

Annual Meeting



AGM

2020

Annual General Meeting

Agenda:

1. Welcome by the Chairman
 2. Verification of Quorum and Apologies
 3. Approval of the Minutes of the last Annual General Meeting
 4. Report of the Board of Directors: Mark Anderson
 5. Report of the Treasurer and consideration of Accounts: Ruth Wailes
- Proposal for the payment of Dividend (see below)**
6. Report of the Auditor: Ruth Wailes
 7. Appointment of Auditors for the coming year: Ruth Wailes
 8. Report of the Supervisory Committee: David Daynes
 9. Any Other Reports:
 - Office Report: Chris Mole
 10. Election of Directors
 11. Election to the Supervisory Committee
 12. Any other business
 13. Amendment to rules (see Proposed Motion below)
 14. **Proposal of the Honorarium to the Treasurer**

Proposed Motion:

The Board recommend the inclusion of customers of the East of England Cooperative Funeral Service to the common bond.

Proposed Dividend:

The board proposes that a dividend of 0.25% is paid on the balance of shares held by member in 2018/19.

(N.B. Interest will be paid on Junior accounts at 2%)

2018/2019 Board of Directors

Mark Anderson	Chair
Ruth Wailes	Treasurer
Julie Mansfield	Secretary
Mike Harrowven	(part)
David Adams	(part)
Graham Evans	(part)
Les Abbie	(part)
Sally Chicken	
Andrew Wailes	
Michelle Monck	(part)
Stephen Moore	(part)

Supervisory Committee

David Daynes (Chair)
Wioletta Stroz

Complaints Officer

Julie Mansfield

Chief Executive

Chris Mole

Suffolk Team

Mark Rattle
Sylvia Ellis
Linda Taylor
Becca Cotton
Chris Day

Tony Cooper-Squirrell
Michel Scott

In addition to those named above, the Board of Directors wish to thank the many volunteers without whose help we could not function.

New directors and chair of the Supervisory Committee will be elected at this meeting.

Directors' Report

We are delighted to report the credit union made enough profit to recommend the payment of a dividend.

We have welcomed over twelve hundred new members during the year; however, we have further closed dormant accounts leaving us with around 3,400 active members. During this year we increased the number of members who are active borrowers to over 750.

The board met monthly to review progress, and to provide strategic guidance to the credit union. To help with this it has received regular reports from the Treasurer, the Supervisory Committee, the Marketing Sub Committee and the Chief Executive. The board held an awayday event to plan the forward strategy for the credit union.

We have focussed on the opportunities for digital marketing, including promoting the credit union using social media advertising. We note over 90% of members who applied for a loan made online and mobile loan and membership applications in 2019. We will increase the marketing budget for this form of advertising in future years.

We have implemented a new online membership application form and associated workflow management tools. We hope to progress a similar loan application form next year.

The growth in larger loans has slowed and more of our lending this year has been to our core "financially squeezed" demographic. These traditional loans constitute three quarters of the loan applications we consider, and the average loan size has fallen across our product range. We issued more loans than in the previous year and have a loan book approaching one million pounds.

We thank the Lloyds Foundation for a further grant of £30,000 to underpin our capital to asset ratio which, at 9% exceeds our current regulatory requirement.

We continue to work with a range of partners including housing associations and councils across the common bond.

We have not pursued any merger plans during the year.

The directors thank the office staff and volunteers for their hard work during the year.

The recurring annual membership fee continues to make an important contribution to our income. We have seen no significant reduction in total member deposits. The credit union holds £1.4 million member deposits to support our lending, which means we have about half of our assets on loan. We recognise the membership fee has been controversial but remain committed to this mechanism for the time being.

Our aim remains to deliver growth in membership and lending to secure the future of the credit union without external support. We aim to provide services to the whole community but will never forget we may be the only provider of financial services for those at risk of financial exclusion.

This is my first report from the chair, and I would like to thank my predecessor, Mike Harrowven for his contribution.

Mark Anderson – Chair, On behalf of the Board of Directors

Treasurer's Report

I am delighted to report that this year the Credit Union made a trading profit of £6,568. We also received a grant of £30,000 from The Lloyds Foundation, to strengthen our reserves, and because of this the "Total comprehensive income" (profit) showing on the Revenue Account for the year (page 5 in the accounts) is £36,568. Last year, for the year ended 30th September 2018, there was a trading loss for 2018 of £7,406, but we received £70,000 from the Lloyds Foundation in that year, so the total comprehensive income shown in the accounts was £62,594.

This is the first year that the Credit Union has made a trading profit (ie not including any "goodwill" grants received to cover running costs) and so the Board are proposing the payment of a 0.25% dividend for the year ended 30th September 2019.

This has been a good year for growth in the Credit Union.

- Members' savings grew from £1,375,048 to £1,430,424 (4.0% increase)
- A total of £10,912,875 was paid into savings during the year by members
- Loans to members increased from £1,012,133 to £1,140,833 (12.7% increase)
- There were 791 new loans issued during the year totalling £863,416 (up nearly £67,000 on last year)
- Three quarters of new loans were "small" loans for an average value of £693
- Members repaid £878,061 of loans during the year, up from £716,129 (up 22.6%)

Interest from members' loans increased by £13,787 (10.6%) compared to the previous financial year.

Other income received, in the form of fees and commissions, membership fees, grants, donations and other income, but excluding the Lloyds Foundation grants, has increased from £112,954 in 2018 to £125,614 this year. These base line grants are mainly for services provided to partner organisations (councils, housing associations, etc) and funds to cover bad debt on loans made to members which they have referred to us.

Administrative expenses increased by just under £7,000:

- The largest increases were for advertising and publicity, and computer costs. The Board took the decision a couple of years ago to increase on-line marketing as the most cost effective and efficient way of reaching members and potential members across our large and mostly rural area. During 2019 we bought CUForms – this software will enable us to improve our services to members, and will in time lead to faster decisions, particularly around loan applications. The software cost just under £9,500 and ordinarily we would have added such software to Fixed Assets. However, we received a grant from The Rope Trust to cover this cost – we are extremely grateful to the Rope Trust for their on-going support of the Credit Union over many years – and so the cost was treated as an expense.
- Heating and lighting costs fell from £5,341 in 2018 to £25 in 2019. Partly this was due to the closure of the shop in Ipswich town centre – we had paid on direct debit and there were issues with getting the final meter reading agreed. We also had a large refund for electricity at our Austin Street head office, because we had paid higher direct debits that more than covered the usage, and also due to a problem with the final reading when we switched to a smart meter.

Due to a change in accounting rules to FRS 102, we have had to add back onto the balance sheet £193,518 of loans that had previously been written off as being uncollectable. The new rules only allow us to write off loans where a member has been declared insolvent, died or the loan is statute barred (over 6 years with no contact). Section 25 of the accounts shows the changes where the 2018 accounts have had to be restated. There is no change to the overall profit or balance sheet totals for 2018, as the impairment loss (bad debt provision shown in section 12d) has been increased by the same amount.

I would like to close as in previous years, by thanking all the staff of the Credit Union for their help and hard work during the year, and particularly to Mark Rattle, the Finance Officer whose knowledge of Credit Union accounting rules, his accuracy in day to day transaction processing, and patience when I ask the same question over again, make my job as Treasurer a pleasure.

Ruth Wailes
Director Treasurer

Lending Report

Ninety-three per cent of our loan applications are now received online and applications are completed within two or three working days when we have all the information required.

The loan book grew by 12% in the year. Growth in the sale of larger loans has slowed, however because, three quarters of our loans are Starter loans typically taken by our low-income borrowers.

Category	Value 2019	Value 2018	Number 2019	Number 2018	per cent 2019	per cent 2018
Baby	£3,700	£500	6	1	0.4%	0.1%
Bills (Living Expenses)	£38,736	£25,630	65	37	4.5%	3.2%
Birthday	£3,170	£2,200	7	4	0.4%	0.3%
Christmas	£63,015	£43,750	105	69	7.3%	5.5%
Debts Consolidation	£158,731	£158,847	49	50	18.4%	19.9%
Funeral	£4,800	£3,350	3	4	0.6%	0.4%
Furniture / Appliances	£99,515	£47,460	131	77	11.5%	6.0%
Greener Homes	nil	£7,463	0	2	0.0%	0.9%
Holiday	£110,047	£99,850	110	94	12.7%	12.5%
Household Improvements	£90,008	£131,584	90	99	10.4%	16.5%
Legal Fees	£7,000	£-	1	0	0.8%	0.0%
Medical	£11,100	£6,500	9	5	1.3%	0.8%
Motoring	£170,175	£184,210	119	121	19.7%	23.1%
Moving Costs	£11,900	£12,650	8	9	1.4%	1.6%
Oil / Fuel	£1,513	£2,100	5	6	0.2%	0.3%
Rent Arrears	£5,334	£1,100	5	2	0.6%	0.1%
Rent Deposit	£49,314	£36,744	46	32	5.7%	4.6%
Study / Educational Assistance	£14,083	£10,200	11	6	1.6%	1.3%
Vets	£3,900	£3,425	4	4	0.5%	0.4%
Wedding	£17,375	£19,000	5	6	2.0%	2.4%
TOTAL	£863,416	£796,562	779	628		

Supervisory Committee Report

David Daynes has chaired the Committee during 2019/20, Michel Scott performs monthly internal audit checks and Wioletta Stroz undertakes quarterly verification of the bank reconciliations as required by the Prudential Regulation Authority.

An internal audit programme was modified for the year. The checks performed are independent of the management team and the programme is agreed between Michel Scott and David Daynes.

The areas where Michael performs checks are:

- The granting and processing of loan applications
- The processing of membership applications
- The accounting for and attribution of receipts
- The authorisation of and accounting for payments
- The operation of the Credit Control function
- Audit checks in respect of money laundering

No issues arose from these checks which the Committee feel require reporting to the members.

The Money Laundering Reporting Manager function has been undertaken a member of the management team. An independent MLRO has been recruited and trained for 2020/21 from amongst the board members.

David will be ending his role with the Supervisory Committee during 2020 due to other commitments and a new volunteer will be elected to the role at this AGM.

David Daynes
Supervisory Committee

Chief Executive’s Report

We have implemented the CUForms software which enables automated AML checks and straight-through-processing where the data input by an applicant is transferred with minimal manual intervention for our membership application. Elements of the workflow provide automated email and text confirmations to members.

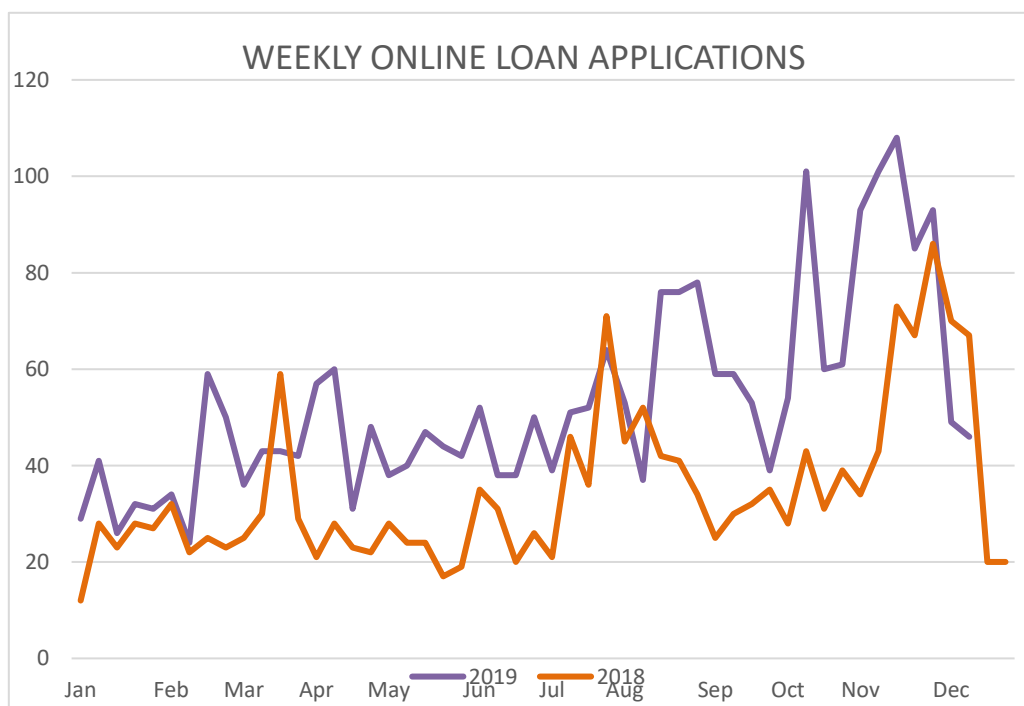
We have not moved the loan application process to CUForms as several features do not fit our current requirements. We differ from many adopters of this technology because we already have an online form solution and the current straight through processing is incomplete. We are still keen to offer electronically signed Loan Agreements.

We now use the AccountScore Open Banking solution to enable members to share their bank account data without having to send large volumes of paper to the credit union. This information also gives us an individual view of the member’s ability to afford loan repayments.

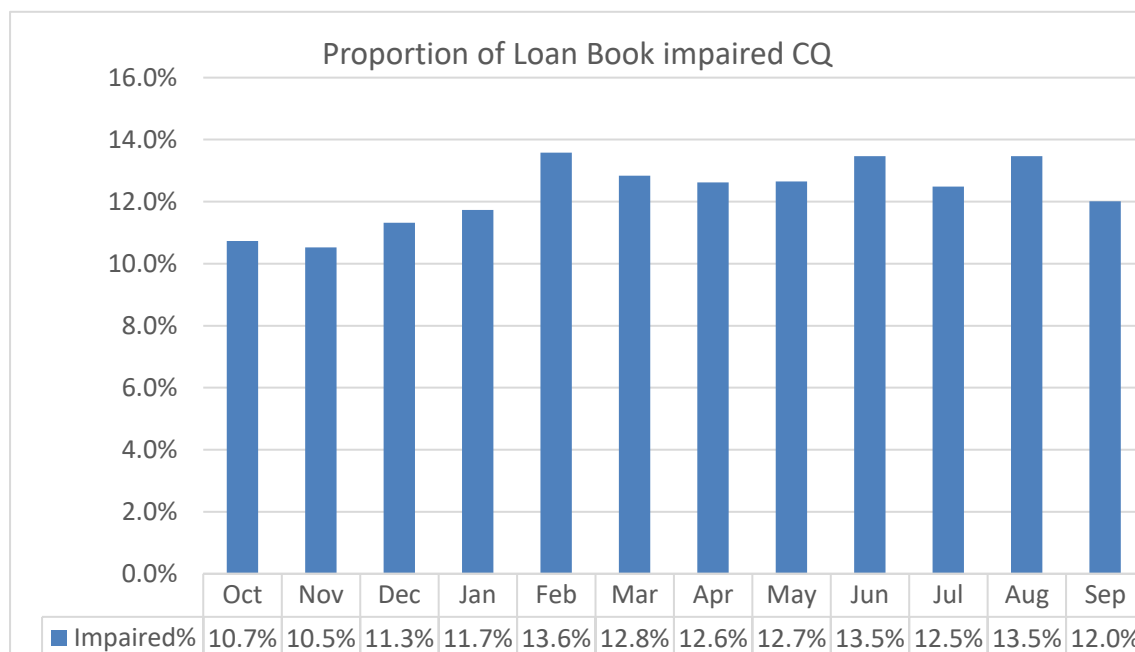
There are many new developments in the Fintech market, and we note several projects designed to enhance customer experience, to improve security and to help credit unions make better decisions about loan applications from a challenging client base. We are monitoring these developments with interest and have engaged with several projects.

We have continued our direct communications with members using email. This has been supplemented with text messages to notify members of events such as the need for them to sign a loan agreement, if they have missed a loan payment and for credit control.

As part of our marketing strategy we have further improved our website to attract more traffic and to retain visitors to the site. We have improved our search engine optimisation skills within the team and have driven new business to our website from Facebook through effective advertising campaigns. 93% of applications are now made online and this year application numbers were greater in nearly every week of the year.



Our credit control activity has stabilised our bad debt. Some members need to be reminded regularly to make payments and others will pay intermittently or only when chased. Against this background we maintain the proportion of our loan book which is impaired between 10% and 12%. The credit union fully provides for anticipated bad debts through our budgeting and provisioning procedures.



More members have opened a Change Account. The account includes a sort-code and account number and members can arrange direct debits and standing orders from their account.

Members have increasingly used self-service with the volume and value of transfers made by the e-Web service continuing to grow. We were unable to fund a mobile application to extend self-service to members.

We have monitored the consequences of the ending of the Credit Union Expansion Project. Whilst we did not progress to adopting the proposed banking platform, we will have to replace both our website and our access to Experian as Cornerstone Mutual Services wind up their activities.

The credit union employs a qualified accountant as its Finance Officer. This strengthens our budgeting and financial control skills. Our financial reporting to the FCA and our audit preparations are exemplary.

Nationally there continues to be closure and consolidation (mergers) in the credit union movement. The survivors are those which are growing and achieving sustainability. By securing a profit in 2018/19 and growing our loan book to near one million pounds, ESLCU is in the best position it has ever been.

I would like to thank the team at Austin Street and the Board of Directors for their individual and collective contributions to the achievement of a profit in 2018/19.

Chris Mole
Chief Executive

Notes



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