SERVE PROTECT

Improving the financial resilience of those who serve and protect

Annual Review 2020/21

www.serveandprotectcu.co.uk

PART OF THE SERVE AND PROTECT FAMILY

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

ARMED FORCES COVENANT

At Serve and Protect Credit Union, our mission is to improve the financial resilience of those who serve and protect our nation.

In this report

Our annual review provides an insight into some of the achievements we have made and support we have provided to our members throughout the last financial year, including information about the financial health of our credit union.

We are extremely proud to support a community of over 2 million employees across the Police, Prison, Military, Fire and Health Services.

Our mission is to improve the financial resilience of those who serve and protect the nation. Playing our part to help our members save and being their if they need to borrow – throughout their service career and beyond.

Contents

Introduction **3**
Message from Our CEO **4**
Year in Review **6**
Great Place to Work® **8**
Supporting Good Causes **9**
Durham Welcome **10**
People Helping People **12**
Look at Our Impact **14**
Members Story **16**
Chairman's Report **20**
Director of Finance's Report **22**
Meet the Board **24**
Meet the Senior Leadership Team **26**
Financial Statements **28**

***"Excellent –** Serve and Protect are simply the best. With the help of this company, I am able to manage my financial problems and able to save lots."*

Bijoy, Military CU

***"Excellent and Easy –** Excellent service, fast and informed. Easiest thing I've done all year. Finally being addressed as a person and not a credit score."*

Garret, Police CU

Message from Our CEO

With my sincerest gratitude, I would like to thank you, our members, for your continued efforts to keep us all safe in these challenging times. Little did we know that more than 18 months later, the COVID-19 pandemic would be continuing to place great pressure on the nation. Once again, those on the frontline are selflessly protecting the public ahead of their own needs.

We are thankful for you, and we feel fortunate to serve you.

Inspired by the efforts of our members, we broadened our approach; 2021 was a year in which we evolved to be more than just an ethical place to save and borrow. Our mission is to 'Improve the financial resilience of those who Serve and Protect'. I can say with immense pride that we served our members and helped them to build savings, but we were also there when they needed financial support.

Other financial institutions are driven by profit with a focus on providing a return to their shareholders or investors. As a credit union, we provide a truly not-for-profit alternative. Our surplus is reinvested into improving and developing the range of products and services available, while aiming to pay a market leading return to our members on their savings.

It is not just our not-for-profit ethos that makes us different. Our members turn to the credit union for financial support during these uncertain times. Our team shows genuine care and forbearance to help members when they needed us most.

We work with you to find solutions to your financial challenges. **We remember that behind every transaction, there is a person or a family**; members who may need our support to ensure they survive financial challenges they face every day, week or month.

£11m

Worth of members debts consolidated





£10m

In new savings

Our personal approach remains at the heart of the credit union and differentiates us from our competitors.

Throughout the last 12 months we helped consolidate over £11million of member debts, helping save money on existing loan repayments or high interest credit. This was made possible by our members who see the credit union as a safe place. We welcomed over £10million in new savings throughout the last year and are now extremely proud to look after over £71million in total member savings.

As we increase our membership and explore growth strategies, we decided to expand our service to colleagues within the Fire and Health Services. This was an example of our commitment to ensure all those serving on the front line throughout the pandemic have the option of financial support from the credit union.

We are committed to your financial resilience.

Your employers also recognise the role the credit union provides to develop the long-term financial resilience of their employees. Our recent Financial Resilience Survey saw 38% of respondents say they would not be able to cope financially with a change in circumstances such as relationship breakdown, unemployment, or sickness.

We take our role in our members' lives seriously.

We are dedicated to helping our members improve their financial strength. We are raising awareness of the importance of saving for the future and ensuring our members are ready to respond to the financial challenges they will face throughout their careers and know where to turn for financial support.

Such dedication to our members was recognised by Durham Constabulary Credit Union, who successfully merged with us in September 2021. We are proud to have been chosen to continue the success of the credit union, which was built over the last 32 years. Durham Constabulary was just one of several new payroll partnerships welcomed throughout the year along with Norfolk, Derbyshire and Lincolnshire Police.

Recognition of the importance of a credit union service as part of a wider well-being strategy by employers is a trend that will continue. However, there are still some employers that do not provide our service or support payroll deduction – often simply due to a lack of understanding. In such cases, we encourage you to help raise awareness of the credit union and the benefits of payroll deduction with your employer.

Without our team this would not be possible.

Finally, I would like to extend a thank you to my colleagues at Serve and Protect.

I am incredibly proud to look back over the last 12 months and see the passion, dedication and commitment shown by each and every team member. They were there for our members when needed most.

Our team embraced a new way of working – adapting to the challenges of remote working, while ensuring our culture and the highest level of service excellence.

Providing an environment in which our employees can achieve, both individually and as a team, is reflected in the positive experience our members are accustomed to receiving.

In recognition of our commitment to the team, in March 2021 we were named a Great Place to Work-Certified™ company – an achievement of which we can all be incredibly proud.

I would also like to extend my gratitude to the Board of Directors for their trust and vision. Thank you for helping us to continue to thrive. It is my honour and privilege to be CEO of Serve and Protect Credit Union, and to be a part of an incredible team.

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 – 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 continued support,** and we look forward to serving you in the year ahead."*



Paul Norgrove, CEO, Serve and Protect

Year in Review

Quick call responses

<7 seconds

Average call wait time in 2020/21 financial year

Progressive growth in assets

23%

Growth in total assets to £89m
(from £72m)

Increase in total savings

15%

Growth in total savings to £71m
(from £61m)

Growth in total members

10%

Growth in total members to 36,678
(from 33,293)

Maintained service excellence

4.9/5

Member service rating
(Feefo Reviews)

Thousands of calls answered

31k+

Calls answered by our member services team

How we performed as a credit union in our 2020/21 financial year

Achieved strong results in lending

20%

Growth in loan book to £56m
(from £46m)

Personal loan rated excellent

4.8/5

Average loan product rating
(Feefo Reviews)

Making it easier to apply for loans

97%

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

Positive word of mouth

91%

Of members would recommend us to others

Best Workplaces™ For Women Small Organisations — Great Place To Work. UK 2021

Best Place to Work
for Women 2021

Great Place To Work. Certified MAR 2021–MAR 2022 UK

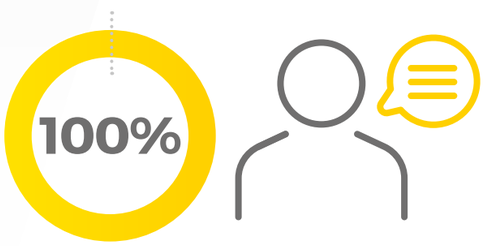
Accredited as a
Great Place to Work®

#FeefoTrusted Gold Trusted Service Awards winner! 2021 feefo

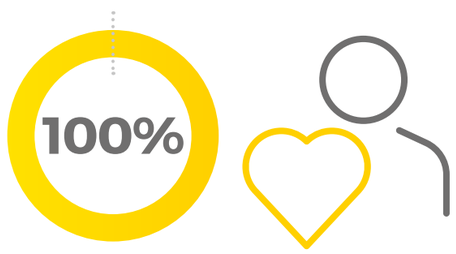
Gold Trusted Service
Award Winner

Great Place to Work®

We do our best to make Serve and Protect Credit Union the very best place to work it can be. We want to see our people achieve and do well, both individually and as a team. In recognition of our commitment to our people, in March 2021 we were named a Great Place to Work-Certified™ company.



100% of our employees said they are proud to tell others they work for the credit union.



100% of our team feel good about the way we contribute to the community.

We're also excited to be named a 2021 UK's Best Workplace™ for Women by Great Place to Work®.

These achievements come in a year where we were also accredited with being a Living Wage Employer. The real Living Wage provides a voluntary benchmark for employers that choose to take a stand, by ensuring their staff earn a wage that meets the costs and pressures they face in their everyday lives.

Supporting Good Causes

We are proud to lend our support to the UK Police Memorial. Police Officers lay down their lives to serve and protect our nation, and we are honoured that we give something back.

"The vision to honour those officers and staff who have paid the ultimate price for their service is finally close to being realised. The dedication of the memorial will be an occasion of major importance to the Police Service, the wider nation and especially to the families of the fallen. We are grateful for Serve and Protect Credit Union's support in order that the dedication can be a fitting tribute."

Martin Hewitt, Trustee of the UK Police Memorial

Promoting well-being through sport

In February and April, we organised the **#StayForceFit** and **#StayFireFit** challenges to encourage people to get active. Participants were required to submit miles on behalf of their Police Force or Fire & Rescue Service, with thousands of pounds donated to welfare funds and the Fire Fighters Charity. We were overwhelmed by the number of people taking part in both challenges.

86,920
Miles were covered across the **#StayForceFit** & **#StayFireFit**.

296
Contributors

2,124
Submissions

16
Police forces represented

£1,350
Raised for Police Force Welfare Funds

12
Fire & Rescue services represented

£1,200
Donated to the Fire Fighters Charity

"For the last 32 years DCCU has operated entirely on a volunteer basis. With the increasing burden of compliance and challenges regarding succession planning, the Board of Directors made the decision to seek a merger to ensure we continued the service for our members.

*We were delighted to choose **Serve and Protect**. Having met with their Board of Directors and Senior Leadership Team, we were more than satisfied that they were the most efficient and professionally run credit union in the sector."*

David Robinson,
Founder Board
Member, DCCU

Durham Welcome

In our 2020/21 financial year we were delighted to merge with Durham Constabulary Credit Union (DCCU). DCCU was established in 1989 to serve Police Officers and staff working for Durham Constabulary.

The merger, which was completed in September 2021, means 958 additional members have been welcomed to the Serve and Protect family, with £2 million added to the credit union's savings and £400,000 added to the credit union loan book.

958
Additional
Members

£2m
Added to the
Savings

£0.4m
Added to the
Loan Book

"We recognise the hard work, passion and dedication of all those involved at Durham Constabulary Credit Union over the last 32 years.

We are extremely proud to have been chosen to continue the success of the credit union and are committed to improving the range of products and services available to you, our members."



Paul Norgrove, CEO, Serve and Protect

“My savings help others to borrow at good rates, meaning I can help people that may be less fortunate than me.”

Anthony
Retired Police Officer, Avon & Somerset Police

People Helping People



1. Savings

Every member of the credit union is required to save a minimum of £10 per month. Savings are protected up to £85,000 by the Financial Services Compensation Scheme (FSCS).



2. Loans

Your savings help create a pot of money that allows us to offer affordable loans to other members. It is all about ‘people helping people’. So your savings, could actually help your colleague consolidate debt.



3. Profits

The profits made from interest charged on loans is used to improve services to members, donate to community organisations and to provide a return on savings in the form of an annual dividend.



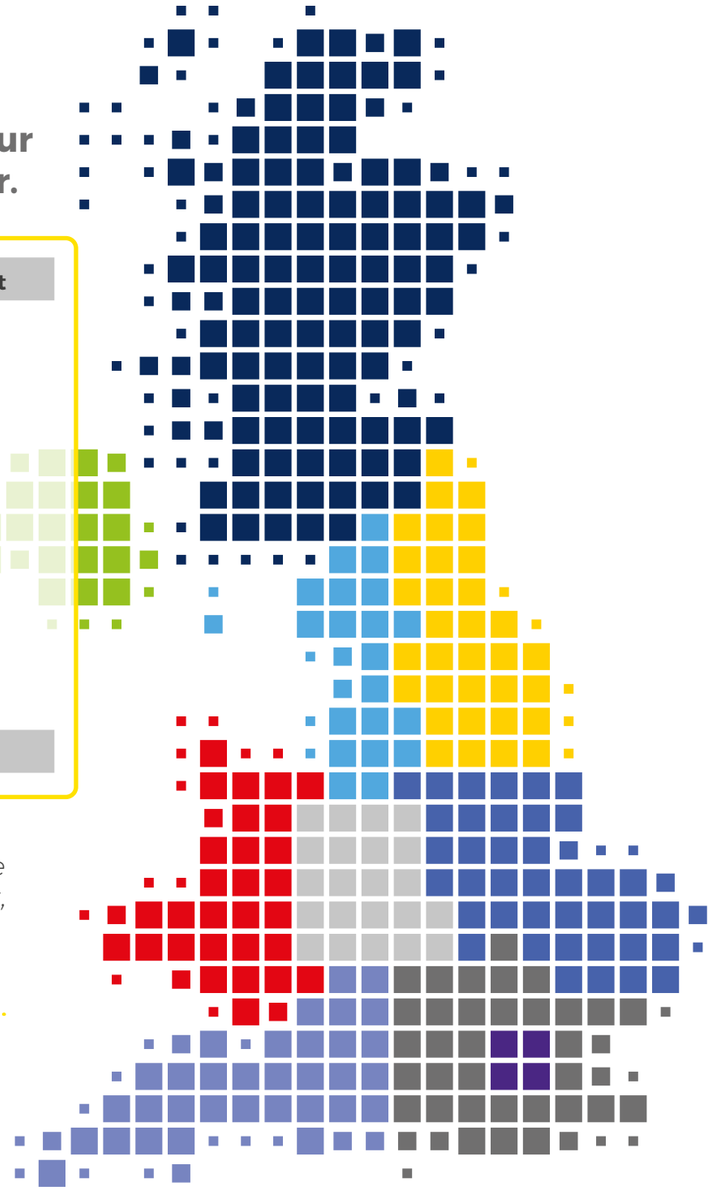
4. Help

As a member of the credit union, you are playing your part in improving the financial resilience of those who serve and protect the nation.

Look at Our Impact

We've helped our members access over £34m worth of affordable credit in our 2020/21 financial year.

Region	Amount Lent
Eastern	£1,532,113
London	£1,034,824
Midlands	£4,404,652
North East	£4,491,197
North West	£3,115,699
Northern Ireland	£98,800
Scotland	£1,005,777
South East	£11,545,338
South West	£4,482,985
Wales	£605,269
Total	**£34,243,947***



***"Brilliant –** Some of us in the services feel forgotten about, your ethos makes it feel like we matter. I'll be staying with you for the long haul."*

Lindsey, Prison CU

*£1,927,293 was also lent to members currently living overseas.

Top 5 reasons our members borrowed from us in our 2020/21 financial year.

1. Consolidation

£11,722,391

Helping members consolidate existing debt into one payment

2. Renovations

£10,602,730

Helping our members carry out home improvements

3. Car purchase

£6,864,035

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

4. Wedding

£437,120

Helping members make their dream wedding a reality

5. House deposit

£163,850

Helping our members get on the property ladder

Member Story

Saving Lives

“I am writing to thank you for your speedy help which in part saved my life.”

Anthony became a member of Serve and Protect Credit Union in 2010. After serving in Cleveland Police for many years as a Detective Constable, Anthony decided to retire abroad.

However, Anthony’s life was put at risk when he was informed that he had to undergo heart surgery. To prepare for the surgery, Anthony required a medical intervention to be performed beforehand. The situation went from bad to worse once he learned that his insurance did not cover the procedure.

In need of urgent help, Anthony applied for a loan from Serve and Protect in July 2020. After explaining his case, our team were able to swiftly work on his loan and issue the funds he needed within 24 hours.

We heard back from Anthony once again in December 2020.

“The surgery was successful, and I am now leading a normal life and looking forward to Christmas. I am writing to thank you for your speedy help which in part saved my life. I will be eternally grateful to you.”

We asked our Senior Loans Officer, Moya, who went above and beyond to issue the loan, how she felt following the news:

“I am just so glad to know that everything has gone well for him. It is always lovely to get good feedback, but it is even more special to know that we as a team have helped to make a real difference to his life.”



Credit unions really can make a huge difference to people’s lives. Whether it be through helping someone to consolidate multiple debts or by providing funds for a crucial surgery, we are here to help our members when they need us most.



97%
of borrowers felt that we make it easy to apply for a loan.[1]

[1]Data sourced from Annual Membership Survey. Responses collected in April 2021.

Member Story

Reuniting Families

“The finances that your establishment provided helped me to see my baby again.”

Nilla is one of the many non-UK serving personnel who form part of the British Army. These include Service Personnel from the British Commonwealth and Gurkha Regiment. She moved to the UK last year to start her new career in the military.

Non-UK serving personnel experience a multitude of issues not faced by other serving personnel. The initial travel to the UK can be extremely costly, not to mention the costs of VISAs and other necessary documents to live and work in the UK.

Research by Forces in Mind Trust (2018)[2] shows that the cost to bring a family member to live in the UK has risen steeply since 2010, from around £200 to over £1,400 in 2017. Nilla is one of many who have experienced this issue.

“I’m a single mom and my son is not with me at the moment since I started my training a year ago in the army and I am trying to get him here with me.”

Starting a new job always comes with its challenges, but moving to a completely different country and having to leave your child behind in order to support them is inconceivable to many.

Nilla joined Serve and Protect Credit Union in October 2020. She was able to start saving from her monthly pay and build a healthy savings habit. However, she still required a loan to be able to fund the cost of a VISA for her son to join her here in the UK. Nilla was granted a loan, which in part helped her to be reunited with her son.



“The finances that your establishment provided helped me to see my baby again.”

As a credit union, we are proud to play our part in supporting the Armed Forces community, including non-UK serving personnel like Nilla. If you need help covering the cost of a VISA now or in the future, we are here to help you save, and there if you need to borrow.



4.8/5 **Average loan product rating (4.8/5).**[3]

[2]https://www.fim-trust.org/wp-content/uploads/meeting-needs-commonwealth-personnel-and-families.pdf.
[3]Data sourced from Feefo – an independent review platform between October 2020 and September 2021.

Member Story

Supporting Members

“Serve and Protect were not pushy when they came to visit my force, I did not feel like I was being judged, instead I felt welcomed and valued!”

Nikki, a member of the Sussex Police family for 23 years, was introduced to Serve and Protect in 2011. She was impressed with the approach of a spokesperson from the credit union who visited her workplace. Nikki knew that if she needed to take out a loan, Serve and Protect would be able to meet her needs.

“Serve and Protect were not pushy when they came to visit my force, I did not feel like I was being judged, instead I felt welcomed and valued! At the time of the visit, I had a poor credit score, so I felt relieved to know that there was an organisation that was looking out for my best interest.”

When Nikki eventually applied for a loan, which helped her to consolidate existing debts, she was relieved and thankful for the service that she initially received and continues to receive today.

“I know that I can call anytime to talk to a Member Services Officer. The team will always look to meet my needs without judging me. Initially, it took me a while to pluck up the courage to make the application, but I’m so happy that I did in the end as it has been tremendously helpful. Not only have I been able to consolidate existing debts, but the loan also helped to pay for a laptop for my son, which was instrumental in assisting him with his education. I’m proud to say that he now has a university degree to his name.”



One of many single parents in the UK, Nikki often found difficulty in meeting the costs of providing for her son, however, Serve and Protect are here to build the financial resilience of all members, whether that is helping them to save or being there if our members need to borrow.

Nikki was issued with her loan and continues to have a strong relationship with the credit union, she would encourage any of her colleagues to get in contact with Serve and Protect if they are also looking to build their financial resilience.

Member Story

Back on Track

“The situation I found myself in was incredibly stressful for me and my family. Thank you for helping me get back on track!”

Jim, a Police Officer from the Metropolitan Police, was experiencing some difficulties with re-mortgaging his home due to an unexpected personal issue. He needed a loan on short notice, but as he had no real relationship with any of the high street banks, there was nobody who he immediately thought to turn to.

“I was in an incredibly stressful situation, and I wanted to turn to someone who I could trust. Even though my credit rating is good, I wanted to turn to someone who would be empathetic and understanding, and someone who would not judge me.”

That is when someone from the National Police Federation mentioned Serve and Protect, and recommended he made an enquiry. Jim made a call to our team and we were able to point him in the right direction. He was able to apply for a loan which suited him and offered reasonable and affordable repayments direct from his pay.

“The team were understanding and clearly wanted to support me. I got the feeling that they genuinely cared and wanted to help me solve the situation I was in. I find it important that the service is personal and that you can speak to a real human, unfortunately not something you can guarantee with the big banks.”

Jim’s application was successful, and he was provided with the funds he needed at short notice. The difficult financial situation he and his family were facing is now a thing of the past and he can move forward in the knowledge that he has the full support of the credit union when needed.



“The service from start to finish was professional, attentive and compassionate. Anyone can experience unexpected financial issues at any time in their life, and I will certainly be recommending you to others with no hesitation. The situation I found myself in was incredibly stressful for me and my family. Thank you for helping me get back on track!”

Like Jim, everyone may suffer financial difficulties. Serve and Protect are here to help you save, but are always there should you need to borrow throughout your career.



Chairman's Report

I am very pleased to present to you this year's annual report. None of us know what is around the corner but again in a challenging year, our planning and strong strategic direction has provided us with a sound and growing business that has both stability and financial resilience.

I was hoping that in this year's report, I would be able to start with ,'In a post-pandemic economy', but sadly, we know that this is not the case. The challenges of the impact of COVID-19 across both general society and more directly to you our members are relentless and continues to dig deep into all of our resolves.

At Serve and Protect our 'Mission' remains the same, 'To improve the financial resilience of those who Serve and Protect.' Your job is hard enough without pressures on your financial position. We all have a view on the role of 'Central Government' and how the public sector is financed. Certainly, fiscal circumstances are exerting pressure on everybody's finances. It is clear that in the next financial year the costs of both dealing with the pandemic and the increasing national debt are going to have an impact on inflation.

At Serve and Protect we aim to be as nimble as possible. We constantly model the 'What if's'. it is important that we maintain a momentum of growth so that we can make best use of our economies of scale. The last financial year has given us a financial cushion which means we can yet again not only give you the members a market leading return on your savings but plough investment back into the business to nurture growth, finance innovation and invest in our people.

Our staff continue to excel in their daily efforts both to provide an excellent service and keep themselves and their colleagues safe.

As a Board of Directors, we are acutely aware that organisations that stand still do not thrive. A warm welcome to our new members from Durham Constabulary Credit Union. We hope you enjoy being part of our community. Hopefully, in the next year the global economy will open up, affording us the opportunity to continue learning from our neighbouring mature credit union markets.

These are challenging times, but we are in a great position to guide you all through what is going to be a roller coaster year. Demands on the emergency services have never been higher. Our job is to help shape your financial resilience in order to smooth out some of the waves, giving you peace of mind and a secure financial future.

Keep safe.



Nigel Rabbitts, Chairman, Serve and Protect

"Happy to be approved – *Listened to my circumstances and didn't just look at the paperwork. Happy to be approved after a COVID-19 related financial heartache."*

Mark, Police CU

Director of Finance's Report

The financial year 2020/21 has been a year of great success for Serve and Protect. A year which has seen surplus exceed £2m+, with thousands of members supported through continuous efforts focused directly on our members' needs.

Living with and learning to adapt to the pandemic has posed many challenges for each and every one of us. Here at the credit union it has only strengthened our desire to support those who Serve and Protect. Over the last 12 months we are extremely proud of the financial support we have been able to provide to many of our members alongside their family, whether that is through financial education, savings or borrowing. The remarkable results captured within our financial statements are credit to the hard work of our entire team throughout the year, let's take a look in closer detail.

Financial Statements

In the financial year 2019/20 we reported a rise the number of shares, this trend has continued into the year 2020/21 with member savings reaching £77.1m, an increase of 23% over the last 12 months. Throughout the summer we have seen savings gradually slow down due to the easing of COVID-19 restrictions and spending habits steadily returning. 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.

Total assets have risen from £72.9m to £89.7m within the last year, this is mainly due to the growth of our loan portfolio, in the last year we have issued over 5,609 loans supporting members with car purchases, consolidation, home improvements and much more.

Our loan portfolio has increased by 20% and currently stands at a value of £56.6m. In addition, our cash position also grew by 29% to £32.4m.

September 2021 concluded with an impressive £2.03m after tax surplus, an uplift of 21% on the previous year's £1.67m. Our main source of income is interest derived from loans and with our growing loan portfolio this enhanced our annual loan interest to £4.3m. We have seen bank interest provide a reduced return on previous years, however, we are committed to investing in line with our treasury policy and Serve and Protect are committed to investing in a responsible manner.

Government restrictions, not eased until the second half of the year, brought cost savings on items such as travel, office costs and postponed events. Our administrative expenditure increased slightly by 4%, however, we ran the year at a cost to income ratio of 56%. Throughout the year we have invested heavily in several areas, such as technology, cyber security and service improvements. This year we joined CIFAs the UK's largest database sharing intelligence on potential fraud risks which improves detection. We also became Cyber Essentials accredited this year enhancing security controls and establishing valuable security principles.

***"A pleasure to do business with –** Always polite, knowledgeable, and happy to help. Repayments come straight from your wages, and you don't even have to think about it."*

Graeme, Prison CU

In a world where technology is moving at a rapid pace, we remain focused on ensuring the security of our members' data is a top priority and is protected at all times. While expenditure in this area may not always be visible, our efforts to safeguard and secure are continuous.

We recognise that continued change is required in order to serve our members to the high standard on which we pride ourselves. We decided to launch our first mobile app in February this year, which has seen over 20,000 users register for online access. We are committed to the ongoing development of the mobile app, listening to our members needs and adapting interaction accordingly.

Along side our mobile app Serve and Protect also underwent a banking switch in 2021 in order to reduce unit costs and create efficiencies internally.

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 the 2021 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 2021 as follows:

- Regular Saver 1%
- Junior Saver 1%
- Flexi Saver 1%

While these are unprecedented times, the 1% dividend is significantly better than the current Bank of England base rate of 0.1%. The increasing share balance, which currently sits at £77.1m, means we are helping more members save than ever before, paying an additional £60k in dividends this year (total £616k) compared to last.

This dividend not only provides a great return for members on a savings account which is safe and secure but also allows us to continue to invest in additional technology and further enhance the service we provide.

Our reserves remain in a strong healthy position at £11.4m, which includes £421k reserves from our recent merger with Durham Constabulary Credit Union.

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.

In a year during which we have been able to reach out and support so many members, it has only heightened our desire to support all who everyday play a crucial role supporting our nation. I would like to thank our CEO along with the entire team for an exceptional year, where our performance has excelled not only financially but also through the excellent service provided to our members.

Thank you.



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 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 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.



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.



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 since 2008 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.

"Excellent service – *They listened, were sympathetic and the process was swift and painless. I cannot fault them. The credit union did exactly what they are there for."*

Sheena, Police CU



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 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 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.

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 retired police officer having served for 30 years with West Midlands Police.

He is currently studying to be a qualified financial advisor and is still 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. He became a Director of the Police Credit Union in 2013.



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).

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 (FMATT). Paul is the Vice President of the Association of British Credit Unions Ltd (ABCUL) Board of Directors and also supports the mission of the national trade body for credit unions via a position on 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 Credit Union Development Educator, for both CUDE & DEEU.

As a passionate advocate for financial co-operatives, 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 8 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 passonate about improving member experience and is currently refining our internal processes to ensure service excellence across the organisation.

Amy is in the process of becoming a qualified Chartered Accountant (ACCA) and is a member of the Association of Accounting Technicians (AAT).



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. 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 27 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 2021

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

Police Credit Union Limited

Contents

Administrative Information	30
Directors Report	31 to 37
Independent Auditor's Report	38 to 41
Revenue Account	42
Balance Sheet	43 to 44
Statement of Changes in Reserves	45
Statement of Cash Flows	46
Notes to the Financial Statements	47 to 56

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
Mr M Njuguna (co-opted 21 July 2021)

Registered office

Guardians House
2111 Coventry Road
Sheldon
Birmingham
B26 3EA

Bankers

Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

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 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

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
Mr S Grange
Mr M Richardson
Mr J Sheeran
Mr M Salt
Mr M Njuguna (co-opted 21 July 2021)

Dividends

The directors recommend a final dividend payment of £616,698 (2020: £555,706) be made in respect of the financial year ended 30 September 2021. 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 2021

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 £2,038,656 (2020: £1,673,367).

The dividend is calculated between 1.0% (2020: 1.0% - 1.2%) for the Member Accounts and Junior Accounts depending on the product. The breakdown of the dividend rate per product is as follows:

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

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 2021

Approved by the Board on 27 January 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 2021, 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 2021 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 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 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.

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

.....

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

27 January 2022

Police Credit Union Limited

Revenue Account for the Year Ended 30 September 2021

	Note	2021 £	2020 £
Income	3	4,671,038	4,237,514
Administrative expenses		(2,542,342)	(2,438,065)
Operating surplus	4	2,128,696	1,799,449
Interest payable and similar charges	5	(67,936)	(94,902)
		(67,936)	(94,902)
Surplus/(Deficit) before tax		2,060,760	1,704,547
Taxation	9	(22,104)	(31,180)
Surplus/(Deficit) for the financial year		2,038,656	1,673,367

The above results were derived from continuing operations.

The notes on pages 47 to 56 form an integral part of these financial statements.

Police Credit Union Limited

(FCA Registration number: 213306)
Balance Sheet as at 30 September 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	10	194,421	249,109
Tangible assets	11	527,589	547,341
		722,010	796,450
Current assets			
Debtors	12	56,638,855	47,085,287
Cash at bank and in hand	13	32,426,226	25,090,058
		89,065,081	72,175,345
Net assets		89,787,091	72,971,795
Liabilities, capital and reserves			
Other liabilities	14	1,197,503	1,128,964
Members shares - repayable on demand	15	77,166,840	62,316,872
General reserves		10,306,050	8,470,253
Development reserve		500,000	500,000
Appropriation account		616,698	555,706
Total equity		89,787,091	72,971,795

The notes on pages 47 to 56 form an integral part of these financial statements.

Police Credit Union Limited

(FCA Registration number: 213306)
Balance Sheet as at 30 September 2021

Approved and authorised by the Board on 27 January 2022 and signed on its behalf by:

.....
Mr N Rabbitts
Chairman

.....
Mr S Grange
Director

.....
Mr M Richardson
Director

The notes on pages 47 to 56 form an integral part of these financial statements.

Police Credit Union Limited

Statement of Changes in Reserves for the Year Ended 30 September 2021

	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	-	(1,412,958)	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

	General reserves £	Development reserve £	Appropriation account £	Total £
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	8,470,253	500,000	555,706	9,525,959

The notes on pages 47 to 56 form an integral part of these financial statements.

Police Credit Union Limited

Statement of Cash Flows for the Year Ended 30 September 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Surplus for the year		2,038,656	1,673,367
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	83,041	77,352
Loss on disposal of tangible assets		7,899	5,162
Finance costs	5	67,936	94,902
Taxation provision	9	22,104	31,180
Impairment expense		336,009	411,916
		2,555,645	2,293,879
Working capital adjustments			
(Increase)/decrease in other debtors	12	(18,381)	22,588
Decrease in other creditors	14	(37,966)	21,503
Cash generated from operations		2,499,298	2,337,970
Taxation paid	9	(31,179)	(39,676)
Net cash flow from operating activities		2,468,199	2,298,294
Cash flows from investing activities			
Acquisitions of tangible assets		(16,499)	(38,897)
Proceeds from sale of tangible assets		(6,369)	-
Acquisition of intangible assets	10	-	(6,900)
Proceeds from sale of intangible assets		6,295	-
Income from grant		-	130,000
Credit Union merge		421,137	-
Net cash flows from investing activities		404,564	84,203
Cash flows from changes in operating assets and liabilities			
Interest paid	5	(67,936)	(94,902)
Cash inflow from share deposits		45,614,827	34,129,453
Cash outflow from share withdrawals		(30,649,227)	(25,782,662)
New loans to members		(34,243,947)	(25,240,474)
Repayment of loans by members		24,372,411	20,674,591
Dividend paid		(562,643)	(437,837)
Net cash flows from operating activities		4,463,485	3,248,169
Net decrease in cash and cash equivalents		7,336,168	5,630,666
Cash and cash equivalents at 1 October		25,090,058	19,459,392
Cash and cash equivalents at 30 September		32,426,226	25,090,058

The notes on pages 47 to 56 form an integral part of these financial statements.

Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

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 27 January 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 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 prepare 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.

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 chargable 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.

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
Retailed 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 Income

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

	2021 £	2020 £
Loan interest receivable from members	4,371,472	3,794,684
Other income	299,566	442,830
	4,671,038	4,237,514

4 Operating profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	34,497	28,929
Amortisation expense	48,544	48,423
Auditors fees - the audit of the credit unions annual accounts	8,618	8,618
(Profit)/loss on disposal of tangible fixed assets	7,899	5,162

5 Interest payable and similar charges

	2021 £	2020 £
ISA interest paid	67,936	94,902

6 Staff costs

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

	2021 £	2020 £
Wages and salaries	942,198	866,374
Social security costs	90,932	78,745
Pension costs, defined contribution scheme	61,373	60,885
	1,094,503	1,006,004

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

	2021 No.	2020 No.
Administration and support	33	31

7 Directors' remuneration

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

	2021 £	2020 £
Renumeration	30,305	28,451
Directors social security costs	2,460	2,222
	32,765	30,673

Police Credit Union Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

8 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	8,618	8,618

	2021 £	2020 £
Audit of the financial statements	8,618	8,367
Non audit services	4,065	4,065
	12,683	12,683

9 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	22,104	31,180

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 – the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Surplus before tax	2,060,760	1,704,547
Corporation tax at standard rate	391,544	323,864
Effect of income except from taxation	(369,440)	(292,684)
Total tax charge	22,104	31,180

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.

10 Intangible assets

	Computer software and website £	Total £
Cost		
At 1 October 2020	483,929	483,929
Disposals	(16,745)	(16,745)
At 30 September 2021	467,184	467,184
Amortisation		
At 1 October 2020	234,820	234,820
Amortisation charge	48,393	48,393
Amortisation eliminated on disposals	(10,450)	(10,450)
At 30 September 2021	272,763	272,763
Carrying amount		
At 30 September 2021	194,421	194,421
At 30 September 2020	249,109	249,109

11 Tangible assets

	Freehold property £	Furniture, fittings and equipment £	Property improvements £	Total £
Cost or valuation				
At 1 October 2020	354,984	140,528	297,039	792,551
Additions	-	16,499	-	16,499
Disposals	-	(6,258)	-	(6,258)
At 30 September 2021	354,984	150,769	297,039	802,792
Depreciation				
At 1 October 2020	129,611	62,621	52,978	245,210
Charge for the year	7,100	21,607	5,940	34,647
Eliminated on disposal	-	(4,654)	-	(4,654)
At 30 September 2021	136,711	79,574	58,918	275,203
Carrying amount				
At 30 September 2021	218,273	71,195	238,121	527,589
At 30 September 2020	225,373	77,907	244,061	547,341

12 Debtors

	2021 £	2020 £
Loans to members	56,334,025	46,798,838
Prepayments	304,830	286,449
Total current and other debtors	56,638,855	47,085,287

13 Cash , cash equivalents and liquid deposits

	2021 £	2019 £
Cash on hand	2	1
Cash at bank	12,083,329	9,822,513
Short-term deposits	20,342,895	15,267,544
	32,426,226	25,090,058

14 Other liabilities

	Note	2021 £	2020 £
Due within one year			
Juvenile deposits		1,069,647	954,067
Accrued expenses		105,752	143,718
Income tax liability	9	22,104	31,179
		1,197,503	1,128,964

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 £61,373 (2020 - £60,885).

16 Members shares

	2021		2020	
	No.	£	No.	£
Members shares	77,166,840	77,166,840	62,316,872	62,316,872

17 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	8,579	-
Later than one year and not later than five years	-	19,747
	8,579	19,747

The amount of non-cancellable operating lease payments recognised as an expense during the year was £11,168 (2020 - £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 2021

19 Interest rate risk disclosures

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

	2021		2020	
	Amount	Average interest rate	Amount	Average interest rate
	£		£	
Financial assets				
Loans to members	56,510,022	7.73%	46,966,430	8.07%
Shares repayable on demand				
Members shares	77,166,840	1.00%	62,316,871	1.19%

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 2021. The individual rates per product are disclosed in the directors report.

Notes to the Financial Statements for the Year Ended 30 September 2021

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.

	2021		2020	
	Amount	Proportion	Amount	Proportion
	£	%	£	%
Not impaired:				
Neither past due not impaired	56,207,705	98.87%	46,628,376	98.37%
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	56,207,705	98.87%	46,628,376	98.37%
Individually impaired:				
Not yet past due, but impaired	65,749	0.12%	93,151	0.20%
Up to 3 months past due	40,855	0.07%	4,816	0.01%
Between 3 and 6 months past due	108,557	0.19%	200,244	0.42%
Between 6 months and 1 year past due	191,798	0.34%	137,849	0.29%
Over 1 year past due	235,531	0.41%	335,272	0.71%
Total loans	56,850,195	100%	47,399,708	100%
Impairment allowance	(516,170)		(600,871)	
Total carrying value	56,334,025		46,798,837	

Detailed Revenue Account for the Year Ended 30 September 2021

	2021 £	2020 £
Income (analysed below)	4,237,514	4,237,514
Gross surplus (%)	100%	100%
Administrative expenses		
Regulatory costs (analysed below)	353,009	312,402
General administrative expenses (analysed below)	1,722,804	1,596,594
Finance charges (analysed below)	39,579	34,639
Depreciation costs (analysed below)	90,940	82,514
Impairment losses (analysed below)	336,010	411,916
	2,542,342	2,438,065
Operating surplus	2,128,696	1,799,449
Interest payable and similar charges (analysed below)	(67,936)	(94,902)
Surplus/(deficit) before tax	2,060,760	1,704,547

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

Police Credit Union Limited

Detailed Revenue Account for the Year Ended 30 September 2021

	2021 £	2020 £
Income		
Interest on loans	4,371,472	3,794,684
Bad debt recovery	170,644	155,919
Sundry income	31	95,813
Lottery funds	27,000	27,000
Bank interest received	101,891	164,098
	4,671,038	4,237,514
Regulatory costs		
Insurance	252,815	209,540
Office Expenses	67,164	68,014
Association dues & affiliation fees	33,030	34,848
	353,009	312,402
General administrative expenses		
Directors remuneration	30,305	28,451
Wages and salaries	911,893	837,923
Staff NIC (Employers)	88,472	76,523
Directors NIC	2,460	2,222
Staff pensions (Defined contribution)	61,373	60,885
Telephone and fax	49,934	50,813
Directors and team member training	18,671	9,842
Computer software and maintenance costs	180,507	159,109
Printing, postage and stationery	13,824	31,239
Charitable donations	10,146	1,790
Sundry expenses	42,548	30,210
Travel and subsistence	35,334	67,048
Advertising	147,963	95,947
Auditors fees - the audit of the credit unions annual accounts	8,618	8,618
Legal and professional fees	103,214	102,125
Debt recovery charges	17,542	33,849
	1,722,804	1,596,594

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Police Credit Union Limited

Detailed Revenue Account for the Year Ended 30 September 2021

	2021 £	2020 £
Finance charges		
Bank charges	39,579	34,639
Depreciation costs		
Amortisation of development costs	48,544	48,423
Depreciation	34,497	28,929
(Profit)/loss on disposal of tangible fixed assets	7,899	5,162
	90,940	82,514
Impairment losses		
Impairment expense	336,010	411,916
Operating surplus	2,128,696	1,799,449
Interest payable and similar charges		
ISA interest paid	67,936	94,902
Surplus before tax	2,060,760	1,704,547

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SERVE PROTECT

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