

Improving the financial resilience of those who serve and protect

Annual Review 2021/22



www.serveandprotectcu.co.uk



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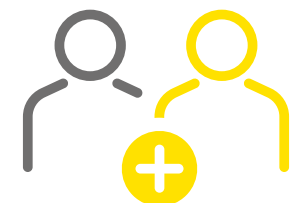
Serve and Protect CU is a trading name of Police Credit Union Ltd. Police Credit Union Ltd. is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Registered No 213306). Police Credit Union Ltd is part of the Financial Ombudsman Service and the Financial Services Compensation Scheme.

About Us

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



With **over 40,000 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.



What do our members think...

84%

Agree "The Serve and Protect brand is relatable to their life."

68%

Agree "The Serve and Protect brand makes them feel part of a community."

83%

Agree "The Serve and Protect brand makes them feel good about saving money."

"Great service – Offering me a consolidation loan allowed me to pay off some outstanding debt and prevented me from borrowing from companies who charge a very high APR."

Gerard, Merseyside Police

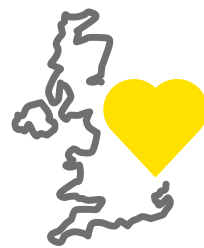


Message from Our CEO

I would like to take this opportunity to thank you, our members, for your continued support throughout the last financial year. As we all face day-to-day cost-of-living challenges, it is extremely important to remember that by saving with the credit union, you are quite literally changing lives. Providing important access to affordable credit to your fellow members when they need it most.



We are incredibly proud to now serve over 40,000 members – with Serve and Protect fast approaching one of the largest employer credit union in the United Kingdom.



We could not have achieved this without you.

The last twelve months has presented a series of economic challenges for both our members and the wider credit union sector – with everyone feeling the impact of the cost-of-living crisis.

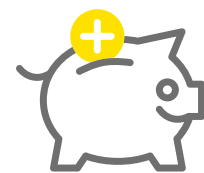
Despite this Serve and Protect has continued to grow and remains committed to serving our members, to help provide support to you, our members, when you have needed it most.

As we started the financial year, we quickly adapted to working life after the Coronavirus pandemic. We developed a new way of hybrid working, engaging with stakeholders through both digital and face-to-face channels – which saw the successful launch of our Financial Resilience Programme.

As momentum grew, we were then presented a new challenge. The cost-of-living crisis. Our members and colleagues continue to experience soaring inflation – with increasing costs for energy, petrol, food and now the prospect of increased interest rates.

As a credit union we have seen the real time, everyday impact this is having on our members and their families – and we want you to know we are here to support you.

The credit union remains strong and stable – continuing to provide a competitive return on your savings, whilst also providing access to affordable credit. We are proud to now look after over £82million in savings, having lent over £40million in the last financial year.



**Proud to look after
£82m
in savings**

£40m

**Worth of loans in
the last financial year**



Here to help our members, when they need us most.

In the last twelve months we have welcomed an unprecedented number of new payroll partnerships as employers recognise the important role credit unions can play in terms of supporting their people.

The provision of credit union services is widely being recognised as prevention mechanism, to help protect those most vulnerable against the growing danger of high interest credit providers, such as payday loans and even loan sharks.

We are extremely proud to announce the launch of our first payroll partnership with an NHS Trust – welcoming South Tyneside and Sunderland. They are joined by Shropshire Fire & Rescue, Cleveland Fire & Rescue, HUC, Leicestershire Police, South Yorkshire Police, Cumbria Police and Wiltshire Police all of whom have partnered with us during the last twelve months.

We now serve 36 Police Forces throughout England and Wales.

As we look ahead to 2023 – a year in which marks the credit unions 20th Anniversary, it seems fitting that a service which was founded by Police Officers, to help provide financial support to fellow colleagues in need – will continue to play a pivotal role throughout the cost-of-living crisis.

I would like to thank our team for their continued commitment and support.

I am extremely proud to lead an organisation which can play such an important role in supporting those who serve and protect the nation.

As I look back over the last twelve months, the commitment and dedication shown by the team – is something they should all be incredibly proud of. This is no doubt reflected in the positive experience our members have become accustomed to.

As an organisation we are committed to maintaining our 'Best Place to Work' accreditation, working hard to create an environment where our employees can achieve, both individually and as a team.

I would also like to extend my gratitude to the Board of Directors for their trust and vision.

Without knowing what the future holds, I can say with absolutely certainty, we will continue to grow, develop, and stand apart from other financial providers in our passion and approach.

Our membership is at the heart of everything we do, supported by our cooperative principles and values. It represents exactly who we are and what we stand for as an organisation.

All of this would not be possible, without you – our members.

"Thank you for your support, and we look forward to serving you in the year ahead."

Paul Norgrove, CEO, Serve and Protect





Year in Review

Quick call responses



<10 seconds

Average call wait time in 2021/22 financial year

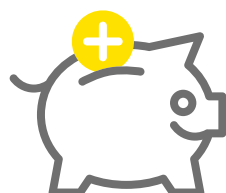
Progressive growth in assets



7%

Growth in total assets to £95m (from £89m)

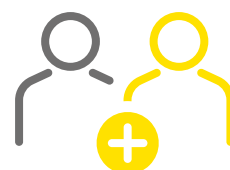
Increase in total savings



5%

Growth in total savings to £81m (from £77m)

Growth in total members



11%

Growth in total members to 40,557 (from 36,678)

Maintained service excellence



4.9/5

Member service rating (Feefo Reviews)

Thousands of calls answered



48k+

Calls answered by our member services and lending team

How we performed as a credit union in our 2021/22 financial year

Achieved strong results in lending



16%

Growth in loan book to £65m (from £56m)

Personal loan rated excellent



4.8/5

Average loan product rating (Feefo Reviews)

Making it easier to apply for loans



95%

Of borrowers felt that we made it easy to apply for a loan

Positive word of mouth



94%

Of members would recommend us to others



Best Workplaces Small Organisations 2022



Best Workplaces For Wellbeing 2022



Best Workplaces For Women 2022



Rewarding Our Savers

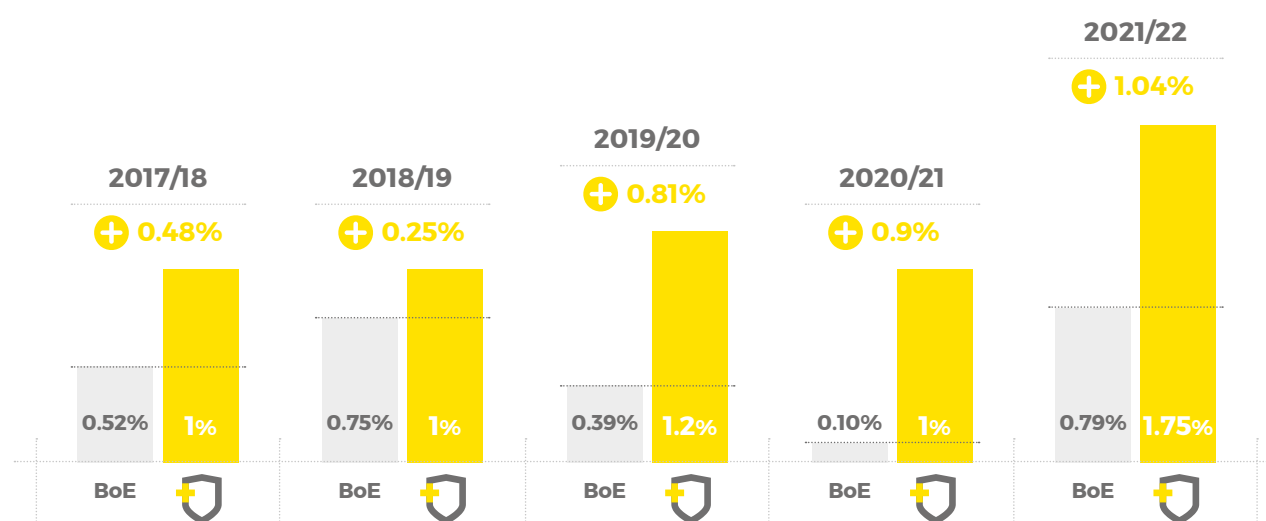
Our profits are reinvested back into the credit union – to help you, our members. We are passionate about supporting the local communities we serve, improve our range of products and services, whilst continuing to provide a competitive savings return to our members.



When we surveyed our members this year, **almost three quarters of respondents** felt that we provide **more competitive savings returns** than other organisations.



As you'll see in the graph below, throughout the past five financial years we have always aimed to reward our members by providing a savings return above the Bank of England Base Rate¹.



¹ Based on the average daily BoE base rate between the periods Oct 1 and Sep 30, in comparison to the Serve and Protect Credit Union dividend for the Regular Saver account. Source: <https://www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp>

*The Serve and Protect scheme seemed suitable to me because although I was not borrowing any money, I could see that my investment into Serve and Protect would go on to help other officers who wanted to borrow, **and it's all about being part of the police family.***

Paul,
Detective



Watch the full video from our member Paul on our YouTube channel



Or visit - <https://youtu.be/IEyRi0xCeCo>



**We provided over
£40m worth of
affordable credit in
our 2021/22 financial
year for a variety of
reasons, including:**

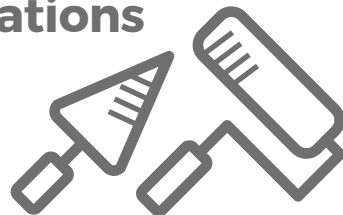
1. Consolidation



£16,126,762

Helping members consolidate
existing debt into one payment

2. Renovations



£11,383,221

Helping our members carry out
home improvements

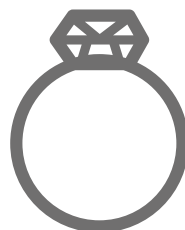
3. Car purchase



£6,120,251

Helping members get on the road
with loans for new and used cars

4. Wedding



£700,500

Helping members make their
dream wedding a reality

5. Visa Costs



£96,513

Helping our members settle
in the UK

*"I asked for a loan two years ago
and they were so helpful. The great
thing about them is that you can
be part of their own family.
**We are well looked after when
we are part of this organisation."***



Josaia,
British Army

**Watch the full video from
our member Josaia on our
YouTube channel** 



Or visit - <https://youtu.be/id2IEICVKkc>



Key Stakeholder Engagement

We are committed to supporting our stakeholders – working alongside them to help deliver financial education and improve the financial resilience of our members.



£60k+

Dedicated to events close to our members hearts.



200+

Educational sessions delivered.



8

New payroll partners onboarded.



“Outstanding service that is life changing –
Every transaction with Serve and Protect Credit Union is seamless. They make sure I am up to date with every step of the process and I'd recommend them to anyone. If it wasn't for them I wouldn't have been able to save the money for a deposit for our home. I got used to saving a certain amount from my salary each month as it was deducted at source. They helped me make a home for my family and I'll always be grateful.”

Beverley, HM Prison & Probation Service



POLICE Federation

METROPOLITAN POLICE

CITY OF LONDON POLICE

Ministry of Defence

HM Prison & Probation Service

NCA
National Crime Agency

ROYAL NAVY

ARMY
BE THE BEST

ROYAL AIR FORCE

SPS
SCOTTISH PRISON SERVICE

HUC

NHS
South Tyneside and Sunderland
NHS Foundation Trust



Lottery Relaunch

In August 2022, we relaunched the 'Friends of Serve and Protect Lottery', making it possible for all our members to be able to Play + Give.



Play

Our members now have the chance to win cash prizes of up to £1,000 every month with the Friends of Serve and Protect lottery – with deductions taken straight from your pay.

Monthly cash prizes are available: £1,000, £500 and 3 x £250 (£1 per entry; maximum 5 entries per month).



Give

Not only do we pay cash prizes back to the winners but we also give back to the Serve and Protect family.

The remaining funds raised by the lottery are used to support the credit union and good causes which are close to our members' hearts.

Charities we support:



"We are extremely proud to relaunch the 'Friends of Serve and Protect Lottery'. We know that by continuing to drive participation, we can help change the lives of our members by giving them the chance to win regular cash prizes, whilst at the same time raising funds for those charities close to our members hearts."

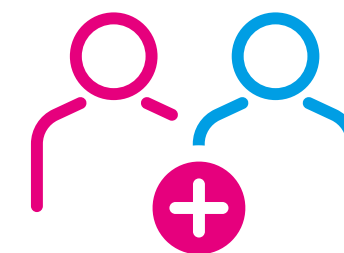
Rob Lovesey, Trustee

Friends of Serve and Protect



Keen to take part?

To get involved in our lottery simply scan the QR code below or follow the link to complete a short form on our website and a member of our team will get back to you.



Or visit - <https://serveandprotectcu.co.uk/play-give>

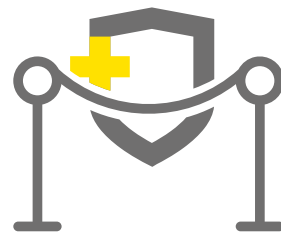


What Makes Us Different?

As a credit union, we're proud to be different to other financial providers. Here's just some of the unique features that are important to our members.

01. We're Exclusive

Only certain people can become a member of the credit union. Once you're a member, your family can also join.



02. Cooperative

We are a cooperative that believes in the ethos of 'People Helping People'. We even have a board of directors elected by our membership.



03. Have a Voice

We invite all members to our Annual General Meeting to learn about our performance and vote on rule changes.

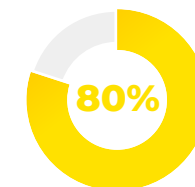


04. Not-for-Profit

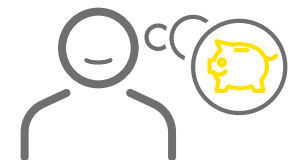
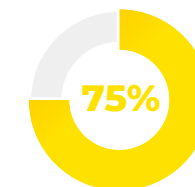
Our profits are shared with our members in the form of an annual dividend and reinvested back into the credit union and the communities we serve.



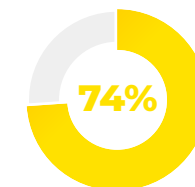
Compared to other financial providers, this is what our members think...



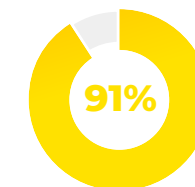
80% of members think we are more trustworthy than other financial providers.



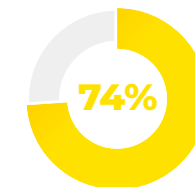
75% of members feel we care more about their financial wellbeing.



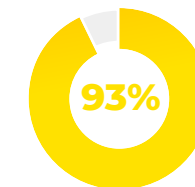
74% of members believe we value members and share profits equally.



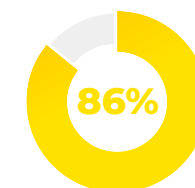
91% of our members say it is important to them that we are not-for-profit.



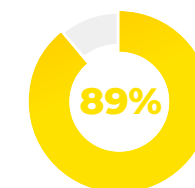
74% of members agree we are there to support those who may not be able to find support elsewhere.



93% feel it is important that we are owned and run by our members.



86% say it is important to them that our board are existing members of the credit union, elected by the membership.



89% say it is important to them that savings from credit union members are lent to other members in need.



Member Story

Winning the PrizeSaver

“I would highly recommend a prize saver account. In fact, I already have to the people I have told the story to!”

Chester is a retired employee of West Midlands Police and has been a member of Serve and Protect Credit Union for over 30 years. After working in the police for many years, Chester began to work as a volunteer in his spare time.

Having retired from the police, Chester had some money which he wanted to save. He decided to put a small amount of money into the PrizeSaver, a savings account which gives savers the opportunity to win monthly prizes. One morning before leaving to do some volunteering, Chester received a call from us to say he had won the headline prize in the July PrizeSaver draw of £5,000.

“What an amazing way to start a Friday! I was volunteering at the Birmingham Commonwealth Games and about to leave home when Ben gave me a call. Fantastic!”

With an extra £5,000 in his pocket, Chester was delighted. When asked if he knew how he might use the money, he informed us that he planned to take his grandchildren to Lapland at Christmas! With the money being spent on such a special experience, Chester has taken full advantage of his PrizeSaver account. He has now started to spread the word to his colleagues to encourage them to join.

“I would highly recommend a prize saver account. In fact, I already have to the people I have told the story to, and I know they have already signed up!”

The PrizeSaver gives members of participating credit unions the chance of winning big cash prizes. Savers who put away as little as £1 have a chance to win up to £5,000 every month. The monthly prize draws take place between the 15th and 20th of each month, with 3 Serve and Protect members having won the headline prize to date.



If you are interested in opening a PrizeSaver account to be in with the chance of winning up to £5,000 each month, scan the QR code below or contact us to set up your account. With the PrizeSaver, saving feels good, winning feels great.

Win £5,000 every month!

The **PrizeSaver** account gives our members the chances to win monthly prizes of £5,000. To take part just scan the QR code below or click the link provided.



Or visit:
<https://serveandprotectcu.co.uk/save/prizesaver>

Member Story

Having a Place to Turn

“The staff listened to my circumstances and were able to help. I doubt I would have been able to get a loan elsewhere.”

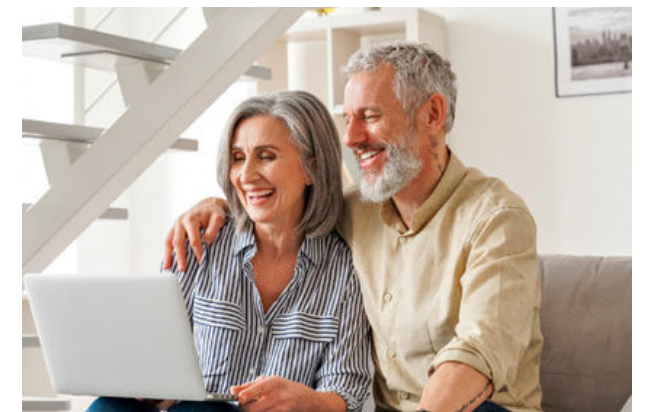
Mark is a retired police officer who also served in the British Army. After being forced to retire due to injury, Mark joined Serve and Protect Credit Union as a way of helping him to get back on his feet. He has now been a member of Serve and Protect for over 33 years.

The transition to ‘civvy’ life after serving in the police or armed forces can be a difficult time. Particularly for those who are forced to retire like Mark, not having the time to plan accordingly and build your pension pot may leave you in financial difficulties. Mark needed some help with setting up in a new home and adapting to his new lifestyle. He took a number of loans from Serve and Protect which covered these expenses and helped to make the transition process easier.

After the COVID-19 pandemic, Mark was self-employed and out of work. He could not get any financial help and was struggling. Mark had gathered some credit card debt while trying to improve his situation and needed a loan to clear it. That is when he turned to Serve and Protect.

“The staff listened to my circumstances and were able to help. I doubt I would have been able to get a loan elsewhere. Being able to talk to someone and explaining our situation felt great, we felt that someone was willing to understand us.”

We were able to provide Mark with a loan to consolidate his credit card debts. With his debts cleared, he was left with one manageable monthly payment which suited his situation. Mark is a proud member of



Serve and Protect and if his colleagues find themselves in difficulty, he knows where they could turn for support.

“I would always and have many times recommended Serve and Protect CU to colleagues when I was serving and after retirement. The rate of interest has always been the main reason and dealing with the team has been great.”

Credit unions are there to serve those who may not be able to access financial support elsewhere, as an alternative to high-cost creditors such as payday lenders. At Serve and Protect Credit Union, we are here to help our members save, and there if they need to borrow with repayments straight from their pay.



There are always peaks and troughs within the financial world. Being with us means we can all move forward together, support each other and prosper.

Nigel Rabbitts



Chairman's Report

It is with some pride and gratitude that I can start this years' report with some good news. A really positive year, even when the challenges of COVID 19 and the restrictions which accompanied the epidemic have lingered and brought a cycle of misery for many businesses, we prevailed and grew.

This means we have a healthy surplus for our trading year 2021 – 2022.

Naturally, the war in Ukraine, with the financial challenges to the world economies has had a knock-on onto our own economy, meaning that this years' financial planning is difficult.

Never has financial resilience been more important. Every aspect of our daily lives is impacted by inflationary pressures. We strive to provide the best possible service and financial products for you. There are some frustrations with the delay in the new Credit Union Act. Our hands are currently tied by regulations around Consumer Credit controls and the range of products we can offer, which makes our need for member grow so important. The Board of Directors are constantly looking innovating ways to improve the member experience and improve efficiency.

The re-launch of the Friends of Serve & Protect Lottery is one example where not only are you the members able to benefit from cash prizes but the surplus monies can be divided amongst great causes linked to organisations focused in supporting those that serve the communities of our Nation.

At this years' AGM the Board will again be recommending a market leading dividend. We must all be mindful that this figure is set in retrospect. The inflationary pressures we are all now experiencing will create considerable challenges for the next financial year.

It may be a gloomy picture but the advantages of us being a mutual organisation is that our focus is purely on you the members.

We are lucky to have a very talented team of dedicated staff. Their skills, empathy and professionalism have put us in a strong position to provide you all with an advantage. Serve & Protect Credit Union is a community. I cannot stress enough that we are here to help. Always contact us first when making important financial decisions. It's why we were created.

Moving the AGM forward gives us all some space to look at all of the financial models and impact factors and produce the best outcomes for all. Adversity does bring opportunity. Serve & Protect is on a roll. There are always peaks and troughs within the financial world. Being with us means we can all move forward together, support each other and prosper.

Finally, a big than you to the current Volunteer Directors, Internal Audit Committee and our great Staff. A very warm welcome to two new Directors Mel Warnes and Ben Ruffer, I am sure you will find the experience both interesting and stimulating.



Nigel Rabbitts, Chairman, Serve and Protect



Finance Report

The financial year 2021/22 has seen Serve and Protect reach many milestones, both financially and professionally of which we are extremely proud of. Our total surplus for the year exceeded £2.5m.

Over the last 12 months we have seen the world return to a new way of living, post pandemic. Many of us, our members and their families still faced challenges however we are proud that we have been there to assist and provide members with support during this time, through financial education, savings and borrowing.

This year has been a year of growth for Serve and Protect in many areas, particularly our financials. This is reflected in our latest annual accounts, which can be found at the end of our annual report but here I would like to capture and summarise the year and its biggest takeaways.

Financial Statements

Over the last year we have issued over 6700+ loans allowing members to consolidate their debts into one manageable monthly payment, renovate living environments through house improvements, purchase new cars and much more. As a result, we have seen the loan book grow over 16% from £56.6m to £65.8m within the last 12 months across 10,000+ active loans.

As a result of our strengthening loan portfolio, we seen total loan interest result in £5.3m for the financial year end. Whilst this is where our main source of income stems from, we have achieved £101k in bank interest too despite rates declining on savings accounts in the early months.

With our membership increasing to over 40,000 we have also expanded our team internally ensuring we continue to provide the best service and value we can for every touch point you have with us here at the credit union. Our total expenditure costs rose from £1.72m in the previous year to £1.95m this year, which we prepared for and reflected in our 21-22 budget. Despite our 13% annual increase in expenditure, our cost to income ratio for September 2022 remained low at 54%.

Success of our increased income and cost analysis has led to a surplus of over £2.5m. Based on our performance, we have been able to enhance our previous year 20-21 efforts which concluded with an annual surplus total of £2m.

Our saving balances over the last 12 months have been reflective of the external factors we have all been subject to with some members needing to withdraw more regularly from our easy access accounts and others increasing regular saving contributions. Our Flexi Saver reached £12.5m in the year providing an additional space for members to manage their savings balances.

We saw a return on assets of 2.68% which is a huge improvement on previous years where it has been 1.40% (2019). Our total assets equated to £95m due to a rise in our loan portfolio.

“Fast and effective service A+ – After a tough couple of years I had gathered some debt on expensive credit cards. CU were really helpful in consolidating the debt into a fraction of what I was paying. Really easy application process, helpful communications when discussing my needs and within a couple of days the money was in my bank and the cards fully paid off. They are life savers not just money savers.”

Darren, Devon & Cornwall Police

Auditors

I would like to commend our auditors, Hallidays LLP, not only for the support in preparing the accounts and their professionalism throughout the audit but also for their continuous support throughout the year.

Summary

On review of our 2022 performance and audited Financial Statements, the Board of Directors are pleased to recommend a dividend on all savings accounts for the year ended 30 September 2022 as follows:

- Regular Saver 1.75%
- Flexi Saver 1.5%
- Junior Saver 2.5%

Our proposed dividend will result in a return in excess of £1.22m back to you, our members. Despite our share balances increasing over 5% from £77.1m to £81.2m, we are proposing an uplift on last year's dividend which was payable at £616k.

The increased rates shown above will result in an additional £606k in dividends paid to our members providing a great return on saving accounts which are safe, secure, and protected by FSCS.

The bank of England base rate currently sits at 3%, the last time we saw rates as high as this was in the year 2008. We recognise that the later part of 2022 has seen interest rates significantly rise on savings accounts, however our dividend is paid based on balances held between October 2021 and September 2022 and is based on our performance serving members, rather than prevailing market conditions.

Therefore, we are confident our dividend is appropriate and presents excellent value. It is 0.75% higher than the previous financial year and we are looking carefully on how we might be able to improve on this further in the next financial year to ensure our members are still receiving excellent value.

This year's financial performance has put us in a position whereby we can continue to comfortably meet our obligations as set out by the Financial Conduct Authority (FCA) and by the Prudential Regulation Authority (PRA) in respect of capital reserves, solvency and cash liquidity.

Our reserves remain in a strong healthy position at £13.3m, which includes a specific development reserve of £500k for new technology and innovation projects, to improve our core products and services.

With the cost-of-living crisis approaching rapidly we are dedicated to supporting our members in what will be a challenging time for all. Our commitment is stronger than it has ever been, and we remain dedicated to help those that Serve & Protect our nation in everyday life.

I would like to thank our entire team for an exceptional year, one which has provided excellent, consistent service to our members during times of uncertainty and also resulted in financial success meaning we can give back to the communities we serve.

Thank you.



Amy Shippley, Finance & Operations Manager



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 ensuring 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 Business / 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.

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.

In 2016 he was elected Chairman of the Board of Directors. He is a keen advocate of innovation in the not-for-profit financial space and championing young professionals in the credit union sector. He has led the Board through considerable change and remains focused on the Strategic aims of delivering efficiency, innovation and growth in the organisation in order to provide financial resilience for all members.



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 developer in southern Iraq. For the last eight 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.



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 CMB Trade Union representing mainly managerial and professional staff – elected as Branch Secretary between 2013 to 2022. He has since reverted to his role within the People Services Department as a People Policy Adviser.

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 and CID in April 1974 he worked in various departments until May 1987, when he was elected full-time Deputy Secretary Merseyside Police Federation.

Merseyside Police Credit Union was started in 1988, with Peter serving as Chairman throughout. 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.



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.

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 Serve and Protect 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.

Mark now works as a full-time commissioned officer in the RAF, based at RAF Cosford, where he is currently the A/Officer Commanding 605 Sqn.



Steve Grange

Director

Steve is a qualified financial adviser and is the principal partner of his own business, Steve Grange Financial Wellbeing. He was formerly a police officer serving 30 years with West Midlands Police finishing his career as secretary of their police federation.

As well as running his own business he is retained by the local force and the Federation as a pensions consultant to provide information to officers on how the imminent government changes will affect them.



Moses Njuguna

Director

Moses has had a career as an administrator for over 18 years. Before joining the British Army, he worked in Accounting and Finance under contracts with Michael Page International and Robert Half International. He enlisted into the British Army in 2006, serving in Military Administration and Information Management as well as an Accountant for Service Funds.

He graduated with a BA(Hons) Combined Studies in Business from Birmingham City University (2003). He holds a Certificate in Mortgage Advice and Practice (CeMAP) from London Institute of Banking and Finance (2021), where he is also pursuing a Diploma for Financial Advisers (DipFA).



Board Matrix

Directors Attendances 2021-22.

	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22
Jeff Sheeran	A	Ap	A	Ap	A	Ap	A	A	Ap	A	A	A
Mark Richardson	A	A	A	A	A	A	A	Ap	A	Ap	A	A
Mark Salt	A	Ap	Ap	A	A	Ap	A	Ap	Ap	A	A	A
Neal Alston*	A	Ap	Ap	A	A	A	Ap	Ap	N/A	N/A	N/A	N/A
Nigel Rabbits	A	A	A	A	A	A	A	A	A	A	A	A
Peter Watson	A	A	A	A	A	A	A	A	A	A	A	A
Steve Grange	Ap	A	A	A	A	A	Ap	A	A	Ap	Ap	A
Moses Njuguna	A	A	A	A	A	A	A	A	A	Ap	A	A

Audit Committee

Roy Ward	A	A	A	A	A	A	Ap	A	A	A	Ap	A
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Key

Attended	A	Apologies issued	Ap	Not Applicable	N/A
----------	---	------------------	----	----------------	-----

* Resigned 28th June 2022

“The chance to represent those serving in the military is a something I am extremely proud of. Serving on the Board of Serve and Protect Credit Union is also an opportunity to give back to our community.”

Moses Njuguna,
Director, Serve and Protect



Join the Board

If you are interested in joining our Board of Directors or would like to learn more about the role, please complete the short form on website, and we'll get back to you.



Or visit - <https://serveandprotectcu.co.uk/about-us/board/board-vacancies>



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 is the President of the Association of British Credit Unions Ltd (ABCUL) Board of Directors. During his time on the Board, Paul has supported a number of key initiatives for positive change within the credit union sector including the Democracy Working Group and as the associations first serving Board representative of the ABCUL Inclusivity Group.

In 2014 Paul received the prestigious World Young Credit Union Professionals (WYCUP) scholarship, World Council of Credit Unions, and continued to give back to the next generation of credit union leaders serving on the WYCUP Steering Committee, World Council of Credit Unions; Co-founder and Chair of the ABCUL Young Professionals Network; and as a certified International Credit Union Development Educator (I-CUDE), for both CUDE & DEEU.

He is also active in the global credit union community, speaking at industry conferences and sharing best practices.



Amy Shippley

Finance and Operations Manager

Amy joined Serve and Protect CU in 2014 and has over 9 years' experience in the finance industry. She is responsible for the day-to-day financial operations, including the financial reporting and treasury management of the organisation. She is also passionate about improving member experience and is currently refining our internal processes to ensure service excellence across the organisation.

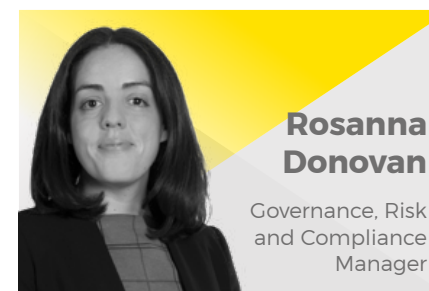
Amy is a qualified Chartered Accountant (ACCA) and is a member of the Association of Accounting Technicians (MAAT).



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.



Rosanna Donovan

Governance, Risk and Compliance Manager

Rosanna is the Governance, Risk and Compliance Manager having joined Serve and Protect CU in March 2021. Prior to this she spent 9 years working at the credit union trade body, ABCUL, finishing as Head of Member Services with additional management responsibility for the Credit Union Foundation.

During this time she developed expertise in credit union law and regulation, supported the development of the ABCUL Young Professionals Network and led the international partnership work of the Association giving her insight into the global credit union movement.



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 and Credit Risk Manager in November 2018. He manages the day-to-day lending of the Credit Union and is responsible for collections with the aim of assisting our members with their lending needs and financial difficulties.

With a background in banking, 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 28 years within the organisation. Myrel is now the HR Manager 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).



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FCA Registration number: 213306

Police Credit Union Limited

**Annual Report and Financial Statements
for the Year Ended 30 September 2022**

Police Credit Union Limited

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Xeinadin Audit Limited
Statutory Auditor
8th Floor
36 Old Jewry
London
EC2R 8DD



Police Credit Union Limited

Credit Union Information

Chairman

Mr N Rabbitts

Directors

Mr N Rabbitts

Mr P Watson

Mr S Grange

Mr M Richardson

Mr J Sheeran

Mr M Salt

Mr M Njuguna

Registered office

Guardians House
2111 Coventry Road
Sheldon
Birmingham
B26 3EA

Bankers

Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

Auditors

Xeinadin Audit Limited
Statutory Auditor
8th Floor
36 Old Jewry
London
EC2R 8DD

Police Credit Union Limited

Directors' Report Year Ended 30 September 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

Directors of the Credit Union

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

Mr N Rabbitts - Chairman

Mr P Watson

Mr N D Alston (resigned 28 June 2022)

Mr S Grange

Mr M Richardson

Mr J Sheeran

Mr M Salt

Mr M Njuguna (appointed 27 January 2022)

Dividends

The directors recommend a final dividend payment of £1,222,937 (2021: £616,698) be made in respect of the financial year ended 30 September 2022. 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 2022

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 £2,568,624 (2021: £2,038,656).

The dividend is calculated for the Member Accounts and Junior Accounts depending on the product. The breakdown of the dividend rate per product is as follows:

- Regular saver 1.75% (2021: 1.0%)
- Flexi saver 1.5% (2021: 1.0%)
- Junior rewarder 2.5% (2021: 1.0%)

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 2022

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 2022

Approved by the Board on 15 December 2022 and signed on its behalf by:

.....
Mr N Rabbitts
Chairman

.....
Mr S Grange
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 2022, 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 Credit Union's affairs as at 30 September 2022 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 Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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 in 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 Credit Union 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 Board of Directors' Responsibilities (set out on page 3), the Board of 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 Board of 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.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- 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.

Police Credit Union Limited

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

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.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. The description forms part of our auditor's report.

Use of this report

This report is made solely to the Credit Union 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 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 as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Xeinadin Audit Limited
Statutory Auditor
8th Floor
36 Old Jewry
London
EC2R 8DD

15 December 2022



Police Credit Union Limited

Revenue Account for the Year Ended 30 September 2022

	Note	2022 £	2021 £
Income	3	5,623,376	4,671,038
Administrative expenses		(2,994,146)	(2,542,342)
Operating surplus	4	2,629,230	2,128,696
Interest payable and similar charges	5	(41,311)	(67,936)
		(41,311)	(67,936)
Surplus before tax		2,587,919	2,060,760
Taxation	9	(19,295)	(22,104)
Surplus for the financial year		2,568,624	2,038,656

The above results were derived from continuing operations.

Police Credit Union Limited

(FCA Registration number: 213306) Balance Sheet as at 30 September 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	10	151,774	194,421
Tangible assets	11	532,367	527,589
		684,141	722,010
Current assets			
Debtors	12	65,823,916	56,638,855
Cash at bank and in hand	13	29,139,813	32,426,226
		94,963,729	89,065,081
Total assets		95,647,870	89,787,091
Liabilities, capital and reserves			
Other liabilities	14	1,076,718	1,197,503
Members shares - repayable on demand	16	81,203,952	77,166,840
General reserves		11,644,263	10,306,050
Development reserve		500,000	500,000
Appropriation account		1,222,937	616,698
Total liabilities, capital and reserves		95,647,870	89,787,091

The notes on pages 49 to 58 form an integral part of these financial statements.

The notes on pages 49 to 58 form an integral part of these financial statements.



Police Credit Union Limited

(FCA Registration number: 213306)
Balance Sheet as at 30 September 2022

Approved and authorised by the Board on 15 December 2022 and signed on its behalf by:

.....

Mr N Rabbitts
Chairman

.....

Mr S Grange
Director

.....

Mr M Richardson
Director

The notes on pages 49 to 58 form an integral part of these financial statements.

Police Credit Union Limited

Statement of Changes in Reserves for the Year Ended 30 September 2022

	General reserves £	Development reserve £	Appropriation account £	Total £
At 1 October 2021	10,306,050	500,000	-	10,806,050
Surplus for the year	-	-	2,568,624	2,568,624
Other reserve movement	1,338,213	-	(1,345,687)	(7,474)
Total comprehensive income	1,338,213	-	1,222,937	2,561,150
At 30 September 2022	11,644,263	500,000	1,222,937	13,367,200
	General reserves £	Development reserve £	Appropriation account £	Total £
At 1 October 2020	8,470,253	500,000	-	8,970,253
Surplus for the year	-	-	2,038,656	2,038,656
Other reserve movement	1,835,797	-	(1,421,958)	413,839
Total comprehensive income	1,835,797	-	616,698	2,452,495
At 30 September 2021	10,306,050	500,000	616,698	11,422,748

The notes on pages 49 to 58 form an integral part of these financial statements.



Police Credit Union Limited

Statement of Cash Flows for the Year Ended 30 September 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Surplus for the year		2,568,624	2,038,656
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	79,844	83,041
Loss on disposal of tangible assets		1,092	7,899
Finance costs	5	41,311	67,936
Taxation provision	9	19,295	22,104
Impairment expense		511,008	336,009
		<u>3,221,174</u>	<u>2,555,645</u>
Working capital adjustments			
Decrease/(increase) in other debtors	12	33,046	(18,381)
Decrease in other creditors	14	(11,993)	(37,966)
Cash generated from operations		3,242,227	2,499,298
Taxation paid	9	(22,105)	(31,179)
Net cash flow from operating activities		<u>3,220,122</u>	<u>2,468,119</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(38,603)	(16,499)
Proceeds from sale of tangible assets		1	(6,369)
Acquisition of intangible assets	10	(4,464)	-
Proceeds from sale of intangible assets		-	6,295
Credit Union merge		-	421,137
Net cash flows from investing activities		<u>(43,066)</u>	<u>404,564</u>
Cash flows from changes in operating assets and liabilities			
Interest paid	5	45,614,827	(67,936)
Cash inflow from share deposits		(30,649,227)	45,614,827
Cash outflow from share withdrawals		(34,243,947)	(30,649,227)
New loans to members		24,372,411	(34,243,947)
Repayment of loans by members		30,425,565	24,372,411
Dividend paid		(624,515)	(562,643)
Net cash flows from operating activities		<u>(6,463,469)</u>	<u>4,463,485</u>
Net (decrease)/increase in cash and cash equivalents		(3,286,413)	7,336,168

The notes on pages 49 to 58 form an integral part of these financial statements.

Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

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 15 December 2022.

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 Conduct Authority under the provisions of the Co-Operative and Community Benefit Societies Act 2014.

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

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 uncertain external factors such as 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 these uncertainties 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 2022

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
Computer software and website	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 2022

Financial liabilities - subscribed capital

Members' shareholdings in the Credit Union are redeemable and therefore are classified as financial liabilities, and described as subscribed capital. They are initially recognised 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. The provision for doubtful debts is prepared in accordance with the PRA provision. This estimate is required by the PRA and is standard within the industry.

3 Income

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

	2022 £	2021 £
Loan interest receivable from members	5,342,449	4,371,472
Other income	280,927	299,566
	<u>5,623,376</u>	<u>4,671,038</u>



Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

4 Operating surplus

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	32,732	34,497
Amortisation expense	47,112	48,544
Auditors fees - the audit of the credit unions annual accounts	9,190	8,618
(Surplus)/deficit on disposal of tangible fixed assets	1,092	7,899

5 Interest payable and similar charges

	2022 £	2021 £
ISA interest paid	41,311	67,936

6 Staff costs

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

	2022 £	2021 £
Wages and salaries	1,028,046	942,198
Social security costs	104,880	90,932
Pension costs, defined contribution scheme	67,262	61,373
	1,200,188	1,094,503

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

	2022 No.	2021 No.
Administration and support	35	33

7 Directors' remuneration

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

	2022 £	2021 £
Remuneration	32,210	30,305
Directors social security costs	2,652	2,460
	34,862	32,765

Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

8 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	9,190	8,618
	2022 £	2021 £
Audit of the financial statements	9,190	8,618
Non audit services	4,310	4,065
	13,500	12,683

9 Taxation

Tax charged/(credited) in the income statement

	2022 £	2021 £
Current taxation		
UK corporation tax	19,294	22,104
UK corporation tax adjustment to prior periods	1	-
	19,295	22,104

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Surplus before tax	2,587,919	2,060,760
Corporation tax at standard rate	491,705	391,544
Effect of income exempt from taxation	(472,410)	(369,440)
Total tax charge	19,295	22,104

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, the tax charge for the year differs from the standard rate of Corporation Tax. The differences are shown above.



Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

10 Intangible assets

	Computer software and website £	Total £
Cost		
At 1 October 2021	467,184	467,184
Additions acquired separately	4,464	4,464
At 30 September 2022	471,648	471,648
Amortisation		
At 1 October 2021	272,763	272,763
Amortisation charge	47,111	47,111
At 30 September 2022	319,874	319,874
Carrying amount		
At 30 September 2022	151,774	151,774
At 30 September 2021	194,421	194,421

11 Tangible assets

	Freehold property £	Furniture, fittings and equipment £	Property improvements £	Total £
Cost				
At 1 October 2021	354,984	150,769	297,039	802,792
Additions	-	19,311	19,292	38,603
Disposals	-	(3,255)	-	(3,255)
At 30 September 2022	354,984	166,825	316,331	838,140
Depreciation				
At 1 October 2021	136,711	79,631	58,918	275,260
Charge for the year	7,100	19,409	6,166	32,675
Eliminated on disposal	-	(2,162)	-	(2,162)
At 30 September 2022	143,811	96,878	65,084	305,773
Carrying amount				
At 30 September 2022	211,173	69,947	251,247	532,367
At 30 September 2021	218,273	71,195	238,121	527,589

Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

12 Debtors

	2022 £	2021 £
Loans to members	65,552,132	56,334,025
Prepayments	271,784	304,830
Total current and other debtors	65,823,916	56,638,855

13 Cash , cash equivalents and liquid deposits

	2022 £	2021 £
Cash on hand	-	2
Cash at bank	13,870,541	12,083,329
Short-term deposits	15,269,272	20,342,895
	29,139,813	32,426,226

14 Other liabilities

	Note	2022 £	2021 £
Due within one year			
Juvenile deposits		963,665	1,069,647
Accrued expenses		93,759	105,752
Income tax liability	9	19,294	22,104
		1,076,718	1,197,503

15 Pension and other schemes

Defined contribution pension scheme

The Credit Union operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Credit Union to the scheme and amounted to £67,262 (2021 - £61,373).

16 Members shares

	No.	2022 £	No.	2021 £
Members shares	81,203,952	81,203,952	77,166,840	77,166,840



Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

17 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	11,985	9,600
Later than one year and not later than five years	35,112	-
	<u>47,097</u>	<u>9,600</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £23,456 (2021 - £11,168).

18 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 2022

19 Interest rate risk disclosures

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

	2022		2021	
	Amount	Average interest rate	Amount	Average interest rate
	£		£	
Financial assets				
Loans to members	<u>65,836,357</u>	<u>8.11%</u>	<u>56,510,022</u>	<u>7.73%</u>
Shares repayable on demand				
Members shares	<u>81,203,952</u>	<u>1.71%</u>	<u>77,166,840</u>	<u>1.00%</u>

The interest rates applicable to loans to members are fixed and range from 4.5% to 42.58%.

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 2022. 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 2022

20 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.

	2022		2021	
	Amount	Proportion	Amount	Proportion
	£	%	£	%
Not impaired:				
Neither past due not impaired	65,219,278	98.45%	56,207,705	98.87%
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	-	-	-	-
Sub-total: loans not impaired	65,219,278	98.45%	56,207,705	98.87%
Individually impaired:				
Not yet past due, but impaired	84,379	0.13%	65,749	0.12%
Up to 3 months past due	126,712	0.19%	40,855	0.07%
Between 3 and 6 months past due	163,355	0.25%	108,557	0.19%
Between 6 months and 1 year past due	310,175	0.47%	191,798	0.34%
Over 1 year past due	335,256	0.51%	235,531	0.41%
Total loans	66,239,156	100%	56,850,195	100%
Impairment allowance	(687,024)		(516,170)	
Total carrying value	65,552,132		56,334,025	

Police Credit Union Limited

Detailed Revenue Account for the Year Ended 30 September 2022

	2022 £	2021 £
Income (analysed below)	5,623,376	4,671,038
Gross surplus (%)	100%	100%
Administrative expenses		
Regulatory costs (analysed below)	391,384	353,009
General administrative expenses (analysed below)	1,955,352	1,722,804
Finance charges (analysed below)	55,466	39,579
Depreciation costs (analysed below)	80,936	90,940
Impairment losses (analysed below)	511,008	336,010
	2,994,146	2,542,342
Operating surplus	2,629,230	2,128,696
Interest payable and similar charges (analysed below)	(41,311)	(67,936)
Surplus/(deficit) before tax	2,587,919	2,060,760

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



Police Credit Union Limited

Detailed Revenue Account for the Year Ended 30 September 2022

	2022 £	2021 £
Income		
Interest on loans	5,342,449	4,371,472
Bad debt recovery	192,444	170,644
Sundry income	1,930	31
Lottery funds	(15,000)	27,000
Bank interest received	101,553	101,891
	<u>5,623,376</u>	<u>4,671,038</u>
Regulatory costs		
Insurance	281,255	252,815
Office Expenses	68,251	67,164
Association dues & affiliation fees	41,878	33,030
	<u>391,384</u>	<u>353,009</u>
General administrative expenses		
Directors remuneration	32,210	30,305
Wages and salaries	995,836	911,893
Staff NIC (Employers)	102,228	88,472
Directors NIC	2,652	2,460
Staff pensions (Defined contribution)	67,262	61,373
Telephone and fax	36,460	49,934
Learning & development	36,628	18,671
Computer software and maintenance costs	184,811	180,507
Printing, postage and stationery	13,297	13,824
Charitable donations	3,175	10,146
Sundry expenses	80,925	42,548
Travel and subsistence	92,663	35,334
Advertising	168,360	147,963
Auditors fees - the audit of the credit unions annual accounts	9,190	8,618
Legal and professional fees	106,407	103,214
Debt recovery charges	23,248	17,542
	<u>1,955,352</u>	<u>1,722,804</u>

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

Police Credit Union Limited

Detailed Revenue Account for the Year Ended 30 September 2022

	2022 £	2021 £
Finance charges		
Bank charges	55,466	39,579
Depreciation costs		
Amortisation of development costs	47,112	48,544
Depreciation	32,732	34,497
(Surplus)/deficit on disposal of tangible fixed assets	1,092	7,899
	<u>80,936</u>	<u>90,940</u>
Impairment losses		
Impairment expense	511,008	336,010
Operating surplus	2,629,230	2,128,696
Interest payable and similar charges		
ISA interest paid	41,311	67,936
Surplus before tax	<u>2,587,919</u>	<u>2,060,760</u>

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