



Scottish Police
CREDIT UNION Limited

Serving The Police Family

29th ANNUAL GENERAL MEETING

12TH DECEMBER 2017



AGENDA

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Chris Mooney
Secretary

FOREWORD 2017 – by the Chairman

2017 has proved to be a challenging year for the Scottish Police Credit Union. On a macro scale, we had the delivery of the letter invoking Article 50 and commencing our exit from the European Union. For the Scottish Police Credit Union though, the changes to the economic climate, signalled by the recent rise in interest rates, is particularly significant. We understand that we need to continually develop and evolve our Credit Union in this ever-changing global and national environment, maintaining the focus on our members and their best financial interests.

There are several strands to this strategy. We have sought to drive efficiencies and, as part of this, conducted a structural review to ensure we were not only delivering a high standard of service to our members, but were also doing so within a challenging regulatory environment. There were a number of changes to roles and functions and it is a testament to the SPCU staff that they embraced this change and helped smooth the transition to the new model.

While this has been happening, your Credit Union has operated in perhaps the most challenging financial environment since its inception. The availability of cheap money, increasing competition and the practice of hard selling “representative rates” by commercial financial institutions has focused our efforts to ensure our members in the Police family have the best, safest, most cost-effective and ethical financial options available. Representative rates, where a customer seeking a loan is ‘enticed’ with a low rate only to find the actual rate is significantly higher, has been a challenge but one we have risen to. We don’t do representative rates as we believe in the rate you see is the rate you get. We don’t have ‘admin charges’, ‘early redemption fees’ or hidden extras - just a clearly stated rate, with payments and time frames, tailored to each individual member needs, with critical health/death cover at no additional cost. Add to this, secure electronic transfer of documents, quick electronic signing and the availability of video conferencing which allows a personal ‘face to face’ meeting, no matter where you are in the country. The Scottish Police Credit Union has transformed in recent years to meet the changing police and financial environment. We will continue to do so to ensure our members have the best possible services at their disposal.

All of this highlights the benefits of being a member of a Credit Union and why it’s important that we, in the ‘police family’, have a facility like the Scottish Police Credit Union. The key difference is that we are “owned by the members, run for the members and not for profit”, so we have a unique understanding of our members’ needs. The Credit Union supports all members and this is especially true with some members, through no fault of their own, ending up with financial difficulties. We recognise our role, and wellbeing responsibility to do what we can to assist those who unfortunately find themselves in this situation.

You will see from our Chief Executive’s report and from our audited accounts, that even in the current highly challenging financial environment, we continue to run an efficient and well governed organisation. We are dedicated to ensuring that your money is safe with us and your loyalty as members is rewarded with appropriate dividends and competitive loan interest rates.

In conclusion, your Credit Union is widely recognised as an innovative and highly efficient organisation. This is almost entirely due to the staff and volunteers who make the Scottish Police Credit Union the industry leader that it is. Without their commitment and drive we would not achieve the significant progress we have had and on behalf of the Board, and all members of the Scottish Police Credit Union, I would like to take this opportunity to express my thanks and appreciation to all of them for all their efforts.

Austin Dorrian

CHIEF EXECUTIVES REPORT

It gives me great pleasure to present to you my report for the financial year 2016/2017. This year has been an extremely busy and challenging year for the Credit Union with new regulation in the financial sector and our continued drive to be a modern and agile business which serves the interests of all our members.

Our year began with an internal organisational review carried out by external consultants, as we wanted to ensure we remain fit for purpose and give the best possible service to you, our members. As a result of the consultants' recommendations, an internal restructure of the organisation was carried out to ensure our members continue to receive prompt, efficient and effective services which live up to our ethos. We now have three departments;

- Customer Service; who deal with all loan applications for the wide range of products we provide
- Policy and Compliance; who manage the many legal and regulatory requirements we face, and
- The Customer Care and Business Development Department; who are focused on speaking to you regularly and ensuring our members get the best experience from their Credit Union, from the first day and throughout their membership. We aim to live up to the phrase that "it's personal".

Another change in personnel was our Operations Manager, Amanda Lannigan, who left after 27 years in the Credit Union, to go on to pastures new and we wish her well for the future. We will soon see more staff changes with one of our longest serving members of staff, Myra McMillan, leaving us in the early summer as she takes her retirement. We wish Myra a long and happy retirement. We will miss her at the credit union office.

During the year we undertook a survey of our membership to better understand what you wanted as you are at the centre of everything we do. You responded by telling us that you wanted to be kept up to date on a regular basis of what is happening at the credit union and what offers are available to you. We now send regular updates to all our members inviting them to take part in competitions and telling them about the latest rates on offer. We will continue to do this at least quarterly.

You also told us you liked the efficient and slick way you could access your account online but would like the process simplified. We have now designed a brand new website which you will soon see and this will provide an enhanced member experience. It will deliver a slicker and more efficient loan process and give the ability for members to undertake all the account functionality they need to ensure they have a full range of services 24/7. Our smartphone app will also be enhanced to reflect the new website features too.

We have now introduced an appointment system at our offices to ensure we effectively meet the demands of our members and provide the time to help you with your financial worries.

I would like to pay tribute to all my staff who have taken us through this very difficult year of change and I'm confident the changes we have made will provide you, the membership, with a better experience.

I look forward to another year serving you the members and I commend my report to you.

George Nedley

TREASURERS REPORT FOR 2017 AND CONSIDERATION OF ACCOUNTS

I would like to take the opportunity to thank our Auditor, who once again, has kindly agreed to refer to the Balance and Revenue Accounts, which are presented to you in the “Annual Report”.

I can report that the Scottish Police Credit Union continues to be a secure financial institution with a strong balance sheet and income statement. We remain committed to our members and strive to be their preferred financial provider whether for savings or loans.

The past year reflects a period of technological investment to ensure members receive the best service possible. A new website, new intelligent marketing and enhancements of our popular ‘app’ reflect our modern approach to allow members instant information and ease of taking any required action.

Economic uncertainties continue and this makes the Credit Union approach to sensible saving and reasonable loan rates ever more important as well as support and assistance with money matters through experienced partners.

Our team continue to be a dedicated and motivated squad who value the Credit Union ethos of ‘a personal service’ and ‘people before profit’. Our members trust the Credit Union and this endorsement of our people skills is testimony to the strong team we are fortunate to have. I thank them for their continued commitment to exceptional customer service.

Our members are at the centre of everything we do and we pride ourselves in ensuring that this core value is first and foremost when assisting each member.

On behalf of the Board of Directors, I would like to thank you for making Your Credit Union a strong and reliable financial institution that fulfils all member needs. 2018 promises to be another exciting and positive year where members will again be supported during difficult financial times.

REPORT OF THE INDEPENDENT AUDITOR

Mr Steven Cunningham will present the Independent Auditor’s Report. Please refer to the booklet entitled “Annual Report and Financial Statements – Year ended 30/09/17”.

Steven Cunningham,

Alexander Sloan, Chartered Accountants, Glasgow

TREASURERS DECLARATION OF DIVIDEND

The Financial Conduct Authorities ‘Regulation Regime’, naturally places requirements on financial institutions to protect the customers and such requirements have an impact on the amount that is available for the payment dividend. However, it is important that we reaffirm that the Credit Union is in a strong financial position both in terms of reserves and what we can offer to our savers.

On behalf of the Board of Directors, I am delighted to offer a **1.2% dividend** on ‘share 1’ balances, a 0.2% dividend on Corporate Account balances, a 1.8% interest payment on kidzplus accounts and no dividend will be paid on saverplus accounts.

Due to rules and regulations, the payment of dividends to our members is restricted to memberships during all, or part of, the relevant financial year up to 30 September 2017 (and are still members when the dividend is declared at the AGM). Please note that the Credit Union does not pay tax on the dividend payment.

Duncan Sloan

REPORT OF THE SUPERVISORY COMMITTEE

It is with great pleasure that we submit the report of the Supervisory Committee for the financial year 2016/17. Each AGM the committee is elected to carry out various internal audit procedures as agreed by our External Auditor, to work with the Internal Auditor and to report to the Board.

We continued to work closely this year with Sharles Audit Ltd, to deliver a robust and comprehensive internal audit programme. Our testing programme is tied to the organisation's risk register and inherent risks that face every Credit Union.

The testing programme is delivered through what is now a well-established process. Site visits from Sharles take place every quarter, with our CEO, staff and Supervisory Committee in attendance. Any immediate issues raised can be highlighted and tackled at this stage. Further forensic examination of data follows and Sharles deliver the written confirmation of the visit within an agreed timeline of 4 – 6 weeks.

The CEO delivers a management response to the Board for each quarter's audit. This allows the Board, CEO and Supervisory Committee to discuss and debate the results and action any changes.

Some of the areas audited over the last 4 quarters are:

- Management and Strategic Information
- Information Technology
- Fixed Assets
- Payroll
- Expenses
- Insurance
- Loans
- Arrears
- Internal Governance and supervisory
- Shares
- Membership

Over the 4 quarters there were approximately **200** high level tests carried out with an additional sub set of tests. Issues of concern are categorised by seriousness and this resulted in the following findings for consideration:

Priority 1 (Fundamental) – None

Priority 2 (Significant) – 9

Priority 3 (Housekeeping) – 13

All of the above findings have been examined and resolutions agreed by the Board. It is reassuring to know that there were no 'Fundamental' findings and that the Scottish Police Credit Union is performing well both

financially and operationally. We would like to thank Myra, Ian and the team for their hard work in supporting these audits.

Due to changes in the day to day operations and following developments in the internal systems, the Scottish Police Credit Union has seen significant organisational change over the last 6 to 12 months and we have ensured we had clear oversight of these adjustments. The Committee are happy that these changes have taken place with the necessary due diligence to mitigate risk and ensures the organisation is robust to face future challenges.

The Supervisory Committee has also been involved with instigating a programme of internal audit procedures. One of these has been the establishment of Web filter reports which are automated and sent to line managers for review.

This year has also seen Gordon Milne and Craig Smith step down from the Supervisory Committee due to other commitments. I would like to thank them for the contributions and wish them well. We are currently reviewing the makeup of the Supervisory Committee in light of the organisational change of the credit union.

In summary, the committee is pleased to report to the members that all of the tests and checks completed by the committee and Internal Auditor were found in order. These, along with any subsequent actions, have been carried out to the full satisfaction of the committee. We continue to work in partnership with the Board, CEO and Staff to ensure our credit union's success.

Graeme Gallie

Ewen Ellen

DIRECTORS REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

The Directors present their report and the financial statements for the year ended 30 September 2017.

Principal activity

The principal activity of the Credit Union

Directors of the Credit Union

The directors who held office during the year were as follows:

Austin Dorrian – Director

Duncan Sloan – Director

Allan Macleod – Director

Dr Kevin Pollock - Director (resigned 12 September 2017)

Rob Hay - Director (resigned 15 November 2016)

Robert Kennedy – Director

Chris Mooney – Director

Sir Stephen House QPM - Director (resigned 13 December 2016)

Gill Wright-Boulton - Director (resigned 12 September 2017)

Ricky Mason – Director

Graham Vance – Director

Heather Hyslop - Director (appointed 13 December 2016)

Laura MacKay - Director (appointed 13 December 2016 and resigned 12 September 2017)

Scott Ross - Director (appointed 13 December 2016)

Vicky Watson - Director (appointed 13 December 2016)

Craig Rankine – Director (appointed February 2017)

Alexis Cran – Director (appointed February 2017)

PERSONNEL CHANGES UP TO 13 DECEMBER 2017

Amanda Lannigan – Operations Manager (resigned July 2017)

Lynne Cumming – Administrative Assistant (resigned May 2017)

Lynsey McWhinnie – Loan Officer/Bookkeeper (appointed November 2017)

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 of 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 Chairperson decides that sufficient debate has taken place. No person shall speak without the permission of the

Chairperson. 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
- (2) Supervisory Committee

6 Conduct of Members at Meeting

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, agrees.

APPENDIX 'A'

Minutes of the Twenty-Eighth Annual General Meeting held within Community Safety Glasgow offices on Tuesday 13th December 2016 at 7.00pm

1. Roll Call

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

2. Opening of Meeting

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

3. Adoption of Standing Orders

Jim Hazle proposed that Standing Orders were adopted. This was seconded by Tom Rowatt and they were adopted for the duration of the meeting.

4. Minutes of Previous Meeting

The Chairman informed the meeting that the minutes of the 27th Annual General Meeting held on 15th December 2015 had been circulated. Tom Rowatt proposed their adoption, seconded by Robert Kennedy and they were adopted as a true record of that meeting.

5. Report of the Chief Executive

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

6. Treasurer's Report

The Treasurer spoke to his previously circulated report and his report was accepted by the meeting. The Treasurer then invited Mr Steven Cunningham to present the accounts.

7. Auditor's Report

Mr Steven Cunningham of Alexander Sloan, Chartered Accountants, presented his report on behalf of the Credit Union's auditors. Mr Cunningham 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.

8. Declaration of Dividend

On behalf of the Board of Directors, the Treasurer was delighted to propose that the meeting approve a dividend on shares of 1.5%, with no dividend for Saverplus accounts, 3% for Kidzplus accounts, 0.5% for Corporate Accounts with the remainder of profit being transferred to general reserves. The meeting endorsed this proposal.

9. Report of the Supervisory Committee

Graeme Gallie, the chairman of the committee presented the previously circulated report, which was accepted by the meeting.

10. Report of the Credit Committee

Jim Hazle presented the committee's previously circulated report. The report was accepted by the meeting. As the present Credit Committee are standing down, Jim paid tribute to his credit committee colleagues, Eddie Reid and Jim Somerville for their commitment over the years along with the Board of Directors and

SPCU staff. At this point the Chairman advised the meeting that the Board of Directors had decided to change the process for approving loans and this meant that the volunteers on the Credit Committee were no longer required to serve in this role. The Board had invited the three members of the credit committee to take up posts on other committee but they had declined the offer. He paid tribute to the members of the committee, Jim Somerville, Eddie Reid and Jim Hazle for their unstinting commitment and effort to the work of the committee over a number of years and he thanked them for their service. On behalf of the Board of Directors he then presented the committee with a small token of appreciation.

11. Appointment of Auditors

Chartered Accountants, Alexander Sloan, were appointed Auditors for the financial year 2016/2017.

12. Election of Directors

The Chairman advised the meeting that one third of the total number of directors required to step down this year.

The Chairman 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. He sought a proposal for the number of Directors. Tom Rowatt proposed that the number to serve on the Board of Directors should be 15. Derek Robertson seconded this proposal. In the absence of any counter proposal the members approved this proposal.

The following people were then nominated for election to the Board of Directors:

Elections to the Board of Directors

Nominee	Nominated by:	Seconded by:	Decision
Laura Mackay	Jim Hazle	Ewen Ellen	Appointed
Vicky Watson	Ian Caldwell	Ricky Mason	Appointed
Heather Hyslop	Ian Caldwell	Derek Robertson	Appointed
Scott Ross	Ian Caldwell	Allan Macleod	Appointed

13. Election of Supervisory Committee

The following people were re-elected en bloc to the Supervisory Committee (Proposer: Tom Rowatt
Seconded: Jim Hazle)

Graeme Gallie ; Ewen Ellen ; Craig Smith ; Gordon Milne

14. Motions

No note of any motions had been tabled.

15. Any Other Competent Business

There were no items of other competent business.

16. Close of Meeting

The Chairman paid tribute to the former SPCU Chief Executive, Maureen Travers who sadly passed away on Friday 16 September 2016.

The Chairman thanked everyone for attending and a vote of thanks was offered to the chair.

Austin Dorrian
Chairman

Chris Mooney
Secretary