



# AGM 2023



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Motherwell  
ML1 1NA**

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**Motherwell & District Credit Union Ltd  
142 Merry Street, Motherwell, ML1 1NA**

**31st Annual General Meeting – 29<sup>th</sup> March 2023 @7pm  
Location – Bentley Hotel, 19 High Road, Motherwell ML1**

# **AGENDA**

- 1. Welcome & Ascertain Quorum**
- 2. Approval of Minutes from AGM 2022**
- 3. Board of Directors' Report & Attendance**
- 4. Treasury**
  - a. Consideration of Accounts**
    - i. Auditor's Report**
  - b. Declaration of Dividend**
  - c. Fees**
- 5. Credit Committee Report**
- 6. Membership Report**
- 7. Supervisory Report**
- 8. Arrears Management Team Report**
- 9. Appointment of Auditor**
- 10. Election of Officers**
  - a. Directors**
  - b. Arrears Management Team**
  - c. Credit Committee**
  - d. Supervisory Committee**
- 11. Any Other Competent Business**
- 12. Close of Meeting**

**30th Annual General Meeting – 31<sup>st</sup> March 2022 @ 1:30pm**  
**Location – Online.**

# Minutes

## 1. Welcome & Ascertain Quorum

Mary Costello (secretary) welcomed all attendees to our online meeting which was facilitated by Jackie Littlewood (JL) from our trade body Abcul. There were 19 attendees which established a quorum therefore the Secretary opened the meeting. It was noted that the online aspect of the meeting would simply mean online voting on AGM items, but that JL would support attendees with this and collate results on behalf of MDCU.

## 2. Approval of Minutes from AGM 2021

The minutes of the 29th Annual General Meeting were read and noted. Minutes accepted.

**Voted: 13                      Yes: 13                      Don't know- didn't attend last year: 0**

## 3. Board of Directors' Report & Attendance

Secretary read the report which was accepted by all.

**Voted: 13                      Yes: 13**

## 4. Treasury

### a. Consideration of Accounts

#### 1. Auditor's Report

Gary Copeland presented the accounts for Sharles Auditors. There was no dividend this year. It was noted that in line with most credit unions that members were saving rather than borrowing which reduces income. There were not questions on the accounts presented and they were accepted by majority of votes.

**Voted: 12                      Yes: 12**

### b. Declaration of Dividend

- I. Board of Directors proposed there be no dividend this year on both share 1 accounts and share 4 accounts. Accepted by majority members present.

**Voted: 11                      Yes: 11                      No: 0**

### c. Administration Fee

The Board proposes changing back the Quarterly admin fee to a Yearly admin; admin fee will be a £10 pa instead of the £2.50 per Qtr.

**Voted: 11**

**Yes: 11**

**No: 0**

**5. Credit Committee Report**

Report read and accepted.

**6. Compliance Report**

Report read and noted.

**7. Membership Report**

Read over and accepted.

**8. Supervisory Report**

Report was read and accepted.

**9. Arrears Management Team Report**

Report read and accepted.

**Voted: 13**

**Yes: 13**

**10. Appointment of Auditor**

The Board proposed the re-appointment of Sharles our auditors. Unanimously agreed by all present.

**Voted: 13**

**Yes: 13**

**11. Election of Officers**

The following elections took place.

**a. Directors**

Re-election of Directors below:

In accordance with procedure one existing Board Member namely Dawn Fraser is standing down from the Board of Directors but is seeking re-election.

**Voted: 13**

**Yes: 13**

**Vacancies**

The Secretary called for nominations from the floor. None offered.

**b. Credit Committee**

Members present agreed to continue working of present committee.

**c. Arrears Management Team**

Board stated full team at present. Members present agreed to present team continuing.

**d. Supervisory Team**

Board stated full team at present.

Bill Graham assisted by Douglas Swinburne and Usman Ahmed

Members present agreed to present team continuing as supervisory officers.

**Voted: 13**

**Yes: 13**

**12. Any Other Competent Business**

None

**13. Close of Meeting**

Closed 2pm

# BOARD OF DIRECTORS' REPORT

The Board of Directors of Motherwell & District Credit Union are pleased to present our annual report for year-end September 2022. The purpose of this report is to inform members & stakeholders of our progress in meeting our objectives; to provide high quality ethical and affordable mutual financial services.

The global pandemic, which was Covid, plus the current cost of living and energy crisis has impacted the credit union as members deferred discretionary expenditure such as holidays, home improvements or vehicle purchases. However, this year, like last year, we saw a small increase in the number of loans issued **626** loans compared to **601** the previous year. Moreover, the total value of loans issued shows a marginal increase of **£73,112.86** on the previous year's total; this is still lower than pre pandemic totals. While this small increase is showing encouraging signs of growth in our loan book; this level of growth continues to impact on our profit margins and likewise dividends.

As with many businesses it has been a very difficult year and it is a testimony to our staff and volunteer team that they have adapted to these changes in circumstances and have been able to continue to support our members, many of whom have faced and continue to face financial hardship with rising costs of living and reduced incomes.

During the year our costs for bad debt provisioning has increased, showing an overall increase of 6.8% on the previous year.



Attendance at Board Meetings

Director	Possible	Apologies	Attended	Status
Janet Baird	12	6	6	Deceased
Mary Costello	12	0	12	Active
Dawn Fraser	12	0	12	Active
William Main	12	3	9	Resigned
Caroleann McCready	12	1	11	Active
Ian Dornan	12	8	4	Active

While many of our members have worked with their credit union to review and reduce payments in line with our credit union rules, much of the cost of bad debt is again a direct result of IVAs - because credit unions fall very low down the list for payment in these schemes. This coupled with other reasons for defaulting has necessitated writing off loans to the value **£2158.32** this year.

It is becoming more evident that the economic turmoil resulting from Covid and now the cost of living and energy crisis is likely to last a number of years and that the need for our services is therefore likely to be greater than ever. To enable us to support our members and meet demand for loans we are obliged to maintain healthy levels of liquidity and some reserves. The external funding received last year in the form of a grant from Scottish Government's Community Lenders Fund via Social Investment Scotland (SIS) continues to assist us in covering our reserves obligations. However, our main focus will continue to be on increasing capital asset ratio through self-generated income, namely issue of loans.

Our main objective continues to be maintaining high levels of members' satisfaction as word-of-mouth recommendation continues to be our greatest asset. As always, the Board and the credit union staff and volunteers will strive to give our members the highest quality personal service in the year to come.

*Board of Directors*

# TREASURY REPORT

**a. Consideration of Accounts**

Year End Accounts presented by Sharles our auditors.

**b. Declaration of Dividend**

'No dividends will be distributed for the year ended 30 September 2022.'

**c. Administration Fee**

The Board proposes continuing with the annual account administration fee of £10.



Report of the Independent Auditors to the Members of  
Motherwell & District Credit Union  
Limited

**Opinion**

We have audited the financial statements of Motherwell Credit Union Limited (the 'Credit Union') for the year ended 30 September 2022 which comprise the Revenue Account, Balance Sheet, Cashflow Statement, Statement of Changes in Reserves and Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Credit Union Act 1979 and the Co-operative and Community Benefits Society 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 Auditors' 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 Boards' 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 Credit Union'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 Board with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information in the Directors' report, other than the financial statements and our Report of the Auditors thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 in relation to which the Co-operative and Community Benefits Society Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of controls over transactions has not been maintained; or
- the credit union has not kept proper accounting records; or
- the rules set out within the Prudential Regulatory Authority Credit Union Rulebook have not been complied with; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

MOTHERWELL & DISTRICT CREDIT UNION  
LIMITED (REGISTERED NUMBER: SP071CUS)

Balance Sheet  
30 September 2022

	Notes	2022	2021
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	7	24,793	20,886
<b>CURRENT ASSETS</b>			
Members loans and other assets	8	1,139,918	1,072,859
Cash at bank	9	<u>2,482,692</u>	<u>2,406,418</u>
		<b>3,622,610</b>	<b>3,479,277</b>
<b>CREDITORS</b>			
Members shares and other liabilities	10	<u>3,360,516</u>	<u>3,175,144</u>
<b>NET CURRENT ASSETS</b>		<u>262,094</u>	<u>304,133</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>286,887</b>	<b>325,019</b>
<b>ACCRUALS AND DEFERRED INCOME 12</b>		<u>103,773</u>	<u>124,478</u>
<b>NET ASSETS</b>		<u>183,114</u>	<u>200,541</u>
<b>RESERVES</b>			
Contingency reserve	13	26,000	26,000
Retained earnings	13	<u>157,114</u>	<u>174,541</u>
		<u>183,114</u>	<u>200,541</u>

The financial statements were approved by the Board of Directors and authorised for issue on  
Mar 23, 2023 ..... and were signed on its behalf by:

William Main

William Main (Mar 23, 2023 11:57 GMT)

William Main - Director

Dawn Fraser

Dawn Fraser (Mar 23, 2023 11:04 GMT)

Dawn Fraser - Director

M Costello

M Costello (Mar 23, 2023 10:35 GMT)

Mary Costello - Director

**MOTHERWELL & DISTRICT CREDIT UNION  
LIMITED**

**Detailed Revenue Account  
for the Year Ended 30 September 2022**

	2022		2021	
	£	£	£	£
<b>Loan interest receivable</b>		<b>108,921</b>		103,391
<b>Other income</b>				
Sundry receipts	326		30	
Legal fees	10,443		15,140	
Grants	20,706		12,192	
Impaired loans recovered	480		720	
Interest on bank account	3,739		4,808	
Entrance fees & members fees	<u>16,870</u>		<u>8,900</u>	
		<u>52,564</u>		<u>41,790</u>
		<b>161,485</b>		145,181
<b>Expenditure</b>				
Rent and rates	8,155		8,007	
Death Benefit and Insurance	37,156		31,107	
Light and heat	1,416		1,166	
Wages	41,508		22,106	
Pension & critical illness	664		381	
Telephone	1,853		1,896	
Printing, stationery & advertising	7,041		6,657	
Dues, seminars & travel	5,512		4,339	
Computer maintenance & software	34,666		32,066	
Repairs and renewals	2,060		2,032	
Sundry expenses	4,447		3,783	
Cash short/over	79		2,331	
Difference written off	-		(14,776)	
Member emergency support	-		9,447	
Legal and professional fees	-		900	
Auditors' remuneration	3,840		3,360	
Impaired loans written off	1,976		24,350	
Impaired losses recovery expenses	<u>10,759</u>		<u>15,313</u>	
		<u>161,132</u>		<u>154,465</u>
		<b>353</b>		(9,284)
<b>Finance costs</b>				
Bank interest & charges		<u>9,353</u>		<u>8,633</u>
		<b>(9,000)</b>		(17,917)
<b>Depreciation</b>				
Improvements to property	2,258		1,658	
Office equipment	485		181	
Computer equipment	<u>4,974</u>		<u>8,776</u>	
		<u>7,717</u>		<u>10,615</u>
<b>NET DEFICIT</b>		<u><b>(16,717)</b></u>		<u><b>(28,532)</b></u>

# CREDIT COMMITTEE REPORT

The function of the Credit Committee is to ensure that:

- Loan applications are considered in a fair, transparent and efficient manner.
- Loans granted benefit the Member.
- Loans granted do not represent an unreasonable risk to the credit union.

This year we saw an increase in loan demand with **626** loans issued totalling **£1,076,291.50**. However, while this year's loan numbers (**626**) were more than those of 2019-2020 (**601**) and our loan amount total for this year (2020-2021) shows a marginal increase of **£73,112.86** on the previous year's total; this is still lower than pre pandemic totals. This reflects current trends during this pandemic whereby Members are saving not borrowing.

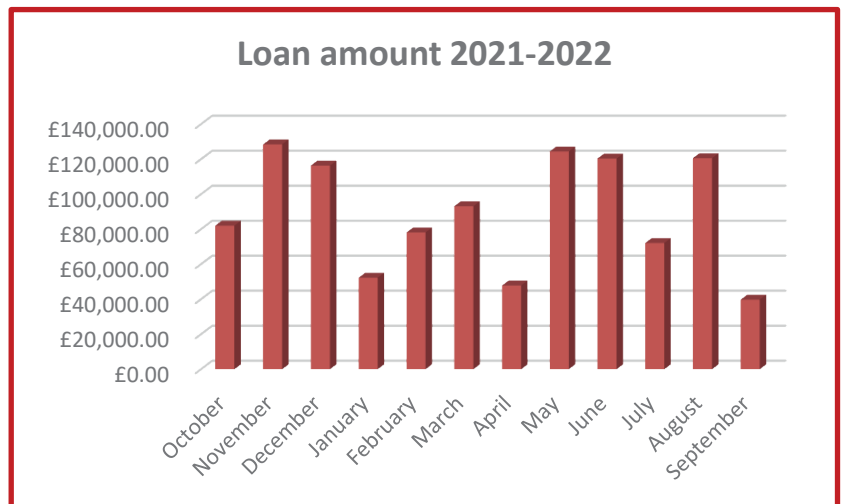
As a small community-based credit union, looking after Members, who require smaller loans. is a key part of our business, with **406** loans totalling **£430,944.89** issued during this financial year for £2,000 or less.

In addition, we continue to issue top-up loans with **213** top-up loans issued totalling **£629,280.79**.

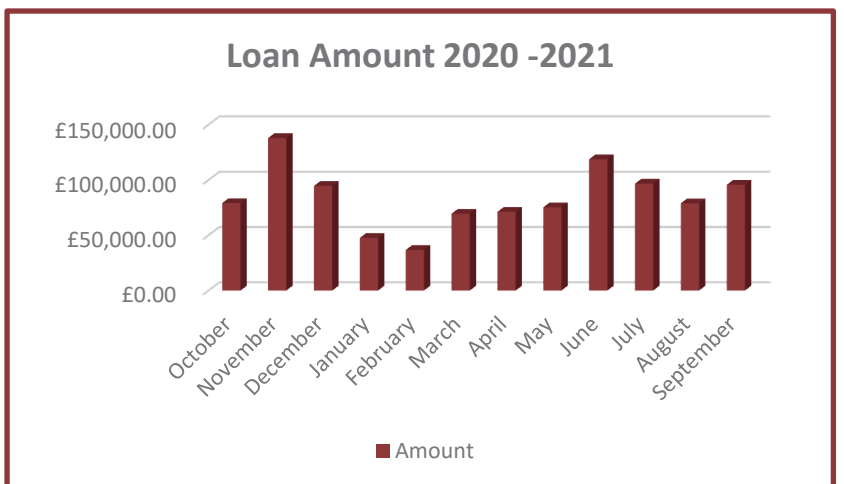
However, it is important to state that we have always been and continue to be prudent in our lending with all applications being assessed on the criteria of ability and willingness to repay.

*Credit Committee*

2021-2022	NO	AMOUNT
October	51	£82,090.00
November	77	£128,517.50
December	63	£116,400.00
January	27	£52,380.00
February	46	£78,205.00
March	56	£93,220.00
April	36	£47,920.00
May	61	£124,510.00
June	64	£120,405.00
July	43	£72,177.00
August	56	£120,635.00
September	46	£39,832.00
	626	£1,076,291.50



2020-2021	NO	AMOUNT
OCTOBER	53	£79,200.00
NOVEMBER	87	£138,050.00
DECEMBER	63	£94,725.00
JANUARY	25	£47,780.00
FEBRUARY	18	£36,810.00
MARCH	42	£69,585.00
APRIL	44	£71,325.00
MAY	44	£75,353.64
JUNE	62	£118,870.00
JULY	55	£96,775.00
AUGUST	46	£79,015.00
SEPTEMBER	62	£95,690.00
	601	£1,003,178.64



# COMPLIANCE REPORT 2023

## Legal and Regulatory Rules

MDCU is authorised by the Prudential Regulatory Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA. MDCU is required by its regulators and by its own rules to always act prudently and legally and in its members interests. This means:

- Ensuring good governance and effective risk management
- Monitoring the financial position of the credit union
- Having our accounts audited by a qualified auditor.
- Submitting regular reports to the PRA and FCA

## Compliance Checks

MDCU maintains a rulebook and a set of policies and procedures to help us keep on top of our responsibilities to the regulators and, more importantly, to our members. To this end, we carry out a number of checks in relation to:

Good governance e.g.:

- Segregation of duties
- Data security and protection
- Managing member accounts
- Effective risk management

Prudent financial management e.g.:

- Protection against fraud and money laundering
- Keeping within the limits of share and loan amounts
- Maintaining adequate bad debt provision to cover potential losses.
- Maintaining adequate reserves to ensure solvency.

## Compliance report 2023

MDCU reviews its policies to ensure regulatory compliance at least once a year and whenever there are major changes in the way we operate or in the rules of the regulators. The latest annual review, conducted in February 2023, shows that MDCU continues to operate effectively within the rules of its membership, lending policy, internal controls and other requirements as outlined in the MDCU rulebook.

The Board of directors' practices good governance in its management of the Credit Union and has satisfactory oversight of its operations, systems, and controls. There are appropriate policies and procedures in place to help guide and monitor the credit union's compliance with its rulebook and with the requirement of regulators. Operational policies and procedures are developed on an ongoing basis in response to changes.

Recent developments in our compliance activities since the last AGM include:

1. Reviewing our risk approach and credit control procedures in light of the impact of the pandemic and the ongoing cost-of-living crisis, and as a result:

- Paying more attention to budget tracking and financial ratios
- Introducing credit checks for new loan products

2. We continue to place a lot of emphasis on ensuring safe and secure online IT systems, especially as more of our members seek to engage with us online. We were awarded our renewed Cyber Security Certification in June 2022.

## Risk Analysis and Mitigation

MDCU undertakes risk analysis ahead of time to help mitigate the impact of any adverse events on the Credit Unions operations. The Board continues to monitor the financial health of the Credit Union very closely to ensure adequate reserves and a strong cash flow position.

Our most recent analysis notes that annual Interest income did recover to almost its pre-covid levels after the pandemic, but recent inflationary pressures and the cost-of-living crisis have brought new challenges. Many people in our common bond communities face increased costs and growing financial insecurity, which in turn increases the risk of loan default for the credit union and puts continuing downward pressure on our interest income.

To help offset these risks over the next few years, the Board is seeking external funding to support financial inclusion in our common bond communities, in partnership with other local support organisations looking to help people survive the cost-of-living crisis. In addition, we will 'run a tight ship', as usual, make savings where we can, and continue to manage the credit union wisely and prudently for the benefit of our members.

# MEMBERSHIP REPORT

Despite the pandemic we are pleased to inform you that we currently have **1922** active members with **3426** active accounts. We enrolled **69** new Members this financial year while **71** members have closed their accounts. Fifteen of those closed accounts were members who passed away this current year 2022 and condolences go out to their families and friends. We are aware that increasing Membership should remain one of our primary objectives for improvement.

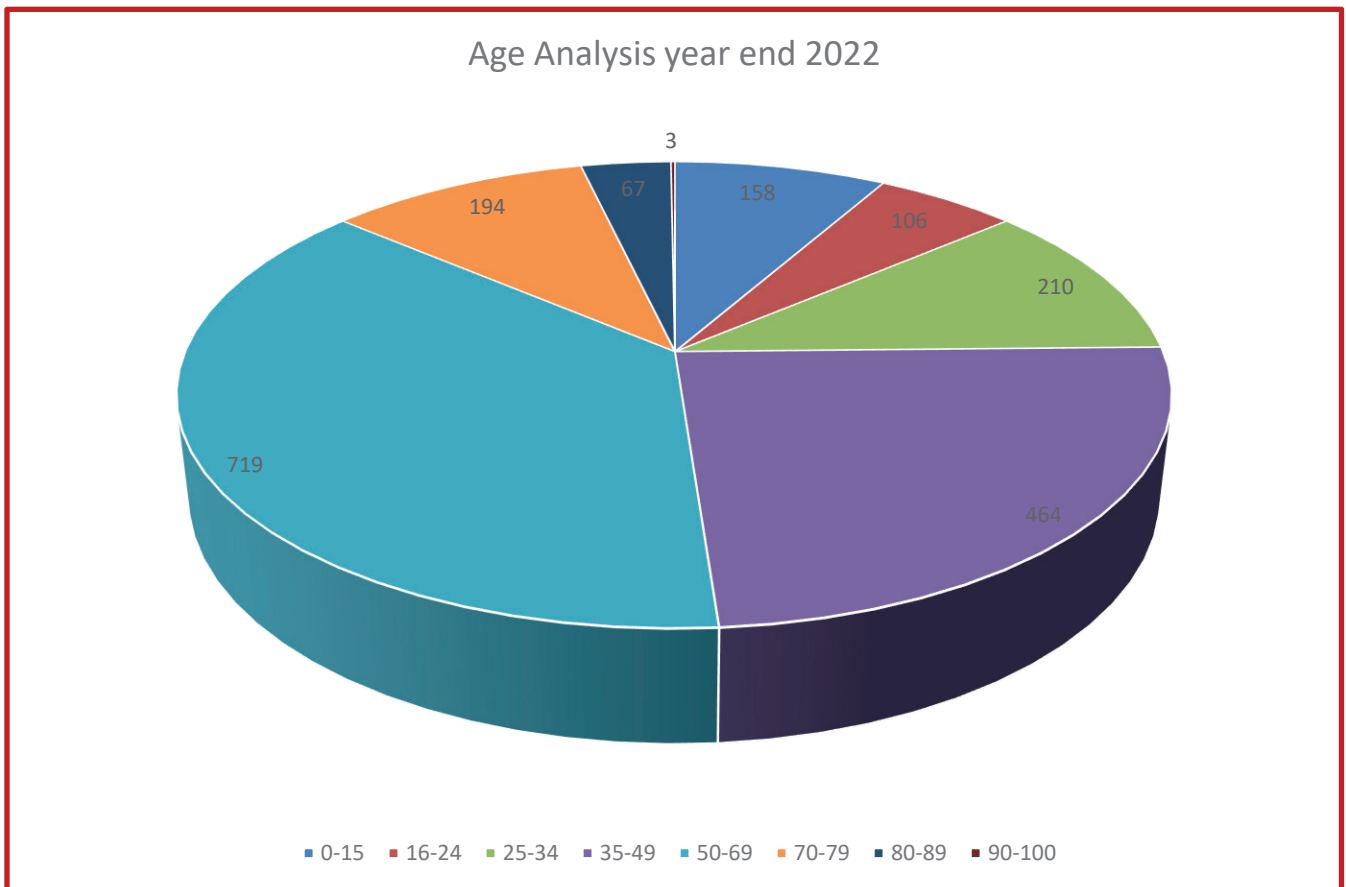
We endeavour to design our services and products to meet the needs of all people, regardless of their background. An analysis of the membership shows that we have a very diverse age profile ranging from newborns to Members over 80+ years young

which shows that it is never too soon or too late to join your Community Credit Union!

That said, in-line with our small community based credit union ethos, we remain the greatest help to those most often excluded from mainstream financial services. These are often people with long term health issues, having been made redundant, or having gone through a personal crisis such as divorce/separation.

Word of mouth is still our most powerful advertisement so we encourage you to let family and friends know the benefits of joining their local Credit Union.

*Membership Officer*





# ARREARS MANAGEMENT TEAM REPORT

The role of the Arrears Management Team is to monitor loan repayments by ensuring that adequate procedures are in place to deal with cases that fall into arrears. The team meet on a two weekly basis to examine the arrears and send out reminders to Members which is often enough to get Members back on track.

The key point is COMMUNICATION, communicating with us is ALWAYS the best course of action. It can save, in the interest of the Member, for example, credit rating and the credit union, time and money.

At the beginning of the 2021/2022 financial year the monthly arrears amount was sitting at **£115,471.73**. As of 30/09/2022 the amount was **£123,317.64**, **showing an overall increase of 6.8% during the year**. Although, the graph shows that there have been fluctuations in the total arrears amount during the year (Graph 1.1), the AM team have been working hard to recover the arrears amount.

A factor that has impacted the increase in the arrears is the cost-of-living crisis. Members have fallen into financial difficulties due to the energy prices rising and the current adverse economic conditions such as the increase in inflation and interest rates. However, the team have been working closely with these members offering them reduce payment plans to help them during the difficult times by keeping in touch with them on a more regular basis.

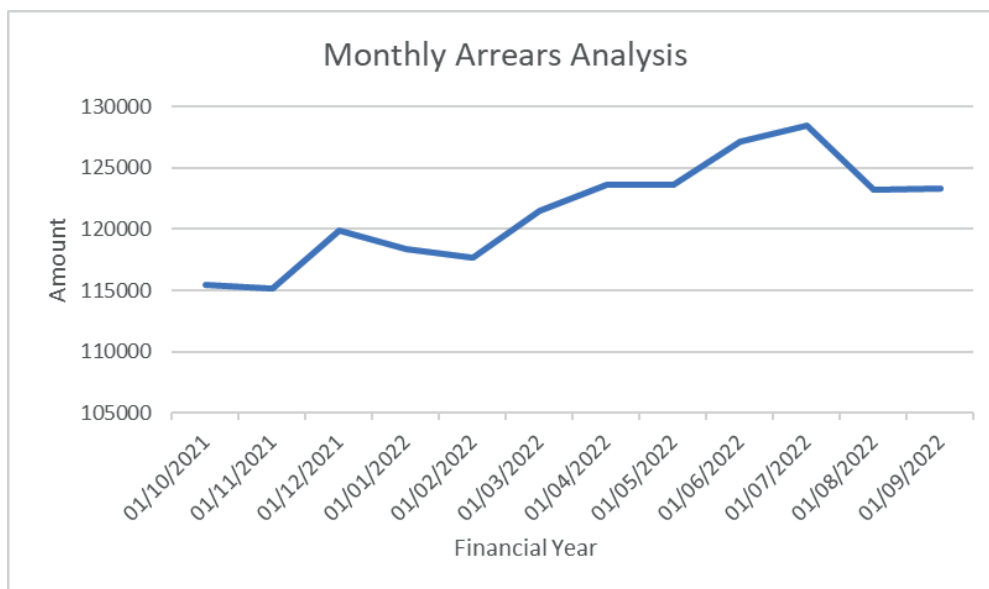
During the year we have had to write off **£2158.32** of loans. The amount was not recoverable as members debts had surpassed the 6-year period and/or have gone into a trust deed.

The continued proactive approach of mediation for our members who have defaulted; through the services of a third-party mediator retained by the credit union, has had some measure of success. However, for those who fail to use the mediation route the Board has determined to continue to proceed along the legal route. This is proving successful.

We are working closely with the Sheriff Officers to chase up old debts. We are pleased to inform that we have recovered **£7091.43** from our members and payments are still coming in on a consistent basis.

A provision against loans that may not be repaid in full is required as good accounting and governance practice. The amount provided is reviewed on a regular basis and relates to the level of risk and arrears in the credit union's loan book. Our current provision levels for future bad debts are considered adequate but we maintain a monthly review of this.

*Arrears Management Team*



Graph 1.1



# APPOINTMENT OF AUDITOR

The Board of Directors proposes re-appointment of the auditors, Sharles Audit Limited

## ELECTION OF OFFICERS

### Directors

#### Re-Election of Directors - (third AGM since election)

Currently we have one director up for re-election as they have completed their term of office.

In accordance with procedure one existing Board Member namely Carole Ann McCready is standing down from the Board of Directors and is seeking re-election. Plus, one director namely Ian Dornan is stepping down due to family commitments.

3rd year of office completed	2nd year of office completed	1st year of office completed
Carole Ann McCready Janet Baird {deceased}	Mary Costello Ian Dornan	Dawn Fraser

### Vacancies

The Credit Union now has some vacancies on the Board of Directors. Any volunteers from the floor.

#### Credit Committee

Full working committee

#### Arrears Management Team

Full working committee

#### Supervisory Team

Full working committee

Douglas Swinburne & Usman Ahmed

**Show of hands to vote them in as Officers.**

# NOTES

# NOTES

