

# Improving the financial resilience of those who serve and protect

[www.serveandprotectcu.co.uk](http://www.serveandprotectcu.co.uk)

**Annual Review 2019/20**

PART OF THE SERVE AND PROTECT FAMILY

**POLICE//CU** **MILITARY//CU** **PRISON//CU** **FIRE//CU** **HEALTH//CU**



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- 2003**  
Police CU formed. The result of seven separate Police credit unions merging.
- 2012**  
Welcomed the Prison Service.
- 2015**  
Ministry of Defence work alongside Police CU to provide a credit union service to Service Personnel, Veterans and their family members.
- 2019**  
Military CU and Prison CU launched as we develop tailored brands dedicated for each market we serve.
- 2020**  
Serve and Protect CU launched.  
Health CU and Fire CU launched – our way of saying thank you for the support provided throughout the coronavirus pandemic.

# About Us

**We are passionate about improving the financial resilience of those who serve and protect - with a field of membership that includes members of the Police, Military, Prison, Health and Fire Services.**

With over 33,000 members we are committed to the principles of people helping people. We are extremely proud to play our part in helping our members protect the nation, helping them prepare for their financial future, so they are ready to respond to any financial challenges they may face throughout their career.

## How we are changing the lives of our members



**33,000+**  
Over 33,000 members



Proud to look after over  
**£62 million**  
of our members' savings



Since 2003 we've lent over  
**£300 million**  
to help our members

# Credit Union Difference



An **ethical** alternative



**Owned** by our members



**Receive** an annual dividend



**Providing access** to affordable credit



Over **91%** of our members would recommend us<sup>1</sup>

<sup>1</sup>Data from our 2020 member survey.

# Mission Statement

**To improve the financial resilience for those that Serve & Protect.**

We recognise the important role our members play within society and the day-to-day challenges they face while protecting our nation.

We are passionate about helping our members prepare for their financial future – so they are ready to respond to any financial challenges they may face throughout their career.

Committed to the principles of people helping people, we are one family, in which our members save in order to help their fellow members borrow.

We pride ourselves on being a responsible lender they turn to in times of financial need – allowing them to focus on protecting the nation, to the very best of their ability.

**Every transaction matters.**

**“Online forms, helpful staff, very fast money in my account! Easy**

*I would definitely use this service again, really easy process and fast funds transferred. Feels secure too being PCU!”*

David, Police CU

**“Always been dealt with in a quick and friendly way, no concerns at all**

*I am very happy with the service you provide and would happily get my friends and family to join.”*

Ian, Prison CU



# Adapting to Change as We Continue to Serve

## Here to help our members When they need us most

**The coronavirus pandemic has seen unprecedented economic challenges to both our membership and the wider credit union sector.**

With the government imposed three-month national lockdown in March 2020, followed by tiered regional lockdowns, the coronavirus pandemic is an everyday challenge that has presented itself which is likely to remain for the foreseeable future.

We are fully aware of the day-to-day organisational challenges this will present, and we will continue to adapt, ensuring we are there to help our members when they need us most.

**We continue to be aware of the impact on our members, colleagues, and stakeholders.**

Unlike the wider credit union sector, the coronavirus pandemic is unlikely to have directly impacted our members individual employment status, however, we do recognise the potential impact on their household income – as a result of employment or health issues related to family members or loved ones.

**We recognise the important role we can play in making a difference to the lives of our members.**

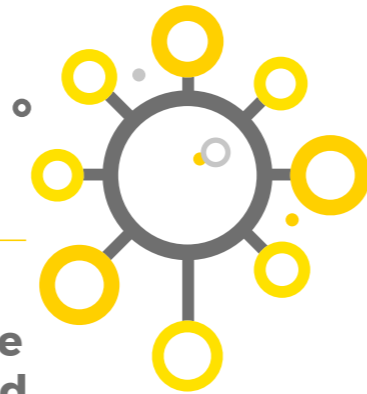
As we strive to help more people, we will continue to expand our product offering to provide wider access to affordable credit at fair and reasonable rates – providing a truly ethical alternative to high interest credit providers.

We have extended our field of membership to include those employed within Health and Social Care, and the Fire and Rescue Service, and will actively be seeking new payroll partnerships throughout 2021.

**Investing in the future to support the Serve and Protect family.**

We remain committed to improving access to the range of products and services we offer, with service excellence at the heart of everything we do. 2021 will see us continue to invest in technology through a digital transformation, which will include the launch of a new mobile app.

# Our Coronavirus Response



The unprecedented challenges set by the rapid spread of coronavirus have affected everyone. We took measures very early to ensure that we could remain fully operational during the pandemic, and that the reach of our social impact would not be affected.

The team ensured that all day-to-day functions of the organisation remained operational, while putting in some very special new measures to provide an extra layer of support to staff and members.

## Emergency Ministry of Defence Loan



Our **Emergency Loan** was launched at the request of the Ministry of Defence to help provide emergency support for Service Personnel and their family members to help with the financial impact of coronavirus.

More information about this product can be found on our website at: [www.militarycu.uk/loans/emergency](http://www.militarycu.uk/loans/emergency)

To further support service personnel and their family members, we sent mailshots to 80,000 military members containing help and advice.

### “Easy, Simple and Quick ... Amazing Service and Staff

The most easy, simple and quick loan application. The staff are really helpful and couldn't do more for you. Once I was approved the loan was in my account that day. Amazing service and amazing staff.”

Dean, Military CU

### “Seamless

As always, an excellent and seamless personal service which is the hallmark of the credit union and its wonderful staff.”

Paul, Police CU

We understand the value in talking to someone who understands, and so at the beginning of the national lockdown, we launched a **Well-being Call Service** so that we could provide telephone support to our members. Members were invited to request a call from a staff member to chat about how they were feeling about the lockdown, and the service proved to be as beneficial to staff members as to members.

Staff member Lindsey said,

*“It is important to note that I also felt hugely uplifted from the call. I genuinely felt like I had made a little bit of a difference. It had cheered us both up and we laughed together. These calls are an invaluable part of showing our members we care; not to mention the huge difference it can make to staff morale at such a difficult time in all our lives.”*



## FIRE//CU + HEALTH//CU

In order to help as many people as possible to overcome the financial struggles presented by coronavirus, we decided to bring the launch of **Fire Credit Union** and **Health Credit Union** forward. We recognise the enormous role that both health workers and the fire service play in keeping the nation safe and well, and wanted to ensure that our services could be available to them at the earliest possible opportunity.



During lockdown savings increased by **£7 million**

**Total member savings** increased from **£55 million** to **£62 million** over the course of lockdown, and £4.2million was lent to 647 members for the purposes of debt consolidation.

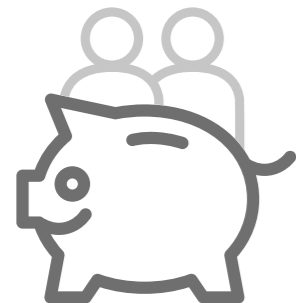
Staff were well looked after with weekly pub quizzes, coffee mornings and takeaway vouchers.

# Key Achievements



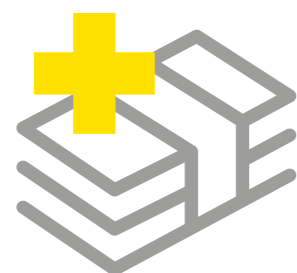
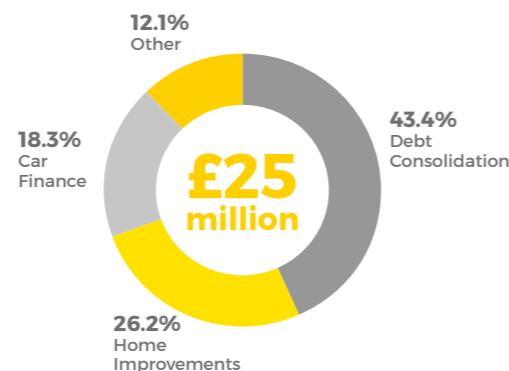
We welcomed over **6,000** new members to the credit union

New Members: **Police +1563** / **Military +4204** / **Prison Service +884**



Proud to look after over **£62 million** of our members' savings

In the last financial year, we lent over **£25 million** to help our members



We issued over **4,000 loans** with an average loan balance over **£6,000**



**December 2019**

**Prize Saver Launched**

The credit union teamed up with HM Treasury to take part in their Prize Saver pilot, which gave our members the chance of winning up to £5,000 each month in a prize draw. So far we have paid over £16,000 in prize money to our members.



**January 2020**

**Serve and Protect CU brand launched**

The New Year saw the launch of the credit unions new umbrella brand, Serve and Protect CU. This was to help support the future growth of the credit union, allowing us to expand to new markets while continuing to provide tailored products and services to our existing members.



**March 2020**

**Winner of the Affordable Credit Challenge**

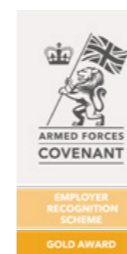
Serve and Protect CU alongside Credit Kudos were announced as winners of Nesta Challenges' Affordable Credit Challenge, for a reward loan solution that aims to use open banking to help even more borrowers access responsible credit. The Affordable Credit Challenge, run by Nesta Challenges in partnership with HM Treasury, encourages fintech's to partner with community lenders to provide alternative solutions to high cost lenders.



**April 2020**

**Fire CU and Health CU launched**

In response to the coronavirus pandemic and during the national lockdown, the decision was made to extend the credit union service to colleagues from the Fire and Health Services – launching Fire CU and Health CU. Our way of saying thank you for their support as key workers.



**July 2020**

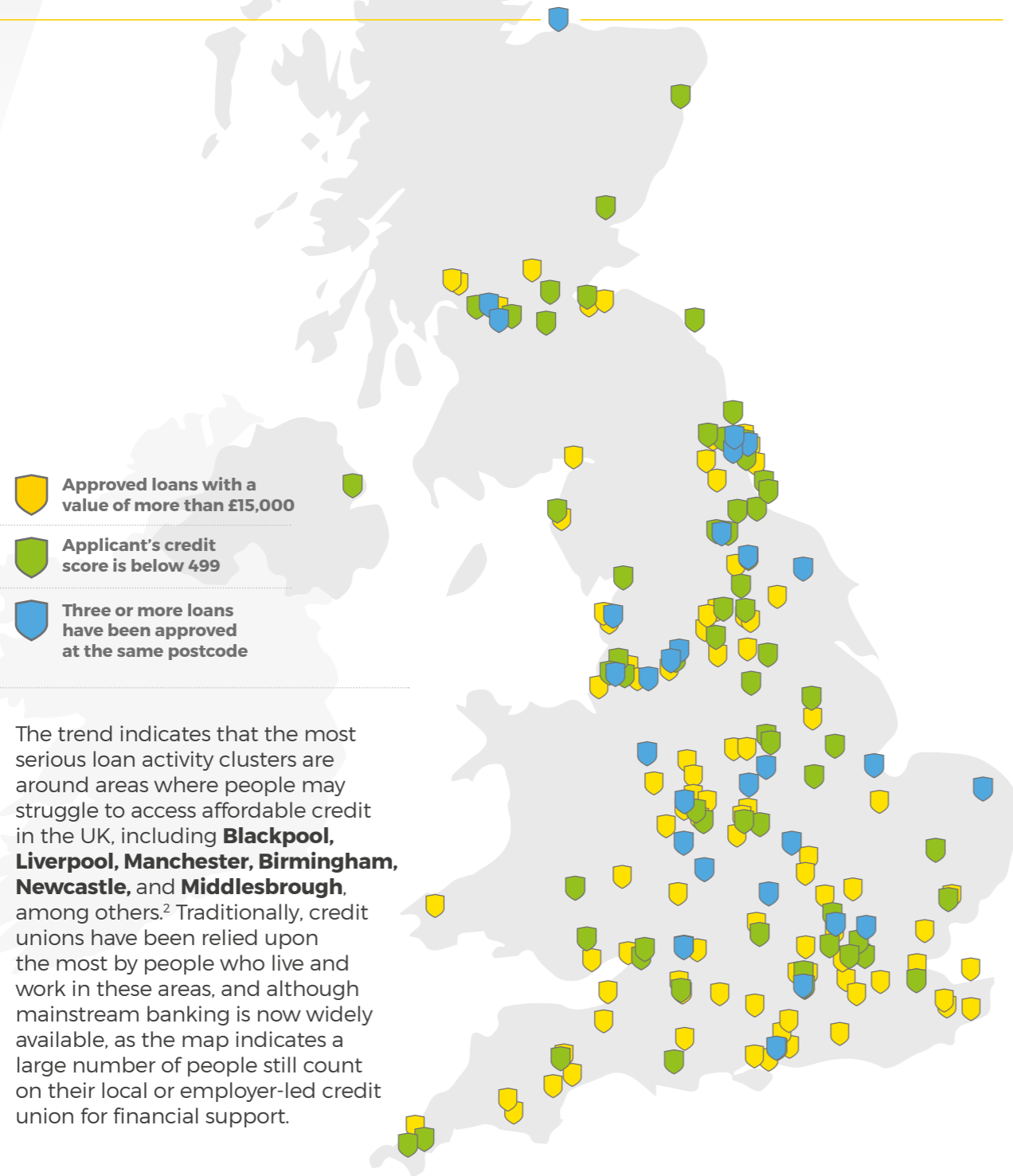
**Armed Forces Covenant Gold Award**

July 2020 saw Serve and Protect CU become the first Credit Union to receive the Employee Recognition Scheme (ERS) Gold Award – receiving recognition for the outstanding support to the Armed Forces community.

**Other key accreditations achieved throughout the year.**



# How We Are Making a Difference



<sup>2</sup>For full report see [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/835115/loD2019\\_Statistical\\_Release.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835115/loD2019_Statistical_Release.pdf).

**Proud to serve over 33,000 members** throughout the Police, Military, Prison, Health and Fire Services.

## POLICE//CU

	<b>23,728</b> Members		<b>£59,687,781</b> Savings		<b>£25,691,099</b> Loans
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## MILITARY//CU

	<b>6,368</b> Members		<b>£1,683,258</b> Savings		<b>£16,402,438</b> Loans
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## PRISON//CU

	<b>3,197</b> Members		<b>£1,796,263</b> Savings		<b>£4,874,864</b> Loans
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## FIRE//CU + HEALTH//CU

We have recently announced the launch of Fire CU and Health CU and look forward to bringing you the latest figures for them in the next financial year.

**Welcome to the Serve and Protect family.**

### ***"All in all, good application process***

*Application done via the internet as well as authorisation. Very smooth and good service from start to end."*

**Rachael, Police CU**



**In a year that continues to be challenging for us all, I would like to close in thanking, you, our members for all that you do.**

**Paul Norgrove**

## CEO Report

**Looking back over the last 12 months is both humbling and gives a sense of enormous pride.**

The coronavirus pandemic continues to impact all our lives on a daily basis and my thoughts are with those who have lost family, loved ones, friends and colleagues. In these challenging times it was you, our members, that responded to the needs of the nation and have embodied the notion of people helping people.

Last year we promised you, we would deliver the highest standard of service excellence little did we know at the time that the world as we knew it was about to change. Moving to home working almost overnight without any interruption to the service we were providing our members was testament to the teams' flexibility and also how far we had come as an organisation in recent years. It goes without saying that we owe huge credit to the staff team at Serve and Protect and it has been an honour to lead the organisation through such difficult times and to see everyone rally together as 'one team'. I would also like to thank the board for the support in moving the entire Credit Union to remote working before lockdown was implemented, this undoubtedly led to a smooth transition for our team and members.

In the first weeks of lockdown we took the decision to launch into the Fire and Health Services, this completed our 'Serve and Protect' family and ensured we had a model where we could support all members of the Protective Services and Blue Light family who do such a fantastic job of supporting the nation.

While we did not know how this would entirely work out one thing it did bring was a real sense of urgency and a reminder of why we are all involved with the Credit Union; to help support the financial resilience of those who are there for us when we need them the most.

In these difficult times we were able to offer forbearance to our members who were unable to meet loan payments due to their household income being affected by coronavirus and we also launched a member well-being call back service where our team volunteered to call members who may have been isolating and were alone in their homes - something that we are all incredibly proud of. We Also launched faster payments as we recognised our members needed to access their savings more readily. This now means our members can withdraw funds and get them into their bank account the same day.

While 2020 was not the year that we had planned, we have continued to move from strength to strength issuing more loans than ever before with almost half of these to help our members consolidate higher cost credit and reduce their monthly expenditure. We have also continued to develop our financial resilience strategy; although the very basics of a credit union is to provide secure savings and sensible borrowing for its members, we recognise that we can provide even more value to our members and have been working alongside individual Police Forces and Federations, Prisons, Military bases and other key stakeholders, to provide free financial resilience support and by surveying their colleagues can provide valuable insight into the financial challenges they face.

We have also continued to review and develop our technology solution and am pleased to report that we have now launched a mobile app, this gives our members new ways to access our services wherever they are in the world.

So, what does the future hold? While the current coronavirus pandemic continues to affect us all it is not in our nature as an organisation to stand still. We are continuing to develop our digital strategies and to invest in innovation that will enable us to provide better products and services to our members. We are also continuing to develop partnerships across the Police, Prison, Military, Fire and Health Services to drive awareness of 'Serve and Protect' and to help the Credit Union become more prominent among those who serve and protect the nation.

In a year that continues to be challenging for us all, I would like to close in thanking, you, our members for all that you do.

**Paul Norgrove**

Chief Executive Officer,  
Serve and Protect





**The devastating effect of a global pandemic on everybody's lives both at home and abroad left us stunned and shocked.**

**Nigel Rabbitts**

## Chairman's Report

**At the beginning of our financial year 2019 none of us envisaged what was around the corner. The devastating effect of a global pandemic on everybody's lives both at home and abroad left us stunned and shocked.**

It's an old cliché, but I am always amazed how resilient people are and how in a time of crisis our emergency services step forward. The response of all the 'Blue Light' services and those that support them has been inspirational.

It therefore only seemed right that as a member-owned organisation deeply imbedded in the public sector that we should review our services and look to see how we could add and expand on how we could improve the 'Financial Resilience' on all those who walk towards danger.

It was very obvious and a natural progression therefore to expand our business into both the Fire Service and Health Service. We are very excited that we have the opportunity to offer our services right across the 'Blue Light' family. Although in its infancy, our expanded common bond has been well received. It offers us opportunities through both economies of scale and our experience built up from servicing our traditional markets to expand and grow.

We naturally could not do this without the right people within our organisation. The challenges of COVID-19 are being faced and our working practices changed and adapted. All of our staff have done a great job in maintaining a five-star service to all the members.

This has not gone unnoticed and we are proud in holding a number of prestigious awards including the 'Feefo Gold Service Award' and the 'Fair banking, Five Star status'. We also attained the 'Living Wage' accreditation and

the very sought after Armed Forces Covenant – Gold award. We were also a 'Winner' in the 2020 Affordable Credit Challenge.

This is a great reflection on the hard work of everybody within the organisation. We strive to develop a 'one team' organisation in which our staff can contribute and challenge while ensuring service excellence. This focus has one goal, to serve the members the best way we can.

Serve and Protect Credit Union is at the forefront of supporting all our members through these demanding and challenging times. We are very sound financially, we are growing and we are eager to innovate to support our very clear mission:

**"To improve the financial resilience for those that Serve and Protect."**

I am pleased to present to you our members, this year's annual report. Together we will grow, prosper and develop. An organisation reflecting the very best of the Public Sector.

**"People serving people."**

**Nigel Rabbitts**

Chairman,  
Serve and Protect



### **"Excellent services**

*Friendly customer service, understanding customer needs and a very quick turnaround to meet those needs."*

**Moses, Military CU**

# Director of Finance Report

**Last year I commented on what an incredible year it had been for the organisation. Well this year has also been an incredible one but for very different reasons. The world around us has been impacted hugely by the coronavirus crisis but the Credit Union has adapted, survived and flourished in trying circumstances.**

At a time when financial support has been critical to many of our members and their families the Serve and Protect family has continued to offer that support efficiently and effectively.

It is a great credit to the entire team that we have continued in difficult times to provide a first-class service. I will now provide a commentary on the financial statements which give testament to the work done this year.

## Financial Statements

Although not apparent in the Financial Statements, the year was a year of two halves. With the first half of the year summarised by huge growth in lending and the second rapid increase in our savings balances during COVID-19. This maybe contrary what you would expect but members' share deposits increased by over 15.66% during the year to £62.3M. We can take great comfort that our members see the Credit Union as a safe place to save and can always be sure of a competitive return on their savings.

As you are all aware the primary purpose of a credit union is to utilise the savings of one part of the family to help another via affordable lending, with interest derived from those loans then paid back to members in the form of a dividend or reinvested in the future development of the Credit Union.

I must draw your attention to the growth in the loan portfolio which has grown by 9.65% to over £46.9M. As the main source of income, this means that we are able to comfortably meet our obligations set out by the Financial Conduct Authority (FCA) and by the Prudential Regulation Authority (PRA) in respect of capital reserves, solvency and cash liquidity as well as providing a market leading return on our members savings. The Credit Union is growing in all areas and ended the financial year with assets of over £72.9M, which is a 15.38% increase on September 2019.

Our financial performance for the year was remarkable with a 72.56% increase in surplus from £1.04M to £1.79M. This was largely down to the continued growth in our loan portfolio and testament to the hard work of the team who work tirelessly to ensure best value is provide to our members. Interest from loans is our main source of income and I am pleased to report a 26.96% increase of £657k, with the Board continually reviewing loan rates to ensure our products remain competitive and affordable for our members. The income from our bank interest, fell by 21.42% during the year, this was in part to the fall in Bank of England base rate to 0.1% meaning any return we may pay above that representing a good return for our members.

## “Credit to the union

*The service provided was impressive. A Swift, no nonsense approach resulting in a loan agreement within 24 hours of applying.”*

**Christopher, Police CU**

Our expenditure also dropped during the year by 2.10% which given the challenges this year faced by us all is further credit to the team who adjusted to new ways of working and have continued to improve the service to members without increasing costs. A great example of this is the reduction in finance charges from £53k to £34k during the year, this is notwithstanding launching faster payments, which means members have quicker access to their savings when needed but has not increased the costs to the Credit Union to offer this service.

One item I must touch on is the increase in the impairment allowance which has been undoubtedly affected as our members and their families are impacted by COVID-19. The very reason we exist to help our members by providing ethical loans with nearly half of the £25.2M lent to member last year for consolidation of higher cost credit – saving our members money on interest rates and giving them one easily managed payment. There is always risk when lending money and despite an increase in loans becoming impaired, the loan portfolio growth means that the percentage of loans currently considered at risk only increased slightly from 1.56% to 1.63%, this is much less than most credit unions and well below the level of most finance institutions.

Despite the challenges facing us all, the end of year position is one of strength and a great source of optimism for the future.

## Auditors

I would like to commend our auditors, Hallidays LLP, for the support in preparing the accounts and their professionalism in conducting a remote audit this year in line with COVID-19 guidelines.

## Summary

On review of the 2020 performance and audited Financial Statements, the Board of Directors are pleased to recommend a market leading dividend on all savings accounts for the year ended 30 September 2020 as follows:

- Regular Saver 1.2%
- Junior Saver 1.2%
- Flexi Saver 1.0%

The Board is also committed to investing in the future of the Credit Union through innovation and alongside our regulatory capital reserve, a further £500,000 ‘development reserve’ has been established. This has the specific purpose of supporting development projects such as the introduction of our mobile app as we continue to extend our services to both existing and new members.

I would again like to thank our CEO and the team for their hard work over what has been an exceptional year in so many ways; adjusting to home working, in the midst of a global pandemic, while continuing to provide such a fantastic service to our members has been a real achievement. That alongside the recording breaking financial performance of the Credit Union is testament to the everyone involved with the organisation. Looking to the future among all the uncertainty, I am confident that Serve and Protect will continue to thrive and very much look forward to a successful 2021 and beyond.

## Neal Alston

Director of Finance,  
Serve and Protect



# Meet the Board

**Serve and Protect is owned by and run for our members.**

Our Board of Directors are elected by the membership. They are responsible for the strategic direction of the credit union and to ensure it is run in the best interests of the members.



**Nigel Rabbitts**  
Chairman

Nigel was born in Brixham, Devon, and educated in Torbay followed by London University and Plymouth University with a BA(Hons) in Organisational Change. He served in the Army for nine years seeing active service in the Middle East, the Far East and Africa.

On leaving the Army he served as a police officer for 30 years. Married with four children he remains tied to the sea, living on the Devon coast in Torbay. In 2009 while heavily involved with the Police Federation he became acutely aware of the correlation between financial resilience and the effect this had on police officers in their day-to-day operational lives. He was drawn to the Police Credit Union as an organisation that offered peer solutions to financial well-being.

In 2016 he was elected Chairman of the Board of Directors. He is a keen advocate of driving innovation in the not-for-profit financial space and championing young professionals in the credit union sector. In his spare time, he volunteers with a police charity as well as finding time for his passions of skiing and fly fishing.



**Mark Richardson**  
Secretary

Mark recently retired as a police sergeant with over 28 years' service. Throughout his career he has served on response, roads policing, in force control rooms, armed response and various secondments to special branch. In late 2003 Mark was seconded to the Foreign and Commonwealth Office and served 12 months as a police trainer and course development in southern Iraq. This was one of the highlights of his career, however, as a result he was diagnosed with post-traumatic stress disorder.

For the last seven years he was a full-time Police Federation official, where he obtained invaluable skills which now assist his role with the Credit Union. Mark initially became a Credit Union Supervisor in 2012 and later a Board member in 2016. He is now Company Secretary and is also responsible for the oversight of health and safety.



**Neal Alston**  
Director of Finance

Neal is a supervisor of the Access and Premises team at Hertfordshire Police, responsible for Access Control Systems and security across the estate in Bedfordshire, Cambridgeshire and Hertfordshire Police forces. He has been a Board member at the Police Credit Union for over 10 years and currently holds the position of Non-Executive Director of Finance.

He was Treasurer/Deputy Secretary of Hertfordshire Police Federation between 2003 and 2008 and Chair from 2008 to 2017. He also served as a police officer with Hertfordshire for over 33 years.



**Jeff Sheeran**  
Director

Jeff is a serving Merseyside Police staff member having joined the Force in 1986. He is a CIPD qualified personnel officer and has spent most of his career in various roles within the Force's Personnel/HR Departments, involved in employee relations issues and developing HR policies and procedures.

At the beginning of the Government's austerity programme, Jeff became more active within the GMB Trade Union representing mainly managerial and professional staff and was elected to the role of Branch Secretary in 2013. He continues to fulfil that role within the Force today and became a Director of Police Credit Union in January 2015.



**Peter Watson**  
Director

Peter joined Liverpool and Bootle Police in May 1969 having been a Police Cadet. Having transferred to Merseyside Police (Amalgamation) and CID in April 1974 he worked in various departments until May 1987, when he was elected full-time Deputy Secretary Merseyside Police Federation.

Peter later became Secretary in June 1988 and held the full-time role until January 2000. Merseyside Police Credit Union was started in 1988, with Peter serving as Chairman throughout.

In March 2000 he commenced employment at Merseyside Police HQ in the Personnel Department and remained local CU Chair. He was involved as a member of the Shadow Board that worked throughout 2002/3 to examine the feasibility of a merger, which was approved and saw the birth of Police Credit Union.

Peter was Vice Chair on launch and in 2007 became Chair, holding the position for 10 years until he voluntarily stepped down to allow fresh thinking. He remains an enthusiastic member of the Board.



**Mark Salt**  
Director

Mark retired from West Midlands Police after 30 years' service and went on to work in a commercial role with responsibility for profit and loss, heading up the operation of Virgin Trains from London Euston. In this role he gained valuable commercial awareness and experience, which he now utilises as a Director of Police Credit Union.

More recently Mark has worked in the compliance arena, concentrating on commercial operability versus anti money laundering risks, gaining various internationally recognised qualifications in this area of business. Initially joining Police Credit Union as a supervisor, Mark soon progressed onto the board and now holds the position of Deputy Chairman, alongside his role of Compliance Director.



**Steve Grange**  
Director

Steve Grange is a serving police officer with West Midlands Police with 29 years' service. He is currently Secretary of West Midlands Police Federation but prior to that spent 20 years as a uniformed operational police officer and immediately prior to joining the Federation on a full-time basis was a response inspector serving the borough of Dudley.

Steve specialised in equality work, while Deputy Secretary of the Federation he represented members who had brought grievances to the attention of the Force and worked to resolve them. Now as the Secretary he is the lead negotiator with the Force in terms of policy and is responsible for the day-to-day running of the branch in all of its many activities that support both serving and retired officers. He became a Director of the Police Credit Union in 2013.

# Meet the Senior Leadership Team

**Our Senior Leadership Team is responsible to the day-to-day activity of the credit union – with the CEO reporting to the Board of Directors to ensure the credit union is run in the best interests of the members.**



**Paul Norgrove**  
CEO

Paul is currently the CEO of Serve and Protect CU. Prior to joining the credit union, Paul worked in the not-for-profit sector, after which he continued to work towards gaining a formal accountancy qualification in 2014. Paul serves on the Association of British Credit Unions Ltd (ABCUL) Board of Directors.

He is also active in the global credit union community, speaking at industry conferences and sharing best practices. He is a member of the WYCUP Steering Committee, World Council of Credit Unions; Chair of the ABCUL Young Professionals Network; and is a certified Credit Union Development Educator, for both CUDE & DEEU. In 2014 Paul received the prestigious World Young Credit Union Professionals scholarship, World Council of Credit Unions, and continues to give back to the next generation of credit union leaders.



**Rob Lovesey**  
Business Development Manager

Rob joined the organisation as Business Development Manager in October 2018. He has over 10 years' experience within the credit union sector, working in two of the largest credit unions in the United Kingdom. He has also worked on various online business start-ups. With a BA(Hons) in Business Studies and a background in marketing and brand development, Rob has been instrumental in the launch and ongoing development of HM Armed Forces Credit Union Service in 2015.

## **“Best Lender I’ve Ever Used**

*I would recommend Serve and Protect in a heartbeat. I’ve used them several times over my career and every experience has been overwhelmingly positive.”*

**Mark, Police CU**

## **“Excellent Staff**

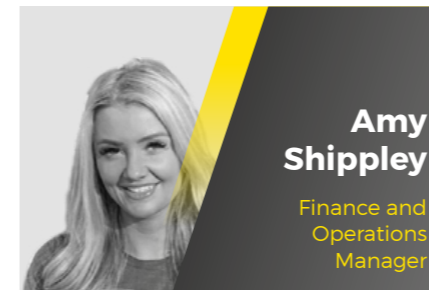
*All staff I spoke to were very helpful and very pleasant. Cannot fault the staff.”*

**Lesley, Prison CU**



**Steve Mazurek**  
IT & Innovation Manager

Steve is the IT & Innovation Manager at Serve and Protect CU, having been with the organisation for two years having come from another not-for-profit finance provider. Steve has a BA(Hons) in Business Management and IT and is currently completing an Executive MBA at Birmingham City University. Steve has previously held numerous senior roles within financial services over the last 20 years in an operational capacity, coupled with strategic technology application. This has included the implementation of IT systems and processes along with user experience improvements.



**Amy Shippley**  
Finance and Operations Manager

Amy joined Serve and Protect CU in 2014 and has over eight years' experience in the finance industry. She is responsible for the day-to-day financial operations, financial reporting, and treasury management of the organisation. Amy is in her final year of becoming a qualified Chartered Accountant (ACCA) and is a member of the Association of Accounting Technicians (AAT). She was announced the winner of this year's ABCUL CU Futures Programme.



**Jim Page**  
Lending and Credit Risk Manager

Jim has worked for Serve and Protect CU since June 2004 in several different roles, taking up the position of Lending Manager in November 2018. With a background in lending, having previously worked for Lloyds Bank and Bristol & West Mortgages, Jim has a in depth knowledge of the financial sector with experience in lending, savings products and debt collection.



**Myrel Robinson**  
HR Manager

Myrel joined, what was then known as West Midlands Police Credit Union in 1994 and has worked in a number of roles during her 26 years within the organisation. Myrel is now the HR Officer for Serve and Protect CU and has worked in HR since 2008 after gaining her postgraduate qualification in Personnel Development. She is also an Associate Member of the Chartered Institute of Personnel Development (CIPD).

**Contents**

# Police Credit Union Ltd

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For the year Ended 30 September 2020**

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## Police Credit Union Limited

### Credit Union Information

#### Chairman

Mr N Rabbitts

#### Directors

Mr N Rabbitts

Mr P Watson

Mr N D Alston

Mr S Grange

Mr M Richardson

Mr J Sheeran

Mr M Salt

#### Registered office

Guardians House  
2111 Coventry Road  
Sheldon  
Birmingham  
B26 3EA

#### Bankers

Barclays Bank Plc  
Liverpool Business Centre  
Lord Street  
City Business Centre  
Liverpool  
L2 1TD

#### Auditors

Hallidays  
Statutory Auditor  
Riverside House  
Kings Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

## Police Credit Union Limited

### Directors' Report Year Ended 30 September 2020

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

#### Directors of the Credit Union

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

Mr P Watson

Mr N Rabbitts - Chairman

Mr N D Alston

Mr S Grange

Mr M Richardson

Mr J Sheeran

Mr M Salt

#### Dividends

The directors recommend a final dividend payment of £555,706 be made in respect of the financial year ended 30 September 2020. This dividend has not been recognised as a liability in the financial statements.

#### Principal activities and business review

The principal activity of the Credit Union during the year was that of the provision of savings and lending facilities for the benefit of its members.

#### Annual report

The board have provided further information in the annual report in regards to this year and the expectations for the subsequent periods. The annual report is prepared under the trading name Serve and Protect Credit Union.

## Police Credit Union Limited

### Directors' Report Year Ended 30 September 2020

#### Results and dividends

The accounts show the results for the years activities for the combined operations.

The surplus for the year, after taxation, amounted to £1,673,367

The dividend is calculated between 1.0% - 1.2% (2019: 1.0%) for the Member Accounts and Junior Accounts depending on the product. The breakdown of the dividend rate per product is as follows:

- Regular saver 1.2%
- Flexi saver 1.0%
- Junior Saver 1.2%

#### The common bond qualifications for membership is as follows:

Admission to membership of the Credit Union is restricted to:

a. an individual who follows an occupation in the following "Minor" or "Unit" Groups of the Office of National Statistics' Standard Occupational Classification:

- I. 331 Protective Services Occupations
- II. 411 Administrative Occupations: Government and Related Organisations
- III. 117 Senior Officers in Protective Services
- IV. 244 Welfare Professionals
- V. 321 Health Associate Professionals
- VI. 614 Caring Personal Services
- VII. 924 Elementary Security Occupations
- VIII. 356 Public Service and Other Associate Professionals
- IX. 111 Chief Executives and Senior Officials
- X. 721 Customer Service Occupations
- XI. 924 Elementary Security Occupations
- XII. 118 Health and Social Services Managers
- XIII. 124 Managers and Proprietors in Health and Care Services
- XIV. 221 Health Professionals
- XV. 321 Health Associate Professionals
- XVI. 356 Public Services and Other Associate Professionals
- XVII. 413 Administrative Occupations: Records
- XVIII. 416 Administrative Occupations: Office Managers and Supervisors
- XIX. 421 Secretarial and Related Occupations
- XX. 534 Food Preparation and Hospitality Trades
- XXI. 614 Caring Personal Services
- XXII. 624 Cleaning and Housekeeping Managers and Supervisors
- XXIII. 721 Customer Service Occupations
- XXIV. 923 Elementary Cleaning Occupations
- XXV. 927 Other Elementary Services Occupations

b. an individual associated with other members by virtue of receiving a pension as a result of following the occupations listed in (a).

c. an individual who is a member of the same household as, and is a relative of, an individual who is a member of the Credit Union and falls directly within (a) or (b) of the common bond specified above.

d. A body corporate, an individual in his/her capacity as a partner in a partnership, an individual in his/her capacity as an officer or member of the governing body of an unincorporated association, if the body corporate, partnership or unincorporated association is associated with the individuals in (a) or (b) above in the following way:-

I. It employs or otherwise engages persons who follow the above occupations and/or associated occupations

II. It relates to the above occupations and/or associated occupations in the following way:-

It is a provider of and/or employs or otherwise engages individuals involved in trade union, credit union, social and welfare, ancillary or contracted services to the above occupations and/or associated occupations.

- 331 Protective Service Occupations
- 3311 NCOs and other ranks
- 3312 Police officers (sergeant and below)
- 3313 Fire Service Officers (Watch Manager and below)
- 3314 Prison service officers (below principal officer)
- 3315 Police community support officers
- 3319 Protective service associate professionals n.e.c.
- 411 Administrative Occupations
- 4112 National Government administrative occupations
- 4113 Local Government administrative occupations
- 4114 Officers of non-governmental organisations
- 117 Senior Officers in Protective Services
- 1171 Officers in armed forces
- 1172 Senior police officers
- 1173 Officers in Fire, Ambulance, Prison and Related Services

- 244 Welfare Professionals
- 2443 Probation Officers
- 2442 Social workers
- 2449 Welfare professionals n.e.c

- 924 Elementary Security Occupations
- 9241 Security Guards and Related Occupations
- 9242 Parking and Civil Enforcement Occupations

- 356 Public Service and Other Associate Professionals
- 3565 Inspectors of standards and regulations

- 111 Chief Executives and Senior Officials
- 1115 Chief Executives and Senior Officials

- 1173 Senior Officers in Fire, Ambulance, Prison and Related Services

- 331 Protective Service Organisations
- 3313 Fire Service Officers (Watch manager and below)

- 721 Customer Service Occupations
- 7211 Call and Contact Centre Occupations
- 7213 Telephonists
- 7214 Communication Operators

- 118 Health and Social Services Managers
- 1181 Health service and public health managers and directors
- 1184 Social service managers and directors

- 124 Managers and Proprietors in Health and Care Services
- 1241 Health care practice managers
- 1242 Residential, day and domiciliary care managers and proprietors

- 221 Health Professionals
- 2211 Medical practitioners
- 2212 Psychologists
- 2213 Pharmacists
- 2214 Ophthalmic opticians
- 2215 Dental practitioners
- 2217 Medical radiographers
- 2218 Podiatrists
- 2219 Health professionals n.e.c.

- 222 Therapy Professionals
- 2221 Physiotherapists
- 2222 Occupational therapists
- 2223 Speech and language therapists
- 2229 Therapy professionals n.e.c.

- 223 Nursing and Midwifery Professionals
- 2231 Nurses
- 2232 Midwives

- 321 Health Associate Professionals
- 3213 Paramedics
- 3216 Dispensing opticians
- 3217 Pharmaceutical technicians
- 3218 Medical and dental technicians
- 3219 Health associate professionals n.e.c.

- 356 Public Services and Other Associate Professionals
- 3562 Human resources and industrial relations officers
- 3567 Health and safety officers

- 413 Administrative Occupations: Records
- 4131 Records clerks and assistants
- 4132 Pensions and insurance clerks and assistants
- 4133 Stock control clerks and assistants
- 4138 Human resources administrative occupations

- 416 Administrative Occupations: Office Managers and Supervisors
- 4161 Office managers
- 4162 Office supervisors

- 421 Secretarial and Related Occupations
- 4211 Medical secretaries

- 543 Food Preparation and Hospitality Trades
- 5434 Chefs
- 5435 Cooks
- 5436 Catering and bar managers

- 614 Caring Personal Services
- 6141 Nursing auxiliaries and assistants
- 6142 Ambulance staff (excluding paramedics)
- 6143 Dental nurses

- 6145 Care workers and home carers
- 6146 Senior care workers
- 6148 Undertakers, mortuary and crematorium assistants

- 624 Cleaning and Housekeeping Managers and Supervisors
- 6240 Cleaning and housekeeping managers and supervisors

- 721 Customer Service Occupations
- 7211 Call and contact centre occupations
- 7213 Telephonists
- 7214 Communication operators
- 7219 Customer service occupations n.e.c.

- 923 Elementary Cleaning Occupations
- 9233 Cleaners and domestics

- 927 Other Elementary Services Occupations
- 9271 Hospital porters
- 9272 Kitchen and catering assistants



## Police Credit Union Limited

### Directors' Report Year Ended 30 September 2020

#### Directors responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Credit Union Law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Credit Union law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Credit Union and of the surplus or deficit of the Credit Union for that period. In preparing these financial statements, the directors are required to:

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

#### Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Credit Union's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

#### Reappointment of auditors

Hallidays will be recommended for re-appointment at the AGM under the Co-operative and Community Benefits Societies Act 2014.

## Police Credit Union Limited

### Directors' Report Year Ended 30 September 2020

Approved by the Board on 21 January 2021 and signed on its behalf by:

.....  
Mr N Rabbitts  
Chairman

.....  
Mr N D Alston  
Director

.....  
Mr M Richardson  
Director

## Police Credit Union Limited

### Independent Auditor's Report to the Members of Police Credit Union Limited

#### Opinion

We have audited the financial statements of Police Credit Union Limited for the year ended 30 September 2020, which comprise of the Revenue Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 30 September 2020 and of its surplus for the year then 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 Co-operative and Community Benefit Societies Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society 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 in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Boards' 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 society's ability 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.

## Police Credit Union Limited

### Independent Auditor's Report to the Members of Police Credit Union Limited

#### Other information

The Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The annual review report is prepared in the name of Serve and Protect Credit Union which is a trading name of Police Credit Union Limited.

Other than this we have nothing to report in this regard.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion

- a satisfactory system of control over transactions has not been maintained; or
- the society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

#### Respective responsibilities of The Board of Directors

As explained more fully in the The Board of Directors' Responsibilities (set out on page 3), the directors 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 directors 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 of Directors 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 of Directors either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

## Police Credit Union Limited

### Independent Auditor's Report to the Members of Police Credit Union Limited

#### 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Credit Union audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Use of this report

This report is made solely to the Credit Union's members, as a body, in accordance with Section 87, Part 7 of Chapter 14 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.

## Police Credit Union Limited

### Independent Auditor's Report to the Members of Police Credit Union Limited

.....  
Philip Jones BA (Hons) FCCA (Senior Statutory Auditor)  
For and on behalf of Hallidays, Statutory Auditor

Riverside House  
Kings Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

21 January 2021

## Police Credit Union Limited

### Revenue Account for the Year Ended 30 September 2020

	Note	2020 £	2019 £
Income	3	4,237,514	3,533,205
Administrative expenses		<u>(2,438,065)</u>	<u>(2,490,403)</u>
Operating surplus	4	1,799,449	1,042,802
Interest payable and similar charges	5	<u>(94,902)</u>	<u>(106,614)</u>
		(94,902)	(106,614)
Surplus/(Deficit) before tax		1,704,547	936,188
Taxation	9	<u>(31,180)</u>	<u>(39,669)</u>
Surplus/(Deficit) for the financial year		<u>1,673,367</u>	<u>896,519</u>

The above results were derived from continuing operations.

## Police Credit Union Limited

### (FCA Registration number: 213306) Balance Sheet as at 30 September 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	10	249,109	290,632
Tangible assets	11	<u>547,341</u>	<u>542,535</u>
		796,450	833,167
<b>Current assets</b>			
Debtors	12	47,085,287	42,954,908
Cash at bank and in hand	13	<u>25,090,058</u>	<u>19,459,392</u>
		72,175,345	62,414,300
<b>Net assets</b>		<u>72,971,795</u>	<u>63,247,467</u>
<b>Liabilities, capital and reserves</b>			
Other liabilities	14	1,128,964	1,205,796
Members shares - repayable on demand	15	62,316,872	53,881,429
General reserves		8,470,253	7,620,790
Development reserve		500,000	100,000
Appropriation account		<u>555,706</u>	<u>439,452</u>
Total equity		<u>72,971,795</u>	<u>63,247,467</u>

The notes on pages 41 to 50 form an integral part of these financial statements.

The notes on pages 41 to 50 form an integral part of these financial statements.

**Police Credit Union Limited**

**(FCA Registration number: 213306)  
Balance Sheet as at 30 September 2020**

Approved and authorised by the Board on 21 January 2021 and signed on its behalf by:

.....  
Mr N Rabbitts  
Chairman

.....  
Mr N D Alston  
Director

.....  
Mr M Richardson  
Director

**Police Credit Union Limited**

**Statement of Changes in Reserves for the Year Ended 30 September 2020**

	<b>General reserves £</b>	<b>Development reserve £</b>	<b>Appropriation account £</b>	<b>Total £</b>
At 1 October 2019	7,620,790	100,000	-	7,720,790
Surplus for the year	-	-	1,673,367	1,673,367
Other reserve movement	849,463	400,000	(1,117,661)	131,802
Total comprehensive income	849,463	400,000	555,706	1,805,169
At 30 September 2020	<b>8,470,253</b>	<b>500,000</b>	<b>555,706</b>	<b>9,525,959</b>

	<b>General reserves £</b>	<b>Development reserve £</b>	<b>Appropriation account £</b>	<b>Total £</b>
At 1 October 2018	7,253,756	-	-	7,253,756
Surplus for the year	-	-	896,519	896,519
Other reserve movement	367,034	100,000	(457,067)	9,967
Total comprehensive income	367,034	100,000	439,452	906,486
At 30 September 2019	<b>7,620,790</b>	<b>100,000</b>	<b>439,452</b>	<b>8,160,242</b>

The notes on pages 41 to 50 form an integral part of these financial statements.

The notes on pages 41 to 50 form an integral part of these financial statements.

## Police Credit Union Limited

### Statement of Cash Flows for the Year Ended 30 September 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Surplus for the year		1,673,367	896,519
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	77,353	77,560
Loss on disposal of tangible assets		5,162	35,034
Finance costs	5	94,902	106,614
Taxation provision	9	31,180	39,669
Impairment expense		411,916	363,451
		<u>2,293,879</u>	<u>1,518,847</u>
Working capital adjustments			
(Increase)/decrease in other debtors	12	(22,588)	(35,276)
Decrease in other creditors	14	<u>(21,503)</u>	<u>(23,106)</u>
Cash generated from operations		2,337,970	1,460,465
Taxation paid	9	<u>(39,676)</u>	<u>(57,128)</u>
Net cash flow from operating activities		<u>2,298,294</u>	<u>1,403,337</u>
<b>Cash flows from investing activities</b>			
Acquisitions of tangible assets		(38,897)	(128,399)
Acquisition of intangible assets	10	(6,900)	(20,250)
Income from grant		130,000	
Net cash flows from investing activities		<u>84,203</u>	<u>(148,649)</u>
<b>Cash flows from changes in operating assets and liabilities</b>			
Interest paid	5	(94,902)	(106,614)
Cash inflow from share deposits		34,129,453	28,624,715
Cash outflow from share withdrawals		(25,782,662)	(29,228,835)
New loans to members		(25,240,474)	(24,498,957)
Repayment of loans by members		20,674,591	18,272,012
Dividend paid		<u>(437,837)</u>	<u>(422,308)</u>
Net cash flows from operating activities		<u>3,248,169</u>	<u>(7,359,987)</u>
Net decrease in cash and cash equivalents		5,630,666	(6,105,299)
Cash and cash equivalents at 1 October		<u>19,459,392</u>	<u>25,564,691</u>
Cash and cash equivalents at 30 September		<u>25,090,058</u>	<u>19,459,392</u>

The notes on pages 41 to 50 form an integral part of these financial statements.

## Police Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2020

#### 1 General information

The address of its registered office is:  
Guardians House  
2111 Coventry Road  
Sheldon  
Birmingham  
B26 3EA

These financial statements were authorised for issue by the Board on 21 January 2021.

#### Legal and regulatory framework

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

In accordance with the regulatory environment for Credit Union's, 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

##### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### Basis of preparation

These financial statements have been prepared in accordance with FRS102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and also with The Co-Operative and Community Benefit Societies Act 2014.

The financial statements are prepared on the historical cost basis.

##### Going concern

At the balance sheet date, the financial statements were prepared on a going concern basis which assumes the Credit Union will continue in operational existence for the foreseeable future.

The board have reviewed both capital and liquidity ratios for their industry as well as considering the reputational position of the Credit Union and accordingly have prepared the financial statements on a going concern basis.

The board have considered the impact of Brexit and COVID-19 on the ability of the Credit Union to continue in operational existence for the foreseeable future, being at least 12 months from the audit report date. The board have made assumptions when preparing forecasts for the business around the uncertainty due to COVID-19 that lead them to conclude the business is a going concern.

## Police Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2020

#### Income

Loan interest receivable and similar income: Interest on both loans to members and loans to banks (ie. cash and cash 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 arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is completed.

#### Tax

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

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

#### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value, on a straight line basis over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Asset class	Depreciation method and rate
Furniture, fittings and equipment	10 - 25% reducing balance
Freehold property	2% straight line
Freehold property improvements	2% straight line

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software	10 years straight line

#### Financial assets - loans and advances to members

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

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

## Police Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2020

#### Financial liabilities - subscribed capital

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

#### Employee benefits

Defined contributions plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by the Credit Union for the relevant period.

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

#### Reserves

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

#### Use of estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the Credit Unions accounting policies.

#### 3 Revenue

The analysis of the Credit Union's revenue for the year from continuing operations is as follows:

	2020 £	2019 £
Loan interest receivable from members	3,794,684	3,137,147
Other revenue	442,830	396,058
	<u>4,237,514</u>	<u>3,533,205</u>

#### 4 Operating profit

Arrived at after charging/(crediting)

	2020 £	2019 £
Depreciation expense	28,929	30,926
Amortisation expense	48,423	46,634
Auditors fees - the audit of the credit unions annual accounts	8,618	8,367
(Profit)/loss on disposal of tangible fixed assets	5,162	35,034

#### 5 Interest payable and similar charges

	2020 £	2019 £
ISA interest paid	94,902	106,614

**Police Credit Union Limited**

**Notes to the Financial Statements for the Year Ended 30 September 2020**

**6 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<u>1,006,004</u>	<u>1,021,535</u>

The average number of persons employed by the Credit Union during the year, analysed by category was as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Administration and support	<u>31</u>	<u>31</u>

**7 Directors' remuneration**

The directors' remuneration for the year including employers national insurance was as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration	<u>30,673</u>	<u>25,604</u>

**8 Auditors' remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	<u>8,618</u>	<u>8,367</u>

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	8,618	8,367
Non audit services	<u>4,065</u>	<u>3,949</u>
	<u>12,683</u>	<u>12,316</u>

**Police Credit Union Limited**

**Notes to the Financial Statements for the Year Ended 30 September 2020**

**9 Taxation**

Tax charged/(credited) in the income statement

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax	<u>31,180</u>	<u>39,669</u>

**10 Intangible assets**

	<b>Computer software and website</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>		
At 1 October 2019	477,029	477,029
Additions acquired separately	<u>6,900</u>	<u>6,900</u>
At 30 September 2020	<u>483,929</u>	<u>483,929</u>
<b>Amortisation</b>		
At 1 October 2019	186,397	186,397
Amortisation charge	<u>48,423</u>	<u>48,423</u>
At 30 September 2020	<u>234,820</u>	<u>234,820</u>
<b>Carrying amount</b>		
At 30 September 2020	<u>249,109</u>	<u>249,109</u>
At 30 September 2019	<u>290,632</u>	<u>290,632</u>



**Police Credit Union Limited**

**Notes to the Financial Statements for the Year Ended 30 September 2020**

**11 Tangible assets**

	Freehold property £	Furniture, fittings and equipment £	Property improvements £	Total £
<b>Cost or valuation</b>				
At 1 October 2019	354,984	119,368	297,039	771,391
Additions	-	38,897	-	38,897
Disposals	-	(17,737)	-	(17,737)
At 30 September 2020	354,984	140,528	297,039	792,551
<b>Depreciation</b>				
At 1 October 2019	122,511	59,308	47,037	228,856
Charge for the year	7,100	15,889	5,941	28,930
Eliminated on disposal	-	(12,576)	-	(12,576)
At 30 September 2020	129,511	62,621	52,978	245,210
<b>Carrying amount</b>				
At 30 September 2020	225,373	77,907	244,061	547,341
At 30 September 2019	232,473	60,060	250,002	542,535

**12 Debtors**

	2020 £	2019 £
Loans to members	46,798,838	42,645,871
Prepayments	286,449	309,037
Total current and other debtors	47,085,287	42,954,908

**13 Cash , cash equivalents and liquid deposits**

	2020 £	2019 £
Cash on hand	1	1
Cash at bank	9,822,513	3,329,329
Short-term deposits	15,267,544	16,130,062
	25,090,058	19,459,392

**Police Credit Union Limited**

**Notes to the Financial Statements for the Year Ended 30 September 2020**

**14 Other liabilities**

	Note	2020 £	2019 £
<b>Due within one year</b>			
Juvenile deposits		954,067	1,043,906
Accrued expenses		143,718	122,215
Income tax liability	9	31,179	39,675
		1,128,964	1,205,796

**15 Members shares**

	2020		2020	
	No.	£	No.	£
Members shares	62,316,872	62,316,872	53,881,429	53,881,429

**16 Obligations under leases and hire purchase contracts**

**Operating leases**

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Later than one year and not later than five years	19,747	19,600

The amount of non-cancellable operating lease payments recognised as an expense during the year was £11,168 (2019 - £7,840).

## Police Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2020

#### 17 Financial risk management

The Credit Union manages its subscribed capital and loans to members so that it earns income from the margin between interest receivable and interest payable/dividends payable.

The main financial risks arising from the Credit Union activities are credit risk, liquidity risk, market risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

**Credit risk:** Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the Credit Union, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union'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.

**Liquidity risk:** The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

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

**Interest rate risk:** The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the 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 dividend rate payable on subscribed capital. The Credit Union does not use interest rate options to hedge its own positions.

## Police Credit Union Limited

### Notes to the Financial Statements for the Year Ended 30 September 2020

#### 18 Interest rate risk disclosures

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

	2020		2019	
	Amount	Average interest rate	Amount	Average interest rate
	£		£	
<b>Financial assets</b>				
Loans to members	46,966,430	8.07%	42,834,822	7.33%
<b>Shares repayable on demand</b>				
Members shares	62,316,871	1.19%	53,881,429	1.00%

The interest rates applicable to loans to members are fixed and range from 4.5% to 26.8%.

The interest payable on shares is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and interest payable. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

The dividend rate is an average for the total dividend proposed for 2020. The individual rates per product are disclosed in the directors report.

**Police Credit Union Limited**

**Notes to the Financial Statements for the Year Ended 30 September 2020**

**19 Credit risk disclosures**

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. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2020		2019	
	Amount £	Proportion %	Amount £	Proportion %
<b>Not impaired:</b>				
Neither past due not impaired	46,628,376	98.37%	42,473,580	98.44%
Up to 3 months past due	-	-	-	-
Between 3 and 6 months past due	-	-	-	-
Between 6 months and 1 year past due	-	-	-	-
Over 1 year past due	-	-	-	-
<b>Sub-total: loans not impaired</b>	<b>46,628,376</b>	<b>98.37%</b>	<b>42,473,580</b>	<b>98.44%</b>
<b>Individually impaired:</b>				
Not yet past due, but impaired	93,151	0.20%	41,933	0.10%
Up to 3 months past due	4,816	0.01%	11,844	0.03%
Between 3 and 6 months past due	200,244	0.42%	171,305	0.40%
Between 6 months and 1 year past due	137,849	0.29%	204,669	0.47%
Over 1 year past due	335,272	0.71%	244,822	0.57%
<b>Total loans</b>	<b>43,148,153</b>	<b>100%</b>	<b>43,148,153</b>	<b>100%</b>
<b>Impairment allowance</b>	<b>(600,871)</b>		<b>(502,282)</b>	
<b>Total carrying value</b>	<b>46,798,837</b>		<b>42,645,871</b>	

**Police Credit Union Limited**

**Detailed Revenue Account for the Year Ended 30 September 2020**

	2020 £	2019 £
Income (analysed below)	4,237,514	3,533,205
Gross surplus (%)	100%	100%
<b>Administrative expenses</b>		
Regulatory costs (analysed below)	312,402	324,550
General administrative expenses (analysed below)	1,596,594	1,636,309
Finance charges (analysed below)	34,639	53,499
Depreciation costs (analysed below)	82,514	112,594
Impairment losses (analysed below)	411,916	363,451
	<b>2,438,065</b>	<b>2,490,403</b>
Operating surplus	1,799,449	1,042,802
Interest payable and similar charges (analysed below)	(94,902)	(106,614)
Surplus/(deficit) before tax	<b>1,704,547</b>	<b>936,188</b>

This page does not form part of the statutory financial statements.

**Police Credit Union Limited**

**Detailed Revenue Account for the Year Ended 30 September 2020**

	2020 £	2019 £
<b>Income</b>		
Interest on loans	3,794,684	3,137,147
Bad debt recovery	155,919	121,902
Sundry income	95,813	39,339
Lottery funds	27,000	26,000
Bank interest received	164,098	208,817
	<u>4,237,514</u>	<u>3,533,205</u>
<b>Regulatory costs</b>		
Insurance	209,540	203,961
Office Expenses	68,014	81,098
Association dues & affiliation fees	34,848	39,491
	<u>312,402</u>	<u>324,550</u>
<b>General administrative expenses</b>		
Directors remuneration	30,673	25,604
Wages and salaries	975,331	995,931
Telephone and fax	50,813	44,224
Directors and team member training	9,842	26,253
Computer software and maintenance costs	159,109	174,284
Printing, postage and stationery	31,239	34,068
Charitable donations	1,790	1,500
Sundry expenses	30,210	31,556
Travel and subsistence	67,048	101,300
Advertising	95,947	81,628
Auditors fees - the audit of the credit unions annual accounts	8,618	8,367
Legal and professional fees	102,125	97,882
Debt recovery charges	33,849	13,712
	<u>1,596,594</u>	<u>1,636,309</u>
<b>Finance charges</b>		
Bank charges	34,639	53,499
<b>Depreciation costs</b>		
Amortisation of development costs	48,423	46,634
Depreciation	28,929	30,926
(Profit)/loss on disposal of tangible fixed assets	5,162	35,034
	<u>82,514</u>	<u>112,594</u>

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**Police Credit Union Limited**

**Detailed Revenue Account for the Year Ended 30 September 2020**

	2020 £	2019 £
<b>Impairment losses</b>		
Impairment expense	411,916	363,451
Operating surplus	1,799,449	1,042,802
<b>Interest payable and similar charges</b>		
ISA interest paid	94,902	106,614
Surplus before tax	<u>1,704,547</u>	<u>936,188</u>

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