



Credit Union

Loans & Savings made simple

Annual Report

2018/2019

Plane Saver Personal Loan





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Message from the Chair



As a Board one of our roles is to look at the strategic aims and ambitions for Plane Saver Credit Union. This we did recently. For the Credit Union we considered that we wanted you to look at us as “our members’ financial partner for life”. So, we are here during your good and bad times.

Unlike possibly some high cost lenders who come and go (most recently QuickQuid) I am delighted to say that we are still here over 25 years later and despite tough competition, still serving you our members. Our ethos has not changed; to provide ethical loans and simple savings.

I am proud to say that I have been involved with Plane Saver Credit Union from the start. I am surprised then to find there are people out there who still don't know about us. They haven't heard about us or how they can benefit from being a member of Plane Saver Credit Union. A key benefit which often gets missed is that we offer free life cover. So please tell your friends, family and colleagues about us, what we do and how we help everyone to save regularly. You will see that some of the banks are doing this now with their “Pay Day, Save Day” schemes. Well, this is not new to us as we have been offering this service for the last 25 years. Saving with us though is different. Your savings help other people. I am delighted to say we are continuing to grow. Our membership is on the increase. I am pleased to say we are as diverse as you our members.

I would like to thank the members of the Board for their hard work, valuable contributions and unswerving support.

Lastly but by no means least I would also like to extend my thanks to our CEO, Valerie Walwyn-Tait, and her excellent team for their continued commitment, passion and hard work. It is as a result of their efforts that we will continue to grow, flourish and reach out to more people.

Ian Atkins

Chair
Plane Saver Credit Union
November 2019

Message from the Chief Executive



The pace of technology continues to develop at an ever-increasing pace, along with it the increased risk of cyber-crime. 2018/19 saw an increasing number of large organisations being compromised through their IT frameworks. TSB suffered a serious meltdown of its online banking service as it transitioned to a new banking platform.

In the Bank of England, discussion paper *Building the UK financial sector's operational resilience*¹, the Bank of England and PRA identified five technological-related challenges created by technology and a hostile cyber environment.

So, one can assume that being hacked is now inevitable for any organisations and therefore it is no longer a case of if, but when.

In order to try to mitigate this risk where ever possible, throughout the year we have moved to strengthen our IT infrastructure and operational resilience

- We have revised and tested our IT Data Recovery Plan
- We have increased knowledge and awareness across the staff team by delivering key training to raise their awareness of cybercrime and information security.
- We have moved some of our services on to cloud-based platforms
- We have also undergone the cyber-essential assessment and penetration testing of our systems as recommended by the Regulators.
- We have enhanced many of the security features of our IT services.

What we have learnt of the last few years is success is no longer determined by size, but instead, because of technology, speed is the thing that is most likely to have you ahead of the competition.

Because of this we have continued to see new entrants into the financial sector who are breaking all the established rules on how we do business. Artificial Intelligence (AI) is now also a key feature of the banking business and all of this brings an increased level of complexity and risk to the CU sector as it tries to find its voice, be competitive and meet its regulatory commitments.

Therefore, this is a recognition that digital, data-driven propositions need to be at the heart of our offer.

Throughout 2020 we will be seeking to upgrade many of our processes with technological solutions in order to improve our offer to our members, whilst working hard to keep your data safe.

Valerie Walwyn-Tait

CEO
Plane Saver Credit Union
November 2019

¹ <https://tinyurl.com/yaedh47z>

Get to know your team



Ian Atkins - Chair

Founding member of Plane Saver. Director - Association of British Credit Unions (ABCUL). Treasurer - London South East Credit Union Forum. Chair - ABCUL Board Composition and Democracy Working Group. Member - Barbados Cultural Organisation.

Ian has served on the Plane Saver Board in various roles including that of Treasurer, Vice Chair, and Chair. He also worked as a dedicated volunteer, managing general office tasks to ensure efficient operations as the credit union got off the ground. He is a committed foster carer, and with the support of his wife Barbara, for over 20 years Ian has specialised in providing a loving and stable home for children shunned by less experienced carers.



Joy Maitland - Vice Chair

Member - Institute of Consulting and Corporate Governance Practitioners. Fellow - Institute of Directors; Institute of Leadership & Management; Chartered Management Institute; Institute of Training and Occupational Learning.

Joy is a leadership development and organisational excellence consultant with a wealth of senior-level business experience. As an executive coach, she works with senior and mid-level managers on critical development needs to accelerate leadership. Joy also designs and implements dynamic leadership development solutions, and advises on broader operational activities. She has established a track record for injecting teams and organisations with vision, passion, and energy while helping to improve performance by identifying and developing talent at all levels. Joy has worked with numerous global market leaders, including Cable & Wireless, 3M, Sony, RBS and Credit Lyonnais. She is presently the Managing Director of Inemmo, a provider of leadership development solutions.



Valerie Walwyn-Tait - CEO

MSc Business Management

Valerie has over 30 years' experience of working across the private, public and voluntary sectors in roles where she is primarily developing and driving the business forward or leading the organisation through change or transition.

Valerie is a natural leader, with bags of energy and an unstinting commitment to meeting the needs of her various stakeholders. Her work experience is predominantly within the social sector, where she uses her business acumen, common-sense approach to resolving issues, and strong work ethic to achieve the business objectives. Many are also surprised to learn that Valerie is a Veteran of the British Armed Forces.

Her extensive experience and strong social ethos are underpinned with a master's degree (MSc) in business management from the University of Birmingham and various qualifications in leadership, teaching, counselling and coaching. Valerie has been approved by the Prudential Regulation Authority under the Senior Managers Regime as fit and proper to hold the position of CEO of Plane Saver with delegated authority to run the day-to-day business. She is a member of the Chartered Banking Institute and a founding member of the Centre for Community Finance Europe. Valerie is a well-respected member of ABCUL and works closely with ABCUL and her peers on the ongoing development of the credit union sector.



Dinesh Sanghvi - Treasurer

Fellow - The Chartered Institute of Management Accountants. Mentor - Prince's Trust.

Dinesh joined the Board of Directors in early 2019 and brings to Plane Saver a wide range of skills acquired over 35 years in senior finance roles. During his career, Dinesh held Finance Directorships in listed IT and technology companies, including the global business consulting company CGI Group. His business and technology expertise acquired within multi-million-pound organisations is a massive asset to the Plane Saver team and our members.

**June Parsons - Director**

*MBA - Lancaster Business School
Associate Member - Chartered Institute of
Personnel and Development.*

June is a former British Airways employee where she held key positions in finance, sales, marketing, distribution, learning and development, recruitment, engineering, and human resources. During her career at the airline June contributed to large project teams managing major business transformation. Projects she helped to facilitate included migration of the airline's reservation system onto a new platform, designing and facilitating leadership and management programmes, managing professional recruitment campaigns, on-boarding new colleagues and reporting on engineering quality systems. Since leaving British Airways in 2018, June has focused on voluntary work, running a small property management business and being a proactive member of the Plane Saver team.

**Roger Hardman - Director**

*MSc - Occupational Psychology
MEd - Education*

Roger joined the Plane Saver board in September 2016 and brings a wealth of knowledge with regard to welfare within the Armed Forces. He served in the RAF for 22 years, worked at the MOD in Whitehall, and as Head of Welfare at the Armed Forces charity SSAFA. Roger is at present a Project Manager at St James's Place Wealth Management, leading research and planning their next generation of cybersecurity. Roger brings to Plane Saver broad experience from the public, private and not-for-profit sectors, plus skills from the Armed Forces. He also brings to the organisation a deep knowledge of the business psychology that underpins his work.

Treasurer's Report

Dinesh Sanghvi

Treasurer

Looking back over the past year, Plane Saver Credit Union has come through significant challenges with resolve, determination and financial success. Despite changes affecting the Board and the Management Team, the financial performance improved significantly and was very close to the budget set by the Board at the beginning of the year.

Looking ahead to next year, we have to manage the business within the current low interest regime across the Western World and assume our departure from the EU does not have a material adverse impact. This means not only keeping a constant eye on maximising interest income from Members savings and maintaining a tight control on costs but also ensuring we continue to provide our members with good value loan products.

Regulatory Requirements

Along with many other Credit Unions, PSCU is regulated by the Bank of England via the Prudential Regulation Authority and the Financial Conduct Authority who require us to operate within specific financial parameters. I am glad to report that throughout the year, PSCU remained well above their requirements for Capital Reserves, Solvency and Cash Liquidity ensuring security of member savings. Member deposits are, of course, fully protected under the Financial Services Compensation Scheme up to £85,000.

The average rate of interest charged on the total Loan Book fell by 0.3% from 9.5% in 2018 to 9.2% in 2019 continuing the recent trend and market rates as discussed above. Whilst this is disappointing, it is a significant improvement on 2018 when the year on year interest rate fell by 1.1%.

Financial Performance

Income from interest on loans and cash held at bank rose by 10% to £2,245,422, an increase of £203,807 reflecting higher lending and better cash management.

At £1,359,392, Administration and Operating costs were slightly lower than last year. This largely reflects lower insurance costs. However, impairment on loans for bad and doubtful debts rose from £237,906 to £369,433, an increase of 55%. This is due to a significant increase in the number of borrowers who have chosen to pursue Individual Voluntary Arrangements (IVAs). An IVA is a court approved repayment plan, an alternative to declaring bankruptcy, used by a borrower to spread repayments over a much longer period and often does not cover full repayment. Additionally, we will also have to forego any further interest charges.

Despite this headwind of higher impairment costs, we achieved an after tax Surplus for the year £102,544, an increase of £74,139 or 261%.

Member Savings & Loan Book

We had a record year with savings increasing from £38.1M to £39.4M at close of year. This reflects a significant increase in the number of members, referred elsewhere, and specifically, as a result of our success in recruiting more members from The Armed Forces.

During the year, £9.5M of loans were repaid (excluding interest) and new loans of £12.9M were approved thereby increasing our Gross Loan Book by 13.5% from £21.2M to £24.0M. This increase was achieved without compromising our due diligence criteria and our provision for potential bad debts stands at 4.3% of Gross Loan Book. Bad debts written off during the year amounted to £205,825. This is high because of a change in policy of writing off debts rather than maintaining provisions against these unrecoverable debts. This write off had no impact on the 2019 results as the whole amount had been provided for in previous years. The total provision remains significantly below the tolerance levels specified by the Regulators.

Balance Sheet

Our Balance Sheet remains strong with Assets growing by 3.2% to £45.5M. Member subscriptions amount to £39.4M and is made up as follows:

	2019	2018
Ordinary Shares	29,178,066	26,856,348
ISA Accounts	6,330,650	6,830,588
Platinum Accounts	3,792,195	4,312,589
Children's Savings	56,614	56,753
TOTAL	39,357,525	38,056,278

Our Reserves stand at a very healthy £6,026,502.

Auditors

I am pleased to welcome our new auditors Barnes Rolfe LLP. They are based in Uxbridge and hence more local to us than our previous auditors who were based in Manchester. We look forward to a long and productive relationship.

Conclusion

After reviewing the 2019 results and the audited Financial Statements, your Board of Directors are pleased to recommend a dividend/interest of 1% on all accounts in line with last year.

I would like to thank the Finance Team which, as usual, has worked hard and well together. Additionally, the team continues to work closely with other parts of the business and in particular, the Loans team. This close co-operation is important to minimise any risks at the outset and information on poorly performing loans and lessons learned are shared.

My thanks to colleagues on the Board for their collaborative approach in supporting the Finance function. The Finance function will continue to help the business by providing timely and incisive information for informed decision making and look forward to another successful year.

Internal Audit Report

Steven Cunningham | Partner

Alexander Sloan

Alexander Sloan, Accountants and Business Advisers carries out a programme of Internal Audit on behalf of the Board of Directors of Plane Saver Credit Union.

We visit the Credit Union on a regular basis to carry out reviews of the Credit Union's controls and systems.

As part of our reviews we consider the Credit Union's compliance with the Credit Union's policies and procedures as well as the PRA and FCA's Credit Union rulebooks.

Following each review we provide a detailed report to the Board on our findings and make recommendations where we believe that improvements can be made to the efficiency or effectiveness of processes in the Credit Union.

We work with a wide range of Credit Unions and make recommendations on sector best practice where appropriate.

In 2019 we carried out six separate reviews of Plane Saver Credit Union. Our reviews have focused on lending and arrears, account opening /closing, business continuity, financial controls and deposits. In addition, we carried out a review of the Credit Union's policies.

Our plan for 2019/20 includes carrying our reviews of account maintenance, IT security, money laundering, compliance and complaints.

Annual Highlights

More Members. More Growth

The Credit Union signed service agreements with BA Clubs and Gatwick Ground Services - both subsidiaries of British Airways. These agreements will allow Plane Saver to offer financial services to employees of both organisations and help grow membership.



Fundraising on Armed Forces Day

To celebrate Armed Forces Day and raise crucial funds to support serving personnel, on June 29 members of staff participated in the 13 Bridges Walk. The walk follows a route across 13 bridges in London, covering a distance of about 10 miles.



Save to win!

Plane Saver is one of 15 credit unions selected by HM Treasury to offer PrizeSaver accounts.



Serving those who serve

First Defence Finance, the new brand serving Armed Forces personnel and their families, is launched.



Service that shines with 5 stars

For the third consecutive year, Plane Saver was recognised as one of the fairest loan providers in the UK with the award of a 5 Star Fairbanking Mark.



Celebrating 100 years

On August 25th, British Airways celebrated its centenary and to mark the occasion Plane Saver surprised staff at the airline's head office with a delectable delivery of 100 Krispy Kreme doughnuts.

Our Members

New Members

**Members
2017/18**
12,700

**New Joiners
2018/19**
2,898



Gender

Female
4,993

Male
10,190



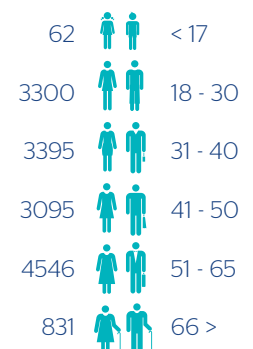
New Members Employer

Armed Forces
1,799

Airline
1099



Age



Our Money

Savings UP by £1.3M

3%

Loans UP by £2.3M

22%

Net Surplus UP by £74K

261%

Loan Book UP by £2.6M

13%



Building pathways to economic security for our Armed Forces

Since 2015, Plane Saver has helped Armed Forces personnel and their families to strengthen their financial know-how.

With the launch of First Defence Finance, our new brand serving Armed Forces personnel, their families and veterans, we aim to address some of the specific challenges to financial wellbeing that can result from military life.

In addition to the special products designed to help members of the Armed Forces to improve their financial resilience, we are helping them to build a clear pathway to economic stability, now and in the future.

'Plane Saver has attracted great interest from military families and local schools via our free junior saver workbook. The workbook was designed to help children learn how to make good decisions about their pocket money with the aim of getting them to understand why saving even a small amount of their pocket money may help them in the future.

We are still invited to deliver briefing sessions, to our service personnel across the UK. These sessions give us an opportunity to learn about the financial issues facing our military personnel and their families. We, in turn, use that

knowledge to improve the services that we provide.

This year our charitable arm, Friends of Plane Saver, donated to a number of military charities, one of which was Operation Christmas Box. The donation was made in the memory of Lt Col Gary Tait MBE for his incredible support of the Joining Forces Partnership and Plane Saver. Lt Col Tait was a long-time supporter of the charity which provides gifts to military personnel serving overseas during the Christmas season

**MAKING MONEY
MATTERS EASY**



Apply online at
firstdefencefinance.co.uk
or contact our office on:
020 8066 3400

Win with PrizeSaver

If saving is a challenge, the PrizeSaver account can help members improve money habits in a whole new way.

Plane Saver is one of only 15 credit unions in the UK selected by HM Treasury to participate in the prize-linked savings pilot, launched on October 17 2019, to mark International Credit Union Day.

Similar to the Save to Win prize-linked savings project in the United States, the initiative also aims to make putting money away fun.

Under the new project, account-holders can win £5,000, or one of 20 prizes of £20 monthly, just by increasing their savings balance by as little as £1 each month.

The pilot will run until the end of March 2021 and is designed to help build financial resilience by encouraging saving for the future.

With a PrizeSaver account, you don't lose anything and, unlike playing the lottery or online gambling, all money deposited into the account stays in the account.

PrizeSaver

The credit union savings account with monthly prizes

Prize savers can start with just £1 and earn up to 200 entries per month. For example, if a member saves £20 in their first month they will get 20 chances at winning.

The first prize-draws are scheduled to take place in mid-December 2019.



Celebrating 100 years of British Airways, partnership and growth

In August 2019, British Airways marked its 100th anniversary. For the Credit Union, this year was also very special as it represented 26 years of a fruitful partnership with BA.

Since our start in June 1993 as British Airways UK Employees Credit Union, Plane Saver has helped British Airways employees save and access affordable credit.

After 26 years, the success of this partnership is evident in our continued growth. In addition to serving other carriers, Plane Saver's common bond has expanded to include workers in transportation and logistics as well as members of the Armed Forces.

We have grown beyond our modest beginnings into one of the largest credit unions in the UK and Plane Saver's relationship with British Airways remains strong. Our Chairman, Ian Atkins is an employee, and more than 6,000 of our members' work for the airline.

Inspired by the longstanding partnership, Plane Saver will

continue to provide ethical financial products, good value, and innovative solutions to meet the needs of our British Airways members. As we celebrate the past 100 years of shared history and interests, we look forward to a future of continued success and new opportunities as both our organisations evolve.



Making Christmas easier

It was Christmas and Darryl's car had broken down. His family needed a vehicle, but he could not afford the repairs. He approached several financial institutions for a loan, but he could not get his loan approved.

"I had been rejected by other companies," Darryl, a member of the Armed Forces, recalled.

He then decided to visit the Plane Saver website, where he was provided a loan he could afford with low monthly payments.

"Plane Saver assisted me and made that Christmas a lot easier."

A Trusted Financial Partner

As someone who is retired, Padriag likes the fact that Plane Saver looks at more than just a member's credit score when making a decision on whether to lend or not.

As a responsible lender, their lending team check that he is able to pay his bills, afford his loan repayments and save. This has helped him to balance his budget, organise his finances and to get back on a secure financial footing.

Giving families a helping hand

As an airline employee and single parent Delores always tries to be ready for the unexpected.

But despite her best efforts to prepare for the future, sometimes things don't always go according to plan.

But whenever there is a challenge Plane Saver helps Delores find a solution.

Over the years, with the help of the Credit Union, she has been able to purchase more than one car. The Plane Saver team also helped to guide her through the process of applying for a top-up loan so she could enjoy an improved cash flow to cover monthly expenses and even the occasional treat.

"It's helped me to have family holidays and create great memories that will last a lifetime, which would not have happened otherwise," she revealed.

Thanking the Credit Union, Delores said, "You have saved me and my family more times than I can remember."

Bridging financial gaps

At Plane Saver, we continue to strive towards making a positive difference in each member's life. As a proud member of the Credit Union movement, helping people is more than a job. It is what we do each day because together we are stronger.

We are always happy to hear the amazing stories of our members who have overcome obstacles and challenges in their life. As we continue to help our members meet their financial goals, we are privileged to be a part of their growth.



Friends of Plane Saver Report

Friends of Plane Saver is the charity giving arm of Plane Saver Credit Union. This Committee is run by a group of independent, volunteer trustees all of whom are Plane Saver Credit Union members. It is chaired by Grantley Yearwood MBE.



Friends of Plane Saver oversees the monthly lottery which is administered by the Plane Saver team.

This year Friends of Plane Saver have donated to the following causes

- **Dreamflight** - A charity helping children with serious illnesses travel to Disneyland
- **The Royal British Legion**
- **BA Apprentices Graduation** - Supporting British Airways Apprentice's graduation
- **Charlton Athletic Deaf Football Club**
- **Operation Christmas Box Charity** - Donating Christmas presents to UK service personnel overseas
- **SSAFA**, The Armed Forces Charity
- **Alliance Dance Unit** - A local dance school helping young people
- **WOCCU Global Women's Leadership Forum** - helping to address the gender gap within the Credit Union industry
- Funding to support the next generation of Credit Union Leaders through **CU Futures program**

The Committee would like to say a huge thank you to the members who play the Friends of Plane Saver Lottery. You have helped to donate to all of the worthy causes this year.

A massive thank you to my fellow committee members for their commitment and support.

Friends of Plane Saver

LOTTERY

Committee Members:

Grantley Yearwood MBE

Oby Agbarakwe

Anthony Murray

Mansukh Dhaliwal

Standing Orders

The Annual General Meeting (AGM) will commence at 6.30 p.m. and the business meeting shall be completed by 7.30 p.m. unless the Chairman determines that an extension is in the best interests of the meeting for the running of the business of the Credit Union.

1. Quorum

Fifteen members shall constitute a quorum.

2. Voting

Each member shall be entitled to one vote irrespective of his or her shareholding in accordance with Rule 89.

3. Nominations and Election Committee

Nominations for the Board of Directors shall be in writing and shall be signed by a proposer and a seconder, who must be members of the Credit Union, and by the nominee to indicate their consent and willingness to submit to any requirements of the relevant authority.

The Board of Directors may appoint a nominating committee of not less than 3 Members of the Credit Union.

The nominating committee shall ascertain the number of vacant Officer posts requiring candidates and ensure that there is at least one suitable candidate to recommend to the Annual General Meeting for each vacancy.

In making their recommendation, the nominating committee shall ascertain that the nominee is 'fit and proper' to become an Approved Person. The nominating committee shall adhere to any policy established by the Board of Directors in relation to the suitability of candidates.

The nominating committee shall also be responsible for identifying and recommending potential co-options to the Board of Directors to fill any vacancies. The Board may delegate powers to the nominating committee to manage applications for Approved Person status.

4. Motions

Motions shall not be accepted from the floor.

Any motion must be moved by the proposer, who must be present at the AGM when the motion is called. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.

The proposer of a motion may speak for not more than three minutes and shall have the right to reply before the motion is put to the meeting for a vote.

Members are entitled to speak on any such motion and must do so through the Chairman.

All speakers on any motion shall have not more than two minutes in which to make their contribution. The Chairman shall have the right to decide at any time when a motion has been sufficiently discussed and may put the motion to the meeting, giving the proposer the right to reply before doing so.

5. Miscellaneous

The Chairman of the board shall be the Chairman of the General Meeting. Where he or she is not available, it shall be the vice chair.

Any matter to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.

Agenda

- 1. Welcome, Introductions and House Keeping**
- 2. Guest Speaker, David Coe - Fairbanking Foundation**
- 3. Verification of Quorum and Apologies**
- 4. Acceptance of 2017/18 minutes**
- 5. Chair's Address**
- 6. CEO's report**
- 7. Other reports:**
 - Treasurer
 - Auditor's report and adoption of annual accounts
 - Internal Auditors report
 - Dividend recommendation
- 8. Election of Directors**
- 9. Guest Speaker, Nick Money - Centre for Community Finance Europe**
- 10. CEO: Looking to the future**
- 11. AOB - close of the meeting**

AGM Minutes 2017/18

Date: 7th December 2018 at 6:30 p.m.

Venue: Victory Services Club, The Victory Services Association, Seymour Street, London, W2 2HF

Attendees:

A. Board Of Directors

ian Atkins	Chair
Joy Maitland	Vice Chair & Secretary
June Parsons	Director
Roger Hardman	Director

B. Internal Auditor

Steven Cunningham, Alexander Sloan

C. Independent Auditor

Rory O'carroll, Beevers & Struthers

D. Guest Speakers

Mark D. Lawton,	Senior Vice President, Navy Federal Credit Union
Grantley Yearwood,	Former President PCSU & 23-Year Member

E. Employees

Valerie Walwyn-Tait	Chief Executive Officer
Colin Eddy	Chief Operating Officer
Modupe Oyeibisi	Minute Taker
Terry Jackson	Finance Manager
Aneela Mahmood	Finance Officer
Claudia Ashcroft	Membership Services Manager
Christine Blythe	Membership Services
Sandjena Barnes	Membership Services
Bernard Scotland-Rose	IT Services & Contracts Manager
Amy Gumm	Senior Loans Officer
Paige Pearton	Loans Officer
Anisha Khan	Loans Officer
Jas Obhrai	Loans Officer
James Jordan	Operations Officer
Godfrey Gyasi	Marketing/Business Development Manager (Jan 2019)
Jack Murphy	Marketing/Business Development Officer (Dec 2018)

F. Logistics/Facilitators

Anna Masheter
Sarah Davidson

G. Members

Oby Agbarakwe	Balvinder Kang
Shirley Allen	Charles Lartey
Rachhpal Bains	Harry Lionis

Harbans Bangay
Rajinder Bangay
Adewale Bamigbade
Sandra-Eve Bamigbade
Sonnica Bamigbade
Ian Beacon
Sirinder Bhogal
Hayley Bray
Patricia Campbell
Athar Chand
Patricia Clarke
Kulwinder Dhaliwal
Malagar Dhaliwal
Mansukh Dhaliwal
Jagroop Dhatt
Kaushik Dossa
Jade Ellis
Geoffrey Ellway
Robert Fromant
Irene Gatete
Adrian George
Theresa George
Cahndrakant Gohil
Daksha Gohil
Hitesh Gohil
Ann-Marie Hall
Michael Harper
Jaginer Kang

Simon Lovett
Edward Mahonry
Iqbal Masih
Maureen McCann
Ron McCann
Rosemary Meegan
Catherine Miele
Hema Mohindra
Stuart Needham
Ian Parsons
Theo Perera
Tricia Russell
Usha Sekhri
Skashi Sharma
Tek Sharma
Babita Sidharh
Harbax Singh
Koshilyah Singh
Fiona Stonehill
Lilian Sutherland
Robert Sutherland
Asha Verma
Satish Verma
John Walsh
Linda Walsh
Sylvia William
Abdulkabir Yusuff

H. Guests

Jaswand Bhogal	
Talvinder Bhogal	
Lisa Bishop	Dreamflight
Matt Bland	Head of Policy & Communications, ABCUL RAF
Phil Chadwick (WO)	
Dr Stewart Desson	
Neil Dymond	Barclays Bank
Gareth Evans	Director, Financial Inclusion Centre
Scott Farley	
Major Anthony Finch	Army Transition Team
Major Jodie Foster	Army Transition Team
Emily Fry	Royal British Legion
Rupert Hills	Regis, The Military Mutual
Dr Christopher A Johnson	GEDS Ltd
Robert Kelly	CEO ABCUL
Cindy Lawton	
Trudy Mensa-Bonsu	MOD
Major Julian Moran	Royal Marines
Sophie Pearson	
Nick Teale	
Cdr Susie Thompson	Armed Forces Covenant
Rasnaam Tiwana	
Alfred Williams	Chair, Wolverhampton Credit Union

1. Welcome, Introduction and Housekeeping

The AGM commenced at 6.45 pm

Anna Masheter introduced herself as the host and welcomed members to the AGM/25th Anniversary Celebration of Plane Saver Credit Union (PSCU). She went through the housekeeping rules and gave an outline of the evening's agenda.

2. Guest Speaker - Grantley Yearwood

Anna Masheter invited Grantley Yearwood, a former Chair & 23-year member to share with members his thought on 23 years of being involved with PSCU and the journey so far.

Grantley Yearwood welcomed everyone. He gave a brief history of PSCU, its founding members, what is at the heart of the business and his favourite memories.

3. Verification Of Quorum and Apologies

Anna Masheter verified that there were more than 15 members present and therefore declare quorum for the 25th AGM.

Also, she confirmed that apologies were received from:

- i. Nick Donovan Director
- ii. David Sharman Director

There were no apologies from members.

4. Adoption of Standing Orders and Approval of The Minutes of 2016/17 AGM

Anna Masheter asked members if they were happy to accept the Standing Orders for the AGM regarding Quorum, Voting, Nominations & Election, Motions and Miscellaneous (Page 14 of the Annual Report). The members agreed to adopt the Standing Orders.

Anna Masheter confirmed that a copy of the last AGM Minutes had been issued through the PSCU website and hard copies have also been included in the member packs received at the reception.

Having received no reports of inaccuracies in the Minutes, Anna Masheter requested for a Proposer and a Seconder to adopt the Minutes.

Proposed by: Ron McCann

Seconded by: Geoffrey Ellway

5. Chair's Address

Ian Atkins, the Chair of PSCU, welcomed everyone.

He introduced the PSCU team and thanked them for their contribution during the year.

He stated that as the 25th anniversary is being celebrated, not much has changed in that PSCU still go the extra mile to help members save and provide affordable loans. He was proud to say that this simple message has helped PSCU grow to be one of the largest credit unions in the UK.

He thanked the founding members, Board of Directors, CEO and staff for the valued work to date. He also thanked all members without whose continued support, there would be no PSCU.

6. CEO's Report

The CEO, Valerie Walwyn-Tait, welcomed everyone.

She shared a review of the activities of 2017/18, stating the challenges and achievements. Below is a highlight of her report:

Key Achievements:

- Lending a record £10 million to members
- PSCU holds £38 million in savings
- Introduction of almost 2,000 new members
- Introduction of a 'Pay Day Loan Payback' product to help those affected by Wonga's demise
- Keeping loan interest rates low where ever possible
- Participating in a Joining Forces event at Clarence House initiated by the Duchess of Cornwall to raise the profile of credit unions within the Armed Forces
- PSCU was awarded the Money Age Award 2018 for 'Ethical Financial Services Provider of the Year'.
- PSCU has been awarded the Armed Services Covenant Prestigious Silver Award

Challenges:

- Technology and its pace
- Ever increasing regulation
- Low return on investments
- High cost and subsequent low growth
- Increased risk of cyber related attacks

The CEO noted that like most companies, steps are being taken to protect members' information and PSCU have added the position of an IT and Information Security Manager to its team. In addition, Management is continually stretching and flexing resources to keep up to speed with the demand of change.

The CEO thanked the Board for their ongoing support; the Team for their hard work and commitment; and Members for their continued support.

7. Reports

7.1 Independent Auditor's Report

Rory O'Carroll from Beevers & Struthers presented the Report.

He thanked the Finance Team for producing the details for his report. He presented the report as highlighted below:

- The financial statements give a true and fair view of PSCU's affairs as at 30 September 2018 and of its income and expenditure for the year ended
- The financial statements have been properly prepared in accordance with United Kingdom generally accepted accounting practice, the requirements of the Cooperative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979
- PSCU remains an ongoing concern

7.2 Internal Auditor/ Supervisory Report

Steven Cunningham from Alexander Sloan presented the Report.

He stated that the review in 2018 was focused on lending and arrears, money laundering, governance and compliance with the new General Data Protection Regulations (GDPR). As part of the reviews, there is always the consideration of compliance with legislation, PRA and FCA rules as well as PSCU's policies and procedures.

PSCU was found to be compliant.

7.3 Treasurer's Report and Adoption of the Annual Accounts

The Treasurer's report was presented by the Chair following apologies from the Treasurer. The highlight was presented under the following headings:

- Capital Requirement
- Interest Income and Loan Book
- Administration and Operating Costs
- Dividends
- Profitability
- Conclusion

It was noted that despite the many challenges faced in the current uncertain climate, PSCU is confident of building on strong loan growth by focusing on targeted loan products and effective marketing campaigns. In addition, negotiations are ongoing with key contract suppliers to limit increases in expenditure in the coming year.

The Chair asked if members had any questions from the Reports presented. Upon the confirmation of no questions, he requested for a Proposer and a

Seconder to adopt the Annual Accounts.

Proposed by: Geoffrey Ellway

Seconded by: Harry Lionis

8. Dividend Recommendation

The Chair announced the Board's recommendation of 1% dividend payment for 2018/2019. He then asked members to propose and second the recommendation.

The Chair reminded members that they cannot propose a figure but can only accept or refuse the recommendation.

Proposed by: Shirley Allen

Seconded by: Satish Verma

9. Appointment Of Auditor

Anna Masheter stated that as agreed at the last AGM, the appointment of the Auditor for 2018/19 was put out to tender. Following a thorough tender and due diligence process which involved 3 different Audit firms, the Board propose the appointment of 'Barnes Roffee LLP' as Auditors. Barnes Roffee is an independent firm of Chartered Accountants and Business Advisors. They are one of UK's top 40 accounting firms with over 20 partners and more than 150 employees.

She requested for a Proposer and a Seconder to adopt the appointment of 'Barnes Roffee LLP' as Auditors for 2018/19.

Proposed by: Chandrakant Gohil

Seconded by: Harbax Singh

Anna Masheter thanked Beavers and Struthers for their support and expertise over the past few years.

10. Motions

Anna Masheter announced that there were 2 motions to propose to members. Following each proposed motion, members would be asked to vote using the red or green cards in their member packs. The red card signifies disapproval while the green card signifies approval.

10.1 Extending Board Applications to those outside the Common Bond:

June Parsons proposed that 'in order to provide greater scope to recruit board members, the Board would like to propose a change to the PSCU rule book to remove the restriction on ALL board members having to come from within the common bond. This will in future mean that we are able to recruit from a more diverse talent pool. This

proposal comes with the commitment to ensure that there is always greater representation on the Board of members within the common bond’.

Question 1:

Bob Fromatt asked if it would become mandatory that directors come from outside the common bond and questioned why they cannot become members.

June Parsons responded that the opening of the position is only to help with flexibility in recruiting directors and to get better expertise opportunity. Also, if someone outside the common bond becomes a director, he or she would not be able to become a member because they are not within the common bond.

Question 2:

Maurine McCann wanted to know if the provision would be restricted to a specific percentage to avoid a situation where there are more non-members on the Board than members.

June Parsons explained that the situation can not materialise as the rules will clearly state that majority of the board members should be from within the common bond.

Question 3:

Sylvia William sought to know if non-members on the board would be paid.

June Parsons responded that no board member would be paid as the position is voluntary.

Question 4:

Sandra Eve -Bamigbade wanted to know what the percentage ratio would be of non-members to members on the Board.

June Parsons explained that there is no specific ratio or percentage but that members within the common bond would always be more than non-members in accordance with the rule book.

Question 5:

Ian Beacon asked to know if there is a process in place that ensures complete sifting through the membership in order to find someone suitable to be a director. He advised that if there is none, then the process should be established.

June Parsons responded that there is a process in place and the recruitment for directors have been on the website for about six weeks without much result. She emphasised that members are preferred but there is also the need to get the required expertise.

Koshilyah Singh suggested that rather than posting the recruitment online, the details of the recruitment and the process should be sent to all members via

e-mail as not all members visit the website.

Grantley Yearwood suggested that the motion be amended to read that not more than 3 non-members should be on the Board from outside the common bond.

Having answered questions from the floor on the Motion, June Parsons requested that all members vote by indication of appropriate cards.

Vote: 39 for, 25 against

Decision: Vote carried

In addition, June Parsons requested for a Proposer and a Seconder to adopt the amendment suggested by Grantley Yearwood.

Proposed by: Grantley Yearwood

Seconded by: Charles Lartey

10.2 Supervisory Committee:

Roger Hardman proposed the, ‘motion to replace the Supervisory Committee with an increased level of internal audit carried out by an external auditor. The recommendations from the internal auditor will be reviewed and challenged instead by the Audit & Risk Committee. The Audit and Risk Committee will have at least one member who will be independent of the board and will act in the interest of the members.’

Roger Hardman further illustrated his point with a diagram of the proposed new governance structure.

Roger Hardman asked if members had any questions. There being no questions, he requested that all members vote by indication of appropriate cards.

Vote: All except 1 voted for the motion

Decision: Vote carried

11. Honorarium

Joy Maitland, the Vice Chair, proposed an honorarium of £2,000 for the Treasury Team. She requested for a Proposer and a Seconder to adopt the motion.

Proposed by: Harbax Singh

Seconded by: Oby Agbarakwe

12. Election Of Directors

Anna Masheter announced that one member, Roger Hardman, was up for re-election. She invited him to give a short presentation to the members.

Roger Hardman gave a short presentation on his background and experience to members. Afterwards, Anna Masheter requested for a Proposer and a Seconder to approve his re-election.

Proposed by: Grantley Yearwood

Seconded by: Oby Agbarakwe

13. CEO: Looking To The Future

The CEO walked members through the key objectives for the year ahead as follows:

- Automation of loan assessment process
- Introduction of a Visa Card, thus providing members with 24-hour access to their funds.
- Continuation of the Flexi Credit Loan, which allows members to have access to small loans for unexpected emergencies.
- Introduction of a new business development role which would help to broaden the membership
- Strengthening the PSCU brand by the adoption of the name 'First Defence Finance' for the Joining Forces initiative.

Once again, she thanked the Board, members and the PSCU team at large for their continued support.

14. Any Other Business

14.1 Guest Speaker – Mark D Lawton

Anna Masheter invited Mark Lawton, Senior Vice President at Navy Federal Credit Union.

Navy Federal Credit Union are the world's largest credit union with over 8 million members, 16,000 employees and assets worth over \$90 billion.

Mark Lawton spoke briefly about himself. He served for 25 years in the American Navy as a rear admiral and following his retirement from his military career, he joined Navy Federal Credit Union. He shared some of his experiences with members, talking about the importance and relevance of credit unions.

He thanked the organisers for inviting him and encouraged everyone to continue being dedicated and committed to PSCU. Afterwards, he presented a gift to PSCU on behalf of Navy Federal Credit Union in recognition of twenty-five years of outstanding member service.

The CEO accepted the gift and thanked him on behalf of PSCU. She further presented a token to him on behalf of PSCU.

14.2 Friends of Plane Saver (FOPS)

Anna Masheter announced that FOPS have decided to make charitable donations to two very worthy causes that are close to the hearts of PSCU members. The two causes are Dreamflight and The Royal British Legion.

Dreamflight raises money to take underprivileged children on a holiday of a lifetime and they have taken over 5000 children since they started in November 1987.

The Royal British Legion was founded by veterans after the first world war to help service men/women, veterans and their families in almost every aspect of daily life. The Legion champion remembrance, safeguarding the memory of those who have given their lives for others freedom through education and events.

She invited Grantley Yearwood, FOPS Trustee to present the donations to the representatives of Dreamflight and The Royal British Legion.

14.3 Service Excellence Awards for Staff

The CEO presented the awards in the following categories:

Team of the Year

Loans Team

Employee of the Year

Amy Gumm, Senior Loans Officer

The CEO thanked the awardees for being outstanding in the current year and encouraged all staff to continue to give their best.

15. Close Of The Meeting

Anna Masheter thanked everyone for attending the AGM/25th Anniversary Celebration and for their continued commitment and contribution to PSCU.

The 2018/19 AGM was declared closed at 8.05 pm

Plane Saver Credit Union Limited

Report and Financial Statements

**For the year ended
30 September 2019**

FCA Number 213609
Registered Society Number 345C

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Plane Saver Credit Union Limited

Administrative information

For the year ended 30 September 2019

Directors

I Atkins - Chairman of the Board
J Maitland - Vice Chair and Board Secretary
D Sanghvi - Treasurer (appointed February 2019)
J Parsons
R Hardman
S Warner (resigned October 2018)
T Wong (resigned October 2018)
D Jobling (resigned October 2018)
D Sharman (resigned June 2019)
N Donovan (resigned June 2019)
A Barningbade (appointed January 2019 and resigned July 2019)
N Haria (appointed February 2019 and resigned July 2019)

Registered office

The Barn
Manor Lane
Harlington
Middlesex
UB3 5EQ

Independent auditors

Barnes Roffe LLP
Chartered Accountants and Statutory Auditors
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX

Bankers

Barclays Bank plc
Santander UK plc
Skipton Building Society
Nationwide Building Society
Lloyds Bank plc
Metro Bank plc
Clear Bank Limited

Plane Saver Credit Union Limited

Directors' report and Statement of the Board of directors responsibilities

For the year ended 30 September 2019

The directors present their report and financial statements of the Credit Union for the year ended 30 September 2019.

Principal activity

The Credit Union's principal activity is that of a credit union offering savings and loan opportunities to its members.

Results for the year

The Credit Union's results are presented on page 6 and show total comprehensive income for the year of £102,544 (2018: £28,405).

Statement of the Board of directors responsibilities

Under the Co-operative and Community Benefit Societies Act 2014, as a registered society the Credit Union is required to:

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

The Board of directors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time of the financial position of the Credit Union and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. The Board is also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the protection and detection of fraud and other irregularities.

This report was approved by the Board on 30th October 2019 and signed on its behalf.



Director

Plane Saver Credit Union Limited

Independent auditors' report to the members of Plane Saver Credit Union Limited

Opinion

We have audited the financial statements of Plane Saver Credit Union Limited for the year ended 30 September 2019 which comprise the Statement of comprehensive income and Statement of changes in equity, the Statement of financial position, the Statement of cashflows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Credit Union's members, as a body, in accordance with section 87(2) of the Co-operative and Community Benefit Societies 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 an auditor's report 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.

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 2019 and of its income and expenditure for the year ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Cooperative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

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 Auditor's 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

We have nothing to report to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Credit Union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

Opinions on other matters prescribed by the Cooperative and Community Benefit Societies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 Cooperative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the Credit Union in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Credit Union in accordance with the requirements of the legislation; or
- the revenue account or the other accounts (if any) to which our report relates and the Statement of financial position are not in agreement with the books of account of the Credit Union; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Board's responsibilities set out on page 2, the Board are 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 determine is 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 are 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.

Auditor's 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 an auditor's report 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Credit Union's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Credit Union members those matters we are required to state to them in an Auditors' report 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.



Elliot S J Arwas (Senior statutory auditor)

for and on behalf of

Barnes Roffe LLP, Chartered Accountants and Statutory Auditors

3 Brook Business Centre, Cowley Mill Road, Uxbridge, Middlesex, UB8 2FX

Date: 31 October 2019

Statement of comprehensive income

For the year ended 30 September 2019

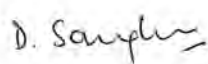
		2019	As restated
	Note	£	2018
			£
Loan interest and similar income receivable	4	2,245,422	2,041,615
Interest payable	5	(355,739)	(364,905)
Net interest income		1,889,683	1,676,710
Fees and commissions receivable	6	894	957
Fees and commissions payable		(1,660)	(1,860)
		1,888,917	1,675,807
Other income	6a	16,498	25,999
Total net income		1,905,415	1,701,806
Administration expenses	8	(1,239,384)	(1,208,954)
Other operating expenses	8a	(120,008)	(183,053)
Depreciation and amortisation	13	(48,433)	(23,469)
Donations		(100)	(20)
Impaired losses on loans to members	11b	(369,433)	(237,906)
Surplus before taxation		128,057	48,404
Taxation	10	(25,513)	(19,999)
Total comprehensive income		102,544	28,405

There are no items of comprehensive income other than reported above.

There is no difference between the result transferred to reserve above and its historical cost equivalent

The financial statements were approved, and authorised for issue, by the Board and signed on its behalf by:


Director



Director



Director



Date of approval: 30/10/2019

The notes on pages 32 to 43 form part of these financial statements.

Plane Saver Credit Union Limited

Statement of financial position

As at 30 September 2019

ASSETS	Note	2019 £	2018 £
Cash, cash equivalents, liquid deposits,			
loans and advances to banks	17	21,868,978	23,179,534
Loans and advances to members	11	23,018,186	20,372,692
Tangible fixed assets	13	585,133	509,045
Prepayments and accrued income		74,515	73,980
Total assets		45,546,812	44,135,251
LIABILITIES			
Subscribed capital - repayable on demand	12	39,357,525	38,056,278
Other payables	14	162,785	155,015
		39,520,310	38,211,293
Retained earnings			
Reserves	15	6,026,502	5,923,958
Total liabilities and reserves		45,546,812	44,135,251

The financial statements were approved, and authorised for issue, by the Board and signed on its behalf by:

Director

D. Sampley

Director

Jack R

Director

Sam R

Date of approval: 30/10/2019

The notes on pages 32 to 43 form part of these financial statements.

Statement of changes in equity

For the year ended 30 September 2019

	2019 £	2018 £
As at 1st October 2018	5,923,958	5,895,553
Total comprehensive income for the year	102,544	28,405
At 30 September 2019	6,026,502	5,923,958

The notes on pages 32 to 43 form part of these financial statements.

Statement of cashflows

For the year ended 30 September 2019

		2019	As restated 2018
	Note	£	£
Cash flows from operating activities			
Surplus before taxation		128,057	48,404
Adjustment for non-cash items			
Interest payable	12	355,738	364,905
Depreciation	13	48,433	23,469
Impaired losses	11b	413,978	287,962
	(a)	946,206	724,740
Movements in:			
Debtors		(535)	(18,305)
Other payables		2,801	(26,484)
	(b)	2,266	(44,789)
Cash flows from changes in operating assets and liabilities			
Cash inflow from subscribed capital	12	15,923,976	12,047,460
Cash outflow from repaid capital	12	(14,978,467)	(13,496,236)
New loans to members	11c	(12,854,813)	(10,567,777)
Repayment of loans and interest by members	11c	9,795,341	9,086,255
		(2,113,963)	(2,930,298)
Taxation paid		(20,544)	(21,210)
	(c)	(2,134,507)	(2,951,508)
Net cash flow used in operating activities	(a+b+c)	(1,186,035)	(2,271,557)
Cash flows from investing activities			
Fixed assets additions	13	(124,521)	(54,609)
Net cash flow used in investing activities	(d)	(124,521)	(54,609)
Net decrease in cash and cash equivalents	(a+b+c+d)	(1,310,556)	(2,326,166)
Cash and cash equivalent at beginning of year		23,179,534	25,505,700
Cash and cash equivalents at the end of year	17	21,868,978	23,179,534

The notes on pages 32 to 43 form part of these financial statements.

Notes to the financial statements

For the year ended 30 September 2019

1 Legal and regulatory framework

The Credit Union is a society registered under the Co-operative and Provident Societies Act 1965, whose principal activity is to operate as a Credit Union, within the meaning of the Credit Union Act 1979. The Credit Union is registered with the Financial Conduct Authority under the provisions of the Financial Services and Markets Act 2000.

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 issued redeemable shares.

2 Accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and the Republic of Ireland. The financial statements are prepared on the historic cost basis.

2.2 Going concern

The financial statements are prepared on a going concern basis.

2.3 Income

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

Fees and commissions receivable: Fees and charges either accrue evenly over the year or arise in connection with a specific transaction. Income relating to a specific transaction is recognised when the transaction is complete.

Other income: Other income is recognised either evenly over the period to which it relates or when the transaction is complete.

2.4 Tangible fixed assets

Fixed assets are stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on each item of fixed assets is provided on a straight line basis over its estimated useful life as follows:

Office and computer equipment	25% per annum on cost
Buildings	2.5% per annum on cost
Land	Not depreciated

Notes to the financial statements

For the year ended 30 September 2019

2.5 Cash and cash equivalents

Cash and cash equivalents represent cash on hand and loans and advances to banks (i.e. cash deposited with banks with short-term maturity).

2.6 Financial assets - Loans and advances to members

Loans to members are financial assets with fixed or determinable payments. Loans are made to members for provident or productive purposes on such security (or without security) and terms as the rules of the Credit Union provide. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

The Credit Union does not transfer loans to third parties.

2.7 Impairment of financial assets

The Credit Union assesses, at each the Statement of financial position date, if there is objective evidence that any of its loans to members are impaired. The loan are assessed collectively in groups that share similar characteristics, because no loans are individually significant, if during the year there is objective evidence that any individual loan is impaired then a separate loss will be recognised.

2.8 Financial liabilities - subscribed capital

Members' shareholdings in the Credit Union are redeemable and therefore are classified as financial liabilities and defined as subscribed capital.

2.9 Retained earnings

Retained earnings are the audited accumulated surpluses or deficits, or both, of the Credit Union after payment of tax.

There are two components within retained earnings:

Statutory reserves: Each year a Credit Union must transfer 20% of any surplus after tax to its statutory reserve until the reserve stands at 10% of total assets or other risk based criteria as defined by the regulator. A Credit Union may not transfer from its statutory reserve where its statutory reserve stands at less than 10% of total assets or as otherwise defined by the regulator.

Voluntary reserve: Retained earnings not applied to statutory reserves are for the purpose of absorbing unexpected losses and enabling extraordinary expenditure.

Notes to the financial statements

For the year ended 30 September 2019

3 The 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 accounting policies. The area where assumptions, judgements and estimates are most significant to the financial statements is discussed below.

Impaired losses on loans to members

Impaired losses on loans to members are determined after specifically reviewing all loans in arrears. The criteria used is whether the loan will be paid in the medium term and whether there is a regular pattern of repayments.

4 Loan interest receivable and similar income

	2019 £	2018 £
Loan interest receivable from members	2,111,142	1,933,491
Bank interest receivable on cash and liquid deposits	134,280	108,124
Total loan interest receivable and similar income	<u>2,245,422</u>	<u>2,041,615</u>

5 Interest payable

Interest payable is the return paid to Members for their contribution to the subscribed capital. The current year's return for the Ordinary share accounts, Xmas share accounts and Junior savers accounts is formally proposed by the directors after the year end and confirmed at the subsequent AGM. As a result, it does not represent a liability at the Statement of financial position date as there is no formal commitment at that time. The rate of interest for ISA accounts and returns for the Platinum accounts are set by the directors.

	2019 £	2018 £
Returns paid during the year	<u>355,739</u>	<u>364,905</u>
Return rate:		
Ordinary share accounts	1.00%	1.00%
ISA's	1.00%	1.00%
Platinum accounts	1.00%	1.00%
Xmas shares	1.00%	1.00%
Junior savers	1.00%	1.00%

Notes to the financial statements

For the year ended 30 September 2019

6 Fees and commissions receivable

	2019	2018
	£	£
Insurance commission	894	957
	<u>894</u>	<u>957</u>

6a Other income

	2019	As restated 2018
	£	£
Lottery administration	16,000	7,250
Other	498	18,749
	<u>16,498</u>	<u>25,999</u>

7 Expenses

	2019	As restated 2018
	£	£
Administration expenses	1,239,384	1,208,954
Other operating expenses	120,008	183,053
Depreciation and amortisation	48,433	23,469
	<u>1,407,825</u>	<u>1,415,476</u>

8 Administrative expenses

	2019	As restated 2018
	£	£
Employment costs	722,519	644,351
Recruitment and agency staff	43,495	103,237
Staff training	14,474	20,325
Directors' expenses	9,006	7,571
Auditors' remuneration	9,823	9,149
Internal audit fees	18,350	17,434
Telephone and postage	18,208	18,577
Computer maintenance	64,141	44,092
Legal and professional	73,341	68,896
Office expenses	59,276	65,842
Printing, stationery and publicity	74,784	63,483
Other insurance	3,156	2,064
AGM, annual conference and meetings	50,885	32,595
Honoraria	-	2,000
Credit agency fees	40,553	52,778
Payment waiver (net of rebate)	37,373	56,560
	<u>1,239,384</u>	<u>1,208,954</u>

Notes to the financial statements

For the year ended 30 September 2019

8a Other operating expenses

Other operating expenses comprise the costs of regulatory and financial management costs.

	2019	2018
	£	£
Cost of occupying offices (excluding depreciation)		
Rent and internet costs	-	7,748
Regulatory and financial management costs		
FCA and PRA fees	1,230	2,766
CUNA mutual insurance	83,958	140,554
ABCUL dues	18,691	15,532
Fidelity insurance	16,129	16,453
	120,008	175,305
Total	120,008	183,053

8b Auditors' remuneration

	2019	2018
	£	£
Audit fees	9,823	8,340
Under provision in prior year	-	809
	9,823	9,149

Notes to the financial statements

For the year ended 30 September 2019

9 Employees and employment costs

9a Number of employees

The average monthly number of employees during the year were:

	2019	2018
Office staff	<u>24</u>	<u>26</u>

9b Employment costs

	2019 £	2018 £
Wages and salaries	638,545	573,055
Social security costs	61,493	55,163
Payments to defined contribution pension schemes	22,481	16,133
Total employment costs	<u>722,519</u>	<u>644,351</u>

10 Taxation

Under section 487 of the Corporation Taxes Act 1988 the Credit Union is only liable for UK corporation tax on income from the investment of its surplus funds.

	2019 £	2018 £
UK corporation tax at 19% (2018 : 19%).	25,513	20,544
Over provision in prior year	<u>-</u>	<u>(545)</u>
	<u>25,513</u>	<u>19,999</u>

Notes to the financial statements

For the year ended 30 September 2019

11 Credit risk disclosure - Total loans for regulatory purposes

The Credit Union does not offer mortgages and as a result most loans are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding.

The limit on how much may be borrowed by each member is 1.5% of total shares of the Credit Union.

The average amount borrowed by individual members in the financial year was £4,549. For the previous year the average was £3,484.

The carrying amount of the loans to members represents the Credit Union's maximum exposure to credit risk.

The following table provides information on the credit quality of loan repayments.

Due to the change in regulations, the impaired debts over 12 months are no longer automatically written off, and instead carried forward as part of the impairment provision.

	2019		2018	
	Amount	Proportion	Amount	Proportion
	£	%	£	%
Arrears analysis:				
Not yet past due	22,493,884	93.55%	19,712,314	93.02%
Up to 3 months past due	483,151	2.00%	605,943	2.87%
Between 3 and 6 months past due	160,389	0.67%	190,737	0.90%
Between 6 and 9 months past due	104,967	0.44%	176,203	0.83%
Between 9 and 12 months past due	156,100	0.65%	70,617	0.33%
Over 1 year past due	646,368	2.69%	435,398	2.05%
	<u>24,044,859</u>	<u>100.00%</u>	<u>21,191,212</u>	<u>100.00%</u>
Impairment allowance	(1,026,673)		(818,520)	
Total carrying value of loans	<u>23,018,186</u>		<u>20,372,692</u>	

Factors that are considered in determining whether loans are impaired are discussed in note 3.

11a Allowance account for impairment losses

	2019	2018
	£	£
As at 1 October 2018	818,520	530,558
Loans written off in the year	(205,825)	-
Increase in allowance losses in the year	413,978	287,962
As at 30 September 2019	<u>1,026,673</u>	<u>818,520</u>

Notes to the financial statements

For the year ended 30 September 2019

11b Impairment losses recognised for the year

	2019 £	2018 £
Increase in impairment allowances during the year	<u>413,978</u>	<u>287,962</u>
	<u>413,978</u>	<u>287,962</u>
Reversal of impairment where debts recovered	<u>(44,545)</u>	<u>(50,056)</u>
Total impairment losses recognised for the year	<u>369,433</u>	<u>237,906</u>

11c Loans and advances to members - movements during the year

	2019 £	2018 £
As at 1 October 2018	21,191,212	19,709,690
Advanced during the year	12,854,813	10,567,777
Repaid during the year	(11,906,483)	(11,019,746)
Interest charged	2,111,142	1,933,491
Loans written off during the year	(205,825)	-
As at 30 September 2019	<u>24,044,859</u>	<u>21,191,212</u>

12 Subscribed capital and juniors' deposits - movements during the year

	2019 £	As restated 2018 £
As at 1 October 2018	38,056,278	39,140,149
Received during the year	15,923,976	12,047,460
Interest paid during the year	355,738	364,905
Repaid during the year	(14,978,467)	(13,496,236)
As at 30 September 2019	<u>39,357,525</u>	<u>38,056,278</u>

Deposits from adult members may only be made by way of subscription to shares.

During the year 3,301 members joined the Credit Union and 415 left. At the year end there are 15,183 members.

Notes to the financial statements

For the year ended 30 September 2019

12a Subscribed capital and juniors' deposits - breakdown

	2019 £	2018 £
Members' shareholdings	39,300,911	37,999,525
Junior deposits	56,614	56,753
	39,357,525	38,056,278

13 Tangible assets

	Land and buildings £	Office and computer equipment £	Total £
Cost			
At 1 October 2018	524,136	186,460	710,596
Additions	2,200	122,321	124,521
Disposals	-	-	-
At 30 September 2019	526,336	308,781	835,117
Accumulated depreciation			
At 1 October 2018	76,656	124,895	201,551
Charge for the year	9,254	39,179	48,433
Disposals	-	-	-
At 30 September 2019	85,910	164,074	249,984
Net book value			
At 30 September 2019	440,426	144,707	585,133
At 30 September 2018	447,480	61,565	509,045

14 Other payables

	2019 £	2018 £
Expense accruals and other creditors	137,216	134,471
UK Corporation Tax	25,569	20,544
	162,785	155,015

Notes to the financial statements

For the year ended 30 September 2019

15 Reserves

	Statutory reserve £	Voluntary reserve £	Total £
At 1 October 2018	2,337,400	3,586,558	5,923,958
Comprehensive surplus for the year	102,544	-	102,544
Transfer between reserves	-	-	-
At 30 September 2019	<u>2,439,944</u>	<u>3,586,558</u>	<u>6,026,502</u>

16 Additional financial instrument disclosures

16a Financial risk management

The Credit Union manages its subscribed capital and members' loans 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 obligation relating to payments to the Credit Union, resulting in financial loss. In order to manage this risk the Board approves the Credit Union's 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. The Credit Union also monitors its banking arrangements on a regular basis.

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 to provide a degree of protection against any unexpected developments that may arise. Short-term payables are noted in the financial liabilities. The subscribed capital and juniors' deposits are payable on demand.

Market risk: Market risk is generally comprised of only interest rate risk. 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 differences between the interest rate exposures on receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable when deciding on the return rate payable on subscribed capital.

Notes to the financial statements

For the year ended 30 September 2019

16b Interest rate risk disclosure

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

	Amount	2019 Average interest rate	Amount	2018 Average interest rate
	£	%	£	%
Financial assets				
Loans to members	24,044,859	9.17%	21,191,212	9.45%
Financial liabilities				
Subscribed capital and junior deposits	39,357,525	0.90%	38,056,278	0.96%

16c Liquidity risk disclosures

Excluding short term other payables, as noted in the Statement of financial position, the credit union's financial liabilities, the subscribed capital, are repayable on demand.

16d Fair value of financial instruments

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

17 Cash and cash equivalents and loans to bank

	2019	As restated 2018
	£	£
Cash and cash equivalents	12,221,433	19,056,044
Loans to banks maturing after three months	9,647,545	4,123,490
	21,868,978	23,179,534

18 Post balance sheet events

There are no material events after the reporting date to disclose.

Notes to the financial statements

For the year ended 30 September 2019

19 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 full provision has been included for this liability in the period to which it relates. However this is subject to future changes in the interest rates and levels of deposits held by UK deposit takers. Therefore there is inherent uncertainty regarding the totality of the levy the Credit Union will have to pay.

20 Related party transactions

During the year 23 (2018 : 28) members of the Board, staff and management team and 16 (2018 : 13) of their close family members had shares or loans within the Credit Union.

None of the directors, or close family members of either the directors or staff, have any preferential terms on their loans or shares.

Staff members have no preferential treatment on their shares but may apply for an unsecured loan of 3.3% interest but cannot take part in any decision making in respect of the loan application.

21 Restatement of prior year balances

Certain prior year balances have been restated to reclassify amounts and present them in a manner more helpful to the users of the financial statements. There has been no impact to previously reported profit or reserves as a result of these restatements.

Notes

Notes

Notes

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