the impaired loans written off?

A – GC, This is the bad provision and covers any bad debt written off in the year.

Q – How are bad debts pursued by the credit union?

A – AW, We use a financial legal firm, sheriffs officers and courts to chase any bad debt until it becomes ineffective on our costs.

Treasurers Report:

James Coventry presented this report.

Carrying on from where the auditor left off, our income for this year was £1,355,881.00 (before tax).

Contained within these figures is loan income of £1,234,915.00.

Total Expenditure (including Bank services and charges) has increased from last year's figure of £1,032,201 to £1,038,446.00, made up of impaired loans provision, wages, Insurance costs (LP/LS, Office, Fidelity Bond), and depreciation costs.

We have made a profit of £229,375.00 (before tax) for this year and we propose to set aside approximately £123,00 for Dividend and the remainder after tax will be paid into our reserves.

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 R.Hall 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 7274 **new** loans during the past financial year; these **new** loans totalled £7,234,000.00.

The Average **new** loan is £1,915.00.

The Average loan is £2,765.00.

Our total loan portfolio at the end of the financial year was £13,591,592.00.

As mentioned previously our Share to Loan Ratio currently stands at 75% 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.

CEO Report

AW broke down the past 12 months for the credit union, how COVID has effected both the credit union and its staff.

AW explained the decisions taken to steady the ship and the move to working from home. To support member we introduced holiday payment and payment reductions for all members.

AW brought to light how the credit union will react going forward to the changes COVID has brought upon us. We will introduce new loan products, processes, member surveys and communication.

Board of Directors Report:

Read by BD.

This was our 29th year in operation and again another successful but a very challenging year, for us, the staff and of course you our members.

The Board would like to put on record our thanks to our staff for their commitment and dedication to their work. Also, we acknowledge the commitment, support and loyalty of you, the membership during this pandemic.

The board are fully aware that this period has been tough on members finances and on their ability to keep going and to keep thinking of the bigger picture.

We know of other credit unions and their members, for who this past year has been chaos and they are struggling to maintain adequate levels of services to their members.

I would like to take this time to assure you that the Board are committed to pursuing the policies, services, and vision of strengthening 1st class credit union to maintain a resilient and sustainable credit union to not only see us through this pandemic but to continue laying the foundation for the next 10 years and beyond and rest assured we will.

Our membership is growing, we are still recruiting new members, our loan portfolio is very healthy, we are building reserves, maintaining Capital above regulatory requirements.

All bodes well to see us through this very tough period, what we ask of you for this AGM is that you agree and support our recommendations for the dividend to allow us to strengthen the reserves of your credit union.

Can I add my personal thanks to each director for their support during the pandemic to ensure the sustainability of your credit union.

Board of Directors Proposals:

1. The Board of Directors are proposing a dividend of 1.25% to all share accounts with balances up to £2000.00 and a further 0.25% on balances over £2000.00- AGREED via virtual vote.

2. The Board of Directors propose the retention of Sharles and Co. as External Auditors. – AGREED via virtual vote.

Questions

Attendees of the meeting were allocated time to ask questions to the Board of Directors and CEO.

The meeting Adjourned at 14.00.pm.

6. GARY COPELAND – SHARLES AUDITOR

There are no matters to bring to the attention of the members at the AGM. A clean audit.

The Balance Sheet was reviewed, including assets, investments, cash at bank, member shares and liabilities, deferred income, reserves, retained earnings.

The revenue account was also reviewed.

Directors' Report and
Financial Statements for the Year Ended 30 September 2021
for
1ST CLASS CREDIT UNION LIMITED

1ST CLASS CREDIT UNION LIMITED

Contents of the Financial Statements
for the Year Ended 30 September 2021

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1ST CLASS CREDIT UNION LIMITED

Credit union Information
for the Year Ended 30 September 2021

DIRECTORS:

J Coventry
S McLarty
G McClure
G Green

B Devenport
J McNicholls
T Higgins
P Edwards
P Kelly
P Selby

SECRETARY:

S McLarty

REGISTERED OFFICE:

105 Bell Street

Glasgow
G4 0TQ

REGISTERED NUMBER:

213700

AUDITORS:

Sharles Audit Limited
Statutory Auditor

29 Brandon Street
Hamilton
ML3 6DA

1ST CLASS CREDIT UNION LIMITED

Directors' Report for the Year Ended 30 September 2021

The directors present their report with the financial statements of the Credit Union for the year ended 30 September 2021.

PRINCIPAL ACTIVITY

The principal activity of the credit union in the year under review was that of a credit union.

REVIEW OF BUSINESS

The directors are satisfied with the results for the year under review. Some financial KPI's are set out in the table below to show the performance of the Credit Union over the trading year.

	Year to 30 September 2021	Year to 30 September 2020
Loan interest receivable	£1,184,335	£1,234,915
Surplus after taxation	£432,678	£223,000
Capital Asset Ratio	11.10%	11.80%
Liquidity	45%	37%

Reserves amount to £2,328,077 (2020 - £2,157,659). The directors are confident that the Credit Union has sufficient reserves to finance the anticipated levels of activity in the future.

DIVIDENDS

At the AGM the Credit Union is expected to propose a dividend on members shares of 1.50% on balances up to £1,500 and 0.50% on all further balances.

If agreed, this would result in a total dividend being paid of approximately £171,283 In accordance with general accounting practice, this has not been adjusted in the accounts.

FUTURE DEVELOPMENTS

The directors have considered the impact that the Covid-19 pandemic could have on the ongoing activities of the Credit Union.

This includes the potential impact of reduced levels of income for a period of time, the effect of a short-term shut-down and the availability of government assistance to businesses during this difficult period. The directors expect the Credit Union to experience a reduction in surpluses while the impact of the virus persists but with the cumulative reserves and the availability of government assistance they are confident that the Credit Union can continue operating as a going concern.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2020 to the date of this report.

J Coventry
S McLarty
G McClure
G Green
B Devenport
J McNicholls
T Higgins
P Edwards
P Kelly
P Selby

1ST CLASS CREDIT UNION LIMITED

Directors' Report
for the Year Ended 30 September 2021

COMPLIANCE STATEMENT

The Credit Union is required to maintain and test a single customer view (SCV) file for submission to the FSCS in the event that the Credit Union is wound up. The directors confirm that SCV records have been tested and comply with regulatory authority depositor protection rules

The directors also confirm the following as required by Section 10.1 of the PRA Credit Union Rulebook:

- the Credit Union carried out lending activity within the PRA Credit union rulebook and we can confirm that we meet the requirements for carrying out this activity.
- the Credit Union had sufficient fidelity bond insurance throughout the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors and committee of management are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Credit Union at the end of the financial year, and of the income and expenditure of the Credit Union for that year.

In preparing these financial statements they are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; state whether accounting standards have been followed, and give details of any departures; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

They are also responsible for:

- ensuring that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Credit Union Act 1979; keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the credit union; and
- comply with the rules set out within the Prudential Regulatory Authority Credit Union Rulebook; safeguarding the Credit Union's assets; and maintaining a satisfactory system of control over the accounting records and transactions;
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the Credit Union's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the credit union's auditors are aware of that information.

AUDITORS

The auditors, Charles Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


Stephen McLarty (Jan 6, 2022 15:05 GMT)
.....
S McLarty - Secretary

Date: Jan 6, 2022
.....

Report of the Independent Auditors to the Members of
1st Class Credit Union Limited

Opinion

We have audited the financial statements of 1st Class Credit Union Limited (the 'Credit Union') for the year ended 30 September 2021 which comprise the Revenue Account, Balance Sheet, Cashflow Statement, Statement of Changes in Retained Earnings and Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30 September 2021;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Credit Union Act 1979 and the Co-operative and Community Benefits Society Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Boards' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Credit Union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information in the Directors' report, other than the financial statements and our Report of the Auditors thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefits Society Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of controls over transactions has not been maintained; or
- the credit union has not kept proper accounting records; or
- the rules set out within the Prudential Regulatory Authority Credit Union Rulebook have not been complied with; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Report of the Independent Auditors to the Members of
1st Class Credit Union Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages two and three, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

Auditors responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The aims of our audit are to identify and assess the risks of material misstatement of the financial statements as a result of fraud or error, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement as a result of fraud or error and to respond appropriately to those risks. As a result of the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures include the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Credit Union and the sector in which it operates. We determined that the following laws and regulations were most significant: the Co-operative and Community Benefits Society Act 2014 and the Prudential Regulatory Authority Credit Union Rulebook
- We obtained an understanding of how the Credit Union complies with those legal and regulatory frameworks by making inquiries of management. We undertook a review of legal fees for any evidence of non-compliance.
- We assessed the susceptibility of the Credit Union's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit team included:
 - identifying and documenting the controls management has in place to prevent and detect fraud and error;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - identifying and testing journal entries, in particular any journal entries posted for large or unusual amounts;
 - assessing the extent of compliance with relevant laws and regulations; and
 - sample testing of transactions and balances.

Report of the Independent Auditors to the Members of
1st Class Credit Union Limited

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the Credit Union's members, as a body, in accordance with Co-operative and Community Benefits Society Act 2014. 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 a Report of the Auditors 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.

Sharles Audit Ltd
Sharles Audit Ltd (Jan 6, 2022 15:48 GMT)

Sharles Audit Limited
Statutory Auditor
29 Brandon Street
Hamilton
ML3 6DA

Date: Jan 6, 2022
Date:

1ST CLASS CREDIT UNION LIMITED

Revenue Account
for the Year Ended 30 September 2021

	Notes	2021 £	2020 £
LOAN INTEREST RECEIVABLE		1,184,335	1,234,915
Administrative expenses		<u>804,739</u>	<u>1,049,598</u>
		379,596	185,317
Other operating income		<u>37,756</u>	<u>34,358</u>
OPERATING SURPLUS	5	417,352	219,675
Interest receivable and similar income		<u>19,367</u>	<u>9,700</u>
SURPLUS BEFORE TAXATION		436,719	229,375
Tax on surplus	6	<u>4,041</u>	<u>6,375</u>
SURPLUS FOR THE FINANCIAL YEAR		432,678	223,000
OTHER COMPREHENSIVE INCOME			
Dividends paid		(122,531)	(183,092)
Subordinated loan		<u>(140,000)</u>	<u>140,000</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(262,531)</u>	<u>(43,092)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>170,147</u></u>	<u><u>179,908</u></u>

The notes form part of these financial statements

1ST CLASS CREDIT UNION LIMITED (REGISTERED NUMBER: 213700)


Balance Sheet
30 September 2021

		2021		2020	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	7		210,915		215,534
CURRENT ASSETS					
Members loans and other assets	8	12,077,169		12,597,540	
Investments	9	1,974,250		1,976,150	
Cash at bank	10	<u>8,632,998</u>		<u>5,467,663</u>	
			22,684,417		20,041,353
CREDITORS					
Members shares and other liabilities	11	<u>20,300,588</u>		<u>18,098,957</u>	
NET CURRENT ASSETS			<u>2,383,829</u>		<u>1,942,396</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,594,744		2,157,930
ACCRUALS AND DEFERRED INCOME 13			<u>266,667</u>		<u>-</u>
NET ASSETS			<u><u>2,328,077</u></u>		<u><u>2,157,930</u></u>
RESERVES					
Sub Ordinated Loan	14		-		140,000
Revenue reserve	14		391,068		391,068
Distribution reserve	14		171,283		123,000
Credit Union Foundation Reserve	14		100,000		100,000
Retained earnings	14		<u>1,665,726</u>		<u>1,403,862</u>
			<u><u>2,328,077</u></u>		<u><u>2,157,930</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on Jan 6, 2022 and were signed on its behalf by:


James Coventry (Dec 23, 2021 15:17 GMT)

 J Coventry - Director


Stephen McLarty (Jan 6, 2022 15:05 GMT)

 S McLarty - Director


Bruce Devenport (Dec 20, 2021 21:22 GMT)

 B Devenport - Director

The notes form part of these financial statements

1ST CLASS CREDIT UNION LIMITED

Statement of Changes in Reserves
for the Year Ended 30 September 2021

	Retained earnings £	Sub Ordinated Loan £	Revenue reserve £
Balance at 1 October 2019	1,400,401	-	291,068
Changes in reserves			
Total comprehensive income	<u>3,461</u>	<u>140,000</u>	<u>100,000</u>
Balance at 30 September 2020	<u>1,403,862</u>	<u>140,000</u>	<u>391,068</u>
Changes in equity			
Total comprehensive income	<u>261,864</u>	<u>(140,000)</u>	<u>-</u>
Balance at 30 September 2021	<u><u>1,665,726</u></u>	<u><u>-</u></u>	<u><u>391,068</u></u>

	Distribution reserve £	Credit Union Foundation Reserve £	Total reserves £
Balance at 1 October 2019	186,553	-	1,878,022
Changes in reserves			
Total comprehensive income	<u>(63,553)</u>	<u>100,000</u>	<u>279,908</u>
Balance at 30 September 2020	<u>123,000</u>	<u>100,000</u>	<u>2,157,930</u>
Changes in reserve			
Total comprehensive income	<u>48,283</u>	<u>-</u>	<u>170,147</u>
Balance at 30 September 2021	<u><u>171,283</u></u>	<u><u>100,000</u></u>	<u><u>2,328,077</u></u>

The notes form part of these financial statements

1ST CLASS CREDIT UNION LIMITED

Cash Flow Statement
for the Year Ended 30 September 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	1,225,577	(1,269,455)
Tax paid		<u>(6,375)</u>	<u>(6,946)</u>
Net cash from operating activities		<u>1,219,202</u>	<u>(1,276,401)</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		(6,428)	-
Interest received		<u>19,367</u>	<u>9,700</u>
Net cash from investing activities		<u>12,939</u>	<u>9,700</u>
 Cash flows from financing activities			
Amount introduced by members		17,931,403	16,926,285
Amount withdrawn by members		(15,735,678)	(14,715,237)
Dividends paid		(122,531)	(183,092)
Subordinated loan & CU Foundation Grant		<u>(140,000)</u>	<u>240,000</u>
Net cash from financing activities		<u>1,933,194</u>	<u>2,267,956</u>
 <hr/>			
Increase in cash and cash equivalents		3,165,335	1,001,255
Cash and cash equivalents at beginning of year	2	5,467,663	4,466,408
<hr/>			
Cash and cash equivalents at end of year	2	<u>8,632,998</u>	<u>5,467,663</u>

The notes form part of these financial statements

1ST CLASS CREDIT UNION LIMITED

Notes to the Cash Flow Statement
for the Year Ended 30 September 2021

1. **RECONCILIATION OF SURPLUS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2021	2020
	£	£
Surplus before taxation	436,719	229,375
Depreciation charges	11,047	11,152
Impairment losses	(114,949)	206,501
Current asset investment	1,900	(1,976,150)
Finance income	<u>(19,367)</u>	<u>(9,700)</u>
	315,350	(1,538,822)
Decrease in members loans and other assets	635,320	268,489
Increase in members shares and other liabilities	<u>274,907</u>	<u>878</u>
Cash generated from operations	<u>1,225,577</u>	<u>(1,269,455)</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 September 2021

	30.9.21	1.10.20
	£	£
Cash and cash equivalents	<u>8,632,998</u>	<u>5,467,663</u>

Year ended 30 September 2020

	30.9.20	1.10.19
	£	£
Cash and cash equivalents	<u>5,467,663</u>	<u>4,466,408</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.10.20	Cash flow	At 30.9.21
	£	£	£
Net cash			
Cash at bank	<u>5,467,663</u>	<u>3,165,335</u>	<u>8,632,998</u>
	<u>5,467,663</u>	<u>3,165,335</u>	<u>8,632,998</u>
Liquid resources			
Current asset investments	<u>1,976,150</u>	<u>(1,900)</u>	<u>1,974,250</u>
	<u>1,976,150</u>	<u>(1,900)</u>	<u>1,974,250</u>
Total	<u>7,443,813</u>	<u>3,163,435</u>	<u>10,607,248</u>

The notes form part of these financial statements

1ST CLASS CREDIT UNION LIMITED

Notes to the Financial Statements for the Year Ended 30 September 2021

1. STATUTORY INFORMATION

The Credit Union is registered under the Co-operative and Community Benefit Societies Act 2014 and operates as a Credit Union within the meaning of the Credit Union Act 1979. The Credit Union has registered with the Financial Conduct Authority and Prudential Regulatory Authority under the provisions of the Financial Services and Markets Act 2000.

The presentational currency of the financial statements is the Pound Sterling (£).

In accordance with the regulatory environment for credit unions, deposits from members can be made by subscription for redeemable shares, deferred shares and interest-bearing shares. At present the Credit Union has only redeemable shares.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Any departures from the standard are detailed in the accounting policies.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared, in accordance with the Co-operative and Community Benefit Societies Act 2014, Credit Unions Act 1979 and prepared on the historical cost basis.

Going concern

The financial statements are prepared on the going concern basis. The directors of the Credit Union believe this is appropriate despite a mismatch in the maturity analysis of subscribed capital and loans to members.

In the opinion of the directors this is due to a significant amount of subscribed capital not being redeemable at short notice unless loans with the same member have been repaid.

As explained in the directors report the Credit Union's ongoing activity is facing an impact from the Covid-19 pandemic. At this stage it is not possible to say how significant this impact will be or for how long it will be experienced. As a result of the potential fall in income the directors have taken steps to reduce costs in the short term and intend to make full use of any government assistance that is available as and when required so that the Credit Union can continue as a going concern.

Income

Loan interest receivable and similar income: Interest on both loans to members and loans to banks (i.e. cash and cash equivalents held on deposit with other financial institutions) is recognised at fair value using the effective interest rate method, and is calculated and accrued on a daily basis.

Where the loan interest rate for members loans has been reduced to zero, the credit union does not account for any loan interest on these loans, as the credit union will not seek to recover this loan interest. This policy does not meet with the requirements of FRS102. However, as a result of this policy, there is no net effect on the surplus or deficit for the year nor net assets of the credit union as an equal and opposite impairment provision would be required should this loan interest be included.

Other operating income: fees, charges and other operating income either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is completed.

1ST CLASS CREDIT UNION LIMITED

Notes to the Financial Statements - continued for the Year Ended 30 September 2021

3. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- 2% & 10% straight line
Fixtures and fittings	- Straight line over 10 years
Computer equipment	- 25% on straight line

Tangible fixed assets are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Land value within freehold property is not depreciated.

Freehold Property improvements and refurbishment cost is not depreciated until the work is completed.

At each balance sheet date, the directors of the credit union review the carrying amounts of its tangible fixed assets to determine whether there is any indication that any item has suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of the asset, the credit union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Expenditure of £500 or more on individual tangible fixed assets is capitalised at cost. Expenditure on assets below this threshold is charged directly to the revenue account in the period it is incurred.

Government grants

The accounting treatment of grants received are determined by the grant conditions and the reasons why the grant was applied for to determine whether they are treated as capital or revenue in nature.

Grants of a capital nature are reflected as deferred income in the balance sheet and released to the Revenue account over the estimated useful life of the assets to which they relate. Grants which are considered to be revenue are credited to the Revenue account in the period to which they relate.

The accounting treatment of grants with no conditions attached are reviewed by the directors to determine if the financial statements would be misleading, and therefore not provide a true and fair view, by releasing the grant received directly to Revenue and whether it would be more appropriate to treat the grant as capital in nature. Where this happens, the treatment of the grant does not meet the requirements of FRS102. The effect that this departure from FRS102 had in the current financial year was to reduce the net surplus for the year by £266,667 and the net assets of the credit union at 30 September 2021 by £266,667.

Taxation

The tax charge for the year reflects current tax payable. Current tax is the expected corporation tax payable for the year, using tax rates in force for the year. The Credit Union is not liable to corporation tax payable on its activities of making loans to members, and investing surplus funds, as these are not classified as a trade. However, corporation tax is payable on investment income.

As a result of the limited activities of the Credit Union, from which any surplus would be chargeable to corporation tax, it is unlikely that deferred tax will arise.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

1ST CLASS CREDIT UNION LIMITED

Notes to the Financial Statements - continued for the Year Ended 30 September 2021

3. **ACCOUNTING POLICIES - continued**

Impairment losses and provision

Impairment losses on loans to members are provided in accordance with the guidelines issued by the Prudential Regulatory Authority. Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

The credit union assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if during the course of the year there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

Impaired loans written off and recovered

In accordance with FRS102, the policy of the Credit Union and the requirements of the standard for impaired losses written off differ. The credit union writes off impaired loans when all methods of the recovery have been exhausted. Therefore, the impaired losses written off in the financial statements do not meet the requirements of FRS102. As a result of the above there is no net effect on the surplus or net assets of the Credit Union.

Current asset investments

Investments held as current assets are valued at fair value. Any gain or loss on revaluation is recognised in the Revenue account.

Financial Assets - Members loans

Loans to members are financial assets with fixed or determinable payments and are not quoted in an active market. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flow from the asset have expired, usually when all the amounts outstanding have been repaid by the member. The credit union does not transfer loans to third parties.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand along with bank and building society deposits. The credit union has access to these funds and they are readily convertible to cash.

Deferred Costs

Costs relating to software development are deferred until the development has been completed and the software is in use by the credit union.

Financial liabilities - Subscribed capital

Members shareholdings in the credit union are redeemable and therefore are classified as financial liabilities and described as subscribed capital. They are initially recognised as the amount of cash deposited and subsequently measured at amortised cost.

Employee benefits

Defined contribution plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by the credit union for the relevant period under review.

Other employee benefits: Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

Reserves

Retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to members.

Use of estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the credit union's existing accounting policies. The area requiring the highest degree of judgement or complexity and the area where significant assumptions required is impairment losses on loans to members. The directors regularly conduct impairment reviews by analysing arrears reports, credit control data and the reports from debt collecting companies.

1ST CLASS CREDIT UNION LIMITED

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

3. ACCOUNTING POLICIES - continued

Dividend

The dividend is formally proposed by the directors after the year end and is confirmed at the following AGM. As a result, it does not represent a liability at the balance sheet date.

Juvenile depositors

The amount received by the Credit Union for juvenile depositors are held in trust for those depositors.

4. SENIOR MANAGEMENT

The average number of employees during the year was 12 (2020 - 12).

Salaries of £140,614 were paid to senior management (for four positions) during the year (2020 - £146,203 for four positions).

Expenses totalling £21,949 were paid to the directors (2020 - £20,669).

5. OPERATING SURPLUS

The operating surplus is stated after charging:

	2021	2020
	£	£
Hire of plant and machinery	1,775	1,786
Depreciation - owned assets	11,047	11,152
Auditors' remuneration	<u>5,700</u>	<u>5,620</u>

6. TAXATION

Analysis of the tax charge

The payable on the surplus for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	<u>4,041</u>	<u>6,375</u>
Tax on surplus	<u>4,041</u>	<u>6,375</u>

Tax effects relating to effects of other comprehensive income

	2021		
	Gross	Tax	Net
	£	£	£
Dividends paid	(122,531)	-	(122,531)
Subordinated loan	<u>(140,000)</u>	-	<u>(140,000)</u>
	<u>(262,531)</u>	-	<u>(262,531)</u>

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1ST CLASS CREDIT UNION LIMITED

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

6. TAXATION - continued

	Gross £	2020 Tax £	Net £
Dividends paid	(183,092)	-	(183,092)
Subordinated loan	140,000	-	140,000
Credit Union Foundation Grant	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>56,908</u>	<u>-</u>	<u>56,908</u>

7. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 October 2020	233,209	73,516	71,931	378,656
Additions	<u>-</u>	<u>-</u>	<u>6,428</u>	<u>6,428</u>
At 30 September 2021	<u>233,209</u>	<u>73,516</u>	<u>78,359</u>	<u>385,084</u>
DEPRECIATION				
At 1 October 2020	28,820	62,371	71,931	163,122
Charge for year	<u>7,919</u>	<u>1,521</u>	<u>1,607</u>	<u>11,047</u>
At 30 September 2021	<u>36,739</u>	<u>63,892</u>	<u>73,538</u>	<u>174,169</u>
NET BOOK VALUE				
At 30 September 2021	<u>196,470</u>	<u>9,624</u>	<u>4,821</u>	<u>210,915</u>
At 30 September 2020	<u>204,389</u>	<u>11,145</u>	<u>-</u>	<u>215,534</u>

Included in cost of land and buildings is freehold land of £36,672 (2020 - £36,672) which is not depreciated.

8. MEMBERS LOANS AND OTHER ASSETS

	2021 £	2020 £
Unsecured members loans	12,870,369	13,519,592
General impairment provision	(72,790)	(116,240)
Specific impairment provision	(891,391)	(962,890)
Prepayments	<u>170,981</u>	<u>157,078</u>
	<u>12,077,169</u>	<u>12,597,540</u>

1ST CLASS CREDIT UNION LIMITED

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

8. **MEMBERS LOANS AND OTHER ASSETS - continued**

Loans to members

	2021	2020
	£	£
As at 30 September 2020	13,591,592	13,850,661
Advanced during the year	6,302,658	7,238,000
Interest on members loans	1,184,335	1,235,515
Repaid during the year	(7,989,105)	(8,578,269)
Impaired loans written off	<u>(219,111)</u>	<u>(154,315)</u>
As at 30 September 2021	<u><u>12,870,369</u></u>	<u><u>13,591,592</u></u>

Impaired losses on member's loans - Changes in the year

	General	Specific	Total
	£	£	£
As at 30 September 2020	116,240	962,890	1,079,130
(Decrease)/Increase in impairment losses	<u>(43,450)</u>	<u>(71,499)</u>	<u>(114,949)</u>
As at 30 September 2021	<u><u>72,790</u></u>	<u><u>891,391</u></u>	<u><u>964,181</u></u>

Credit risk disclosures

The credit union does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. Subject to the credit union's own maximum loan policy, the credit union's maximum loan limit is approximately £20,000. This complies with the credit union's internal policy and by the Prudential Regulatory Authority.

9. **CURRENT ASSET INVESTMENTS**

	2021	2020
	£	£
Securities	<u><u>1,974,250</u></u>	<u><u>1,976,150</u></u>

10. **CASH AT BANK**

	2021	2020
	£	£
Cash and bank balances	<u><u>8,632,998</u></u>	<u><u>5,467,663</u></u>

11. **MEMBERS SHARES AND OTHER CREDITORS**

	2021	2020
	£	£
Corporation tax	4,040	6,374
Juvenile deposits	83,064	73,491
Members shares	20,192,487	17,996,762
Accrued expenses	<u>20,997</u>	<u>22,330</u>
	<u><u>20,300,588</u></u>	<u><u>18,098,957</u></u>

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1ST CLASS CREDIT UNION LIMITED

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

12. **FINANCIAL INSTRUMENTS**

Financial risk management

The credit union manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from the credit union's activities are credit risk, liquidity risk and interest rate risk. The board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss to the credit union. In order to manage this risk the board approves the credit union lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Liquidity risk

The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the credit union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Note 3 provides further details about the impact of the maturity mismatch on the going concern status of the credit union. Excluding short term other payables, as noted in the balance sheet, the credit union's financial liabilities, the subscribed capital, are repayable on demand.

Market risk

Market risk is generally comprised of interest rate risk, currency risk and other price risk. The credit union conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore, the credit union is not exposed to any form of currency risk or other price risk.

Interest rate risk

The credit union's main interest rate risk arises from the differences between the interest rate exposures on the receivables and payables that form an integral part of the credit union's operations. The credit union considers rates of interest receivable when deciding on the dividend rate payable on subscribed capital. The credit union does not use interest rate options to hedge its own positions. The interest rate risk is regularly monitored by the board with interest rates on members loans and interest receivable on bank deposits being regularly reviewed to ensure risk exposure is minimised.

Interest rate risk disclosures

The following table shows the average interest rates applicable to relevant financial assets and financial liabilities.

	2021		2020	
	Amount	Average Int	Amount	Average Int
	£	%	£	%
Financial Assets				
Loans to members	<u>12,870,369</u>	<u>9.13</u>	<u>13,519,592</u>	<u>9.13</u>
Financial liabilities				
Subscribed capital				
Share account 1	19,896,784		17,693,803	
Share account 3	199,527		191,807	
Share account 4	6,488		5,236	
Share account 7	89,688		105,917	
	<u>20,192,487</u>		<u>17,996,762</u>	

Fair value of financial instruments

The credit union does not hold any financial instruments at fair value.

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1ST CLASS CREDIT UNION LIMITED

Notes to the Financial Statements
- continued for the Year Ended
30 September 2021

13. **ACCRUALS AND DEFERRED INCOME**

	2021	2020
	£	£
Deferred government grants	<u>266,667</u>	<u>-</u>

14. **RESERVES**

	Retained earnings £	Sub Ordinated Loan £	Revenue reserve £
At 1 October 2020	1,403,862	140,000	391,068
Surplus for the year	432,678		
Application	(170,814)	-	-
Transfer	<u>-</u>	<u>(140,000)</u>	<u>-</u>
At 30 September 2021	<u>1,665,726</u>	<u>-</u>	<u>391,068</u>

	Distribution reserve £	Credit Union Foundation Reserve £	Totals £
At 1 October 2020	123,000	100,000	2,157,930
Surplus for the year			432,678
Application	170,814	-	-
Dividend paid	(122,531)	-	(122,531)
Transfer	<u>-</u>	<u>-</u>	<u>(140,000)</u>
At 30 September 2021	<u>171,283</u>	<u>100,000</u>	<u>2,328,077</u>

15. **CONTINGENT LIABILITIES**

The credit union participates in the Financial Services Compensation Scheme (FSCS) and therefore has a contingent liability, which cannot be quantified, in respect of contributions to the FSCS, as required by the Financial Services and Markets Act 2000. The Financial Conduct Authority (FCA) had provided details of how the calculation of next year's contribution towards the FSCS will be calculated and provision has been included for this liability. However, this is subject to future changes in interest rates and levels of deposits held by deposit takers. Therefore, there is inherent uncertainty regarding the totality of the levy that the credit union will have to pay.

16. **RELATED PARTY DISCLOSURES**

During the year, 12 members of the Board and their close family members (2020: 12 members) had loans with the credit union. These loans were approved on the same basis as loans to other members of the credit union. None of the directors or their close family members, have any preferential term

Chair asked if anyone had any questions for the Auditor.

Question: Are staff numbers increasing at the moment?

CEO answered: yes the staff numbers are increasing and we are trying to add more support into the team

Voting – Minutes of the 29th AGM 2021

81% of members voted to approve Minutes with a majority vote

Board of Director Approvals/Motions

Chair asked Secretary to cover the Motions:

- 1) The proposal of the dividend is 1.5% on balances up to £1500 and 0.5% beyond that.
- 2) Propose to retain Charles as the external auditor
- 3) The Board of Directors will consist of 12 members with minimum of 4 of those places held for female members to promote inclusion and diversity and with an aim to be in place by AGM 2024. In line with democratic practice the members of the Board will be elected in a 3-year cycle
- 4) The Board of Directors propose to amend the investment policy to ensure it meets common ethical and environmental standards

Voting on Motions

94% majority vote on motions

Questions –

How many female members are on the Board?

The Chair said, in terms of the question about the Board, we currently do not have any female members, but I will be able to announce something at the end of the meeting

Is it justifiable to pay dividend when members funds are falling? – The Chair replied to say it was justifiable and that we had not used of all of the profits in gung-ho fashion. We are aware and we wanted to be able to recognise the members. I like the question; it is a good question and believes that the PRA have a favourable view of our approach to dividend. The bulk of our members hold less than 1.5%.

How long have Charles been auditor and is it good practice to change the auditor?

The Secretary replied to say it is a good point and that the Board should take it up for consideration. The auditor replied to say they had been auditor for 10 years and were experts in auditing Credit Unions

Election of Office Bearers

- No new Board elections

Outgoing CEO Andy Wright

Good morning, yes the 30th AGM, I can't believe it and I think back to the first AGM. What changes, what changes in society, its been massive, its been a huge leap of faith by our members and back then it was a change in concept. People were wary of having someone look after their money, and we have looked after it very very well. We have also looked after the loans and the current accounts when we had them and the insurance products. To me the members are the owners of 1st Class Credit Union, that's who they are and going forward that needs to be remembered. Without the members there is no organisation. Members are the heart of the organisation. My thoughts to you the membership is get involved, be involved, you might not be physically involved but answer questionnaires and surveys and if you can be involved and play your part get involved. You need to be involved, you know whats needed. So that's my parting shot, get involved. I know quite a lot of you and for those of you that know me, you'll know that's what I'm about, I'm about listening to people and am keen for people to get their tuppence worth in and am keen for you to get involved by sending in letters emails, surveys and questionnaires. I'll be absolutely honest with you and say it does affect me at every AGM when I listen to the auditor talking about your money, whats happened to your money and not a great deal of questions being asked about it to the auditor. It does stick in my throat a bit and I wish members would ask more questions. You may think it is a silly question, if you have any worries or doubts you need to flag it and ask the question. As of the 1st of December I stood down as CEO and am still involved with the Credit Union Movement and am still on hand with 1st Class if I'm needed or to answer any questions and am still involved up until end of March and then step down. Your Credit Union is in good hands. We have built up great reserves and we have now have staff with a great knowledge and understanding of what it is they are doing and I know the changes that are happening in the next 6 months or 8 months. They are being led I believe by a very very good CEO and very good peoples person who understands and has empathy with our members. As for the Board some of them have lots of history and some of them are fairly new. They are learning and still learning and still do training and still involved in the ABCUL movement and as each year goes by they are taking on vast heaps of knowledge. I am content, happy to pass the baton on to those that are in situ and think we are in good hands. I thank you all, its been a privilege for being your CEO and for those that have been with us all of that time I thank you, its been a wonderful experience so I wish 1st Class all the best for the future and know it will flourish and do ask the members to be involved and to ask questions. We only exist to serve the membership. Be involved. Thank you.

Chair Response:

Thank you Andy, on behalf of every one of us, members, directors, current CEO we would all like to say a massive thank you to you. I would also like to mention one of our Directors – Gordon McClure who is standing down at this AGM. Gordon has been here from the outset and Gordon has reached a certain milestone and would like to stand down. I would like to put on record our thanks to Gordon and his family for his service through his volunteering with 1st Class.

Gordon replied to say I feel its time to move on and wish the staff good luck for the future.

Incoming CEO Gayle Adnyana

Good morning and thank you. I would like to start by thanking you for joining us today. I'm sorry that it is a virtual experience. I hope we can meet in the AGMs to come and thank you for giving up some of your Saturday morning to be with us. In August the Board recruited and entrusted me with the CEO opportunity which I am grateful to them for. With a role like this comes great responsibility and I want to stress today that I take that responsibility seriously. I also want you to know, that you, our members are at the heart of our organisation – not just in our public conversations but in our private ones. I thank Andy for his kind words and congratulate him for all that he has achieved. We wish you well for your retirement Andy. It's not easy to follow someone that has been in role for 20 plus years but symbolically today we really do pass the baton from one era to another. For all of us that step forward together now whether that be directors members or colleagues I would like to thank you in advance for your support as we regroup, rejuvenate and grow our organisation. Our Chair has already alluded to some of our objectives and I would like to share my 2 principle objectives: Growth in members and Growth in the volume of lending that we do and secondly I would like to make this a great place to work in, a great place to save with, a great place to borrow from. I haven't quite established the right words yet but along with financial growth and sustainability I want this (this family) to be a collective force for good. You can help with this by referring us to colleagues and family members, becoming an ambassador or becoming a volunteer. My colleague Luke will elaborate on this. To close let me say thank you first of all to the Board, we are all finding our way with each other. I appreciate all that you do and won't let you down in the promises made at recruitment. To our members – you are everything. My team and I are here to be of service to you. Please keep in touch. A special thank you to Dennis and to Kenneth that feature in our AGM brochure. Thanks also to Christopher and Niall for their questions today. Lastly to my team – we got this. Thank you for your hard work over the last 8 weeks as we've re-shaped and re-strategised. I wish all of us, everyone of us a successful healthy and dare I say it normal 2022.

Head of Member Services – Luke McGilvray:

We are looking for ambassadors and volunteers. We are looking find dedicated and enthusiastic members to help us grow the organisation. As Directors, as staff, as members we can help to grow the organisation and work together to do so. If you are in a position in your workplace and are a member, an ambassadorship is perfect to you, directing new members to us, asking for workplace visits and you can get in touch with me to set this up. If ambassadorship is not for you, you could become a volunteer, every few hours can help us to make a massive impact. We hope more members can get involved. Please just call the office or email us to set this up.

Chair –

We haven't had a female on the Board for the last couple of years. I do want to record a lady called Brenda has put her name forward to join the Board. Brenda has completed relevant ABCUL modules, and we will take her name forward. The most recent PRA review also touched on diversity and make up of our Board and we will try our very best to improve the diversity of the Board.

Q &A

Inflation will cause a real issue in the year ahead when calculating the dividend do we have a strategy to build that in?

CEO – We are looking at different strategies, one being we may accrue it as we are going along. We have just built for the first-time monthly management accounts which will give us a clearer insight into financial performance and help us monitor accruals for example as we progress throughout the year. We will see inflation have an impact to members, with the cost of living going up, we may see the need to borrow to also increase.

Chair – We are also looking to improve our PCS member growth and we do have a forthcoming meeting to get workplace visits back on the agenda. Being able to talk to people will help. We need to get the message across about the good Credit Unions can do in the community

What have the trends been in Liquidity over the past 10 years?

CEO – I can comment on the last 6 months to say that Liquidity has stayed within the required PRA ratio and remained constant. If someone else can talk to the point around the last 10 years. Secretary mentioned that we have been in a very healthy state and we have made moves to put investments in place to keep liquidity in a constant, its not been a problematic issue for us in terms of keeping the regulator happy. Chair mentioned we have been commended for keeping our finger on the pulse especially during the pandemic. At the start of the pandemic, we held weekly meetings to safeguard the PRA ratios.

Chair asked the Board to make any final comments:

Jim McNicholls Director: I just want to say a big thank you to Andy Wright, thank you to him for all the help he has given to me as a Director, I really appreciate it and wish you all the best for the future.

Tommy Higgins Director: Exactly the same point, he's been fantastic for this Credit Union, he brought me, Jim and Bruce in and has given us all the support. He's done absolutely brilliant and I think we have a fantastic new CEO as well.

Andy Wright: I just want say a final thank you and capital and liquidity are in a very very good position. Reserves are very good and thank you again for the comments and I look forward to seeing you and thank you for your support.

Chair – Closed AGM with thanks.

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