



Derbyshire Community Bank

where **local** really counts

**Erewash Credit Union
Ltd t/as Derbyshire
Community Bank
18th
Annual General Meeting
20th March 2024**

Notice of the 18th AGM

To be held:

2pm on Wednesday 20th March 2024

Virtually – a link will be sent to each Member who registers prior to 2pm on
Wednesday 20th March.

Registration page: <https://www.dcbank.org.uk/agm-2024-save-the-date/>

Agenda

1. - Welcome & Introductions
2. - Apologies
3. - Minutes of 2023 AGM
4. - Chair's report
5. - Treasurer's report
6. - Accept audited accounts to September 2023
7. - Resolutions:
 - a. Re-election of current directors
 - i. Pat Butler
 - ii. Malcolm Wright
 - b. Election of new director
 - iii. Tanya Noon
 - c. Authorisation for the board to co-opt up to two additional directors to serve until the 2025 AGM

Adjournment to hold Special General Meeting

8. Guest Presentation - Ben Taylor, Derbyshire County Council

Special General Meeting – Agenda

1. Resolution to approve changes to the Rules of the Credit Union
 - a. To remove the requirement to elect a Supervisory Committee
 - b. To make all necessary changes to the Rules to remove references to the Supervisory Committee
 - c. All as set out in the attached document showing the proposed changes to the Rules

Minutes of last year's meeting:

<p>Erewash Credit Union Ltd t/as DERBYSHIRE COMMUNITY BANK VIRTUAL AGM Monday, 20th March 2023 12.30 pm</p>	
AGENDA ITEM	RESOLUTIONS/ACTIONS
<p>Attendees See attendance register</p>	
<p>Housekeeping Jackie Littlewood from ABCUL provided housekeeping information and guidance on how to utilise the voting functions during today's AGM.</p>	
<p>1] Welcome & Introductions by Simon Haslam (SH), Chair of the Board</p>	
<p>2] Minutes of 2022 AGM SH introduced the minutes from the previous AGM. There were no questions asked. VOTE – do you accept that the minutes of the last AGM are a true record.</p>	<p>Accepted as a true record Majority of members present voted, and of those 85% agreed minutes were a true record, 15% abstained due to not being present at the last AGM</p>
<p>3] Chair's Report for the financial year ending 30th September 2022 Presented in line with submitted papers. No questions raised</p>	
<p>4] Supervisory Committee Report Presented in line with submitted papers. No questions raised.</p>	
<p>5] Treasurer's Report Presented in line with submitted papers. No questions raised.</p>	
<p>6] Receive the annual audited accounts Presented in line with submitted papers. No questions raised.</p>	
<p>7] Polls VOTE – do you accept the Board's recommendation to pay a 1.00% dividend?</p>	<p>Resolution agreed – Unanimous Yes vote</p> <p>Resolution agreed – Unanimous Yes vote</p>

<p>VOTE – do you accept the Board’s recommendation to re-elect Alexander Sloan as auditors for financial year 2022/2023?</p>	<p>Resolution agreed – Unanimous Yes vote</p>
<p>VOTE – do you grant approval to the board to fix the remuneration of the auditors for the year ended 30 September 2023</p>	<p>Resolution agreed – Majority Yes vote</p>
<p>VOTE – do you agree to elect Graham Bolton to the Board?</p>	<p>Resolution agreed – Majority Yes vote</p>
<p>VOTE – do you accept the Board’s recommendation to re-elect the remaining Directors to the Board en-bloc?</p>	<p>Resolution agreed – Majority Yes vote</p>
<p>VOTE – to authorise the directors to co-opt up to two additional individuals to the board?</p>	<p>Resolution agreed – Majority Yes vote</p>
<p>VOTE – to authorise the directors to co-opt up to three members of the supervisory committee?</p>	<p>Resolution agreed – Majority Yes vote</p>
<p>For the full results see the poll report.</p>	
<p>8] Any Other Business</p>	
<p>There was no other business from members</p>	
<p>Meeting Closed at 1.17pm</p>	

2023/24 Financial Year - Report from the Chair

As Chair of the Board of Directors, I am pleased to present my report covering the financial year from 1 October 2022 to 30 September 2023. Where appropriate I have added commentary on developments that have taken place since 30 September to ensure members are fully up to date.

I start by putting on record my thanks to our previous chief executive, Claire Hale, who resigned from her position this time last year to take a job in her home city in Nottingham. We were disappointed to see her leave and are incredibly grateful to all the work that she did to stabilise the credit union in the challenging times as we emerged from COVID.

However, I am delighted to welcome her successor, Phil Cole – who joined us at the end of June last year, after leading a credit union in the West Midlands and who brings a wealth of experience in credit unions to Derbyshire Community Bank.

At the end of 2023, we said farewell to Adele Atkinson – who had served on our board for very many years – and who had been my vice-chair (and vice-chair to my predecessor as well). Adele was a wonderful board colleague – and she was incredibly helpful and supportive to me as I stepped up become Chair in March 2022, and a valuable sounding board. We wish Adele all the best for the future.

The year in brief

The cost-of-living crisis was the single biggest impact on our credit union last year – with inflation running at high levels combined with the highest interest rates we have seen for more than twenty years.

These have combined to create real challenges for many of our members – and unsurprisingly the demand for new or top-up loans has been very strong. However, we have had to decline many applications – either for reasons of simple affordability (we are not allowed to make loans unless we are satisfied that the repayments are affordable) or because of a growing number of applications where there is clear evidence of an unsupportable level of gambling activity. We are not trying to moralise about particular behaviours, but our regulators rightly require us to have regard to potentially damaging activity by a member – and many of our fellow credit unions have had to face litigation from members arguing that a loan should not have been made to them because it was obvious that they had a gambling problem.

Cost of living problems and the consequent impact on affordability has been front of mind for the board and for our staff; we have endeavoured to support our borrowing members wherever possible – whilst having regard to our regulatory duties to ensure that borrowers are not over-extending themselves.

Staffing Implications

This time I was able to report to year that we were fully staffed for the first time in several years – but as already noted, I also had to give you the sad news of the resignation of Claire Hale with effect from May 2023. I was incredibly grateful that Beth Belding stepped up to become our interim chief executive to keep us all on the straight and narrow until Phil Cole's arrival – sadly, later in

the year Beth also resigned with effect from the end of September – deciding that a regulated financial services business was not where she wanted to develop her career. It has taken us longer than we wanted to replace her - but we are optimistic that the role of business operations manager will be filled in the next month or so. There has been a largely stable position amongst the rest of our staff – and I was delighted that the Board decided to make our marketing role permanent. I am very grateful to Phil and to all his team who do such a great job for all our members.

Membership

Membership continues to grow, with membership increasing by more than 22% in the year to September, with growth in members continuing since then.

Total members – September 2022 3,362

Total members – September 2023 4,120

Total members – March 2024 4,495

As I said this time last year, it is clear that our current members increasingly favour interacting with us via our app or our website; with very few members coming into our offices in the centre of Derby, and relatively few using ‘snail mail’ to communicate with us. That of course helps us with efficiency, but it does mean that we lose some of the ‘word of mouth’ recommendations that were part of the original credit union movement and which were so crucial to our own early success in Ilkeston. The board is keen that we should find ways to re-connect with our communities – not least because we are worried that the focus on electronic communication with members may disenfranchise those who are not digital natives. We are therefore still keen to re-launch our volunteering activities, with the idea that volunteers would take turns to provide a ‘physical presence’ at a local community centre or similar – watch this space for more news on volunteering later in the year.

Shareholding

As can be seen from the table below, our total shareholding (effectively our deposits from our members, which fund our lending activities) reduced in the year – despite the rise in membership numbers. We observe that with higher interest rates now available from high street banks, some members are choosing to withdraw some of their balances with us in search of a better return – while other members have drawn down on their savings in response to cost-of-living challenges.

Total shareholder balances September 2022 £1,671,500

Total shareholder balances September 2023 £1,608,600

While this drop in members' deposits at less than 5% over the year is not massively concerning at this point, ultimately, we depend upon growing our deposits from members to fund our lending activities – so if you know anyone who might be interested in keeping some of their savings with Derbyshire Community Bank, then please mention us – and give them our website details!

We also hope that the increased dividend that we are recommending to you will help our savers.

Lending

Total new lending in the year was slightly up on the previous year – with total loans advanced up to £1,328,000 compared to £1,275,000 last year – however these totals hide the fact that lending volume fell off significantly as we moved through the year – and as I write, lending volume for the new financial year to date is nearly 25% lower than this time last year. As noted above, this is not because of demand for loans being any lower – but that we are having to decline more loans due to concerns over affordability or over inappropriate levels of gambling.

Our staff do try and explain our reasons when we have to decline a loan – and we also seek to offer suggestions about how the member can improve their financial position with a view to them being able to make a better case for a loan in a few months' time – this aspect of financial education is an important part of our mission as a credit union.

Loan Income

Off the back of increased lending activity in the second half of the previous year and the first half of the year just ended, loan income showed a further increase to £437,000 from £420,000 last year – a little better than I had anticipated in my last report.

We suspect that loan income will face a decline in the current year, off the back of lower new lending activity.

Bad Debts

Arrears on loans continue to be an issue reflecting the economic climate, which continues to report increasing personal debt issues including higher levels of bankruptcy and other types of debt arrangements. As I reported last year the severe problems associated with loan arrears and bad debts are by no means unique to ourselves - they are being experienced across the credit union movement.

Not surprisingly, the increased lending activity in the last two years has also had an impact on our arrears – and the total net charge for bad and doubtful debts increased to £91,800 from £84,600 last year. This is net of the recoveries we have made from chasing arrears – and we saw continued progress in chasing arrears with recoveries of just above £50,000 this year, up from nearly £42,000 last year. I am very grateful to our credit management teams for all their work on this.

We continue to take steps to mitigate and reduce debt delinquency (as well as ensuring that we make a robust assessment of the affordability of a loan at the time it is requested – including an assessment of the potential vulnerability to further increases in gas and electricity prices and other inflation) – but as a credit union it is important that we are there for our members, and therefore we should not expect the level of loan losses to decrease significantly even in better economic times.

Financial Strategy and Performance

Our financial performance over the last two years is shown below:

<i>Year</i>	<i>Revenue</i>	<i>Surplus</i>
<i>2021/22</i>	<i>£427,007</i>	<i>£69,027</i>
<i>2022/23</i>	<i>£450,210</i>	<i>£59,441</i>

Overall, the financial performance for the year was more than satisfactory – as a board, we had budgeted this year for a modest surplus before dividends, recognising that we expected to be fully staffed for the entire year (having been below planned headcount for much of 2021/22. With net interest earnings better than we had forecast, and staff costs below plan, we were more than satisfied with the surplus before dividends of nearly £60,000. For the current year, the board approved a budget for the current year showing a surplus of some £30,000 before dividends – and we are currently performing broadly in line with plan after the first four months of the year. However, the full effects of the cost-of-living crisis have still to work through for our members, and therefore for us, so I will express a degree of caution about our ability to sustain that performance for the rest of the year.

It is worth noting that our reserves position is now very comfortable – with audited reserves at the end of September of £427,846 – a very comfortable 20% of our assets and well ahead of the level of reserves we are required to hold by our regulators.

*Taking into account the outturn for the year, and our reserves levels, the board believes it is appropriate to pay a higher dividend than in the last few years. We are therefore recommending a **2% dividend for the year**. A resolution to approve that dividend is included later in the agenda.*

Year End Reserves

Audited Reserves at the end of the financial year were £427,846 and remain strong, this includes the addition of £37,891 being this year's financial surplus.

This is before the cost of the recommended dividend, which we estimate will cost £31,382 if approved at today's meeting.

The board has carried out a detailed review of the level of our reserves and are satisfied that our current level of reserves is well above the level required by our regulators and also provides a sufficient contingency for unexpected outcomes.

Regulation

As a credit union, Derbyshire Community Bank is regulated by both the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority (PRA) – both regulators have traditionally applied a 'light touch' to their regulation of the credit union sector, but with the number of credit unions who are failing (or being rescued by a 'merger' into a larger and stronger credit union) increasing, there are signs that the 'light touch' will be becoming firmer. During the year, Government and our regulators have approved changes which will allow certain credit unions a little more flexibility in the products and services they offer, but the 'price' for these greater commercial opportunities is a tougher regulatory mindset. The board are not currently minded to take advantage of any of these new flexibilities, we still anticipate that we will face a more intrusive regulatory background in the coming years.

However, we believe that Derbyshire Community Bank remains well placed to serve our current members and to grow. As a board, we keep a close eye on certain key financial metrics that the PRA uses to assess credit unions – these are known for shorthand as 'CREDS' and we look at these ratios regularly, discussing any trends or other issues of concern.

All our CREDS ratios are currently green.

Regulatory Matters

As required by the PRA rules, I am happy to confirm to Members that:

We are in compliance with the PRA rules on Depositor Protection – in particular with Rule 11, Rule 12, Rule 14 and the relevant requirements of Rule 15

We have maintained at all times a policy of insurance complying with Rule 2.10 of the PRA Rules for Credit Unions – what is popularly known as a Fidelity Bond

And finally...

I thank all our many supporters for their help and contribution during 2022/23. As outlined above we hope to further build upon this in the coming year, and to develop new, fruitful partnerships across our common bond area – with a potential population of those living or working in that area of over 1.2million people, and a membership of just over 4,000 we have a lot to aim at!

I want to convey my appreciation of the professional and dedicated approach taken by our Chief Executive Officer and his team, in continuing to develop and modernise the operations of the Credit Union.

Finally, I must express my sincere gratitude to my colleagues on the Board of Directors, who meet regularly to steer us in the right direction, and also, of course, to you - our members - without whom none of this would exist for the local community.

*Simon Haslam
Chair
March 2023*

Report from the Supervisory Committee

As I explained at the last AGM, we at Derbyshire Community Bank have not been able to staff up the Supervisory Committee, which historically has been the way in which credit unions provide assurance to the board and to the members that internal controls and internal processes are operating satisfactorily – that assurance being supplementary to the comfort provided by the external audit. It can be thought of as what in other commercial organisations would be termed internal audit.

And despite strenuous efforts, we have had no interest from anyone in joining the Supervisory Committee since our last AGM.

Derbyshire Community Bank is far from unusual amongst credit unions in not being able to staff a Supervisory Committee, and therefore the board has decided to follow the example of many other credit unions in asking members to change our Rules to remove the requirement to have a Supervisory Committee. Instead, the Board will formally assume the responsibility for internal controls and for internal audit.

We will shortly adjourn the annual general meeting and move to a Special General Meeting to consider the resolutions to approve those rule changes.

To provide sufficient assurance to the Board on the operation of internal processes in the absence of a Supervisory Committee, the board has agreed on a temporary basis to appoint an external professional accounting firm to carry out an agreed range of internal audit activities, and report on them to the board. On the assumption that the rule changes are approved, these arrangements will be formalised on a permanent basis.

Report from the Treasurer March 2024

Treasurer's Report

Since our financial plan was written in the summer of 2022, we have seen major economic changes. Base interest rates have risen sharply, inflation is high, and everyone has been affected by cost-of-living increases. Despite this, Derbyshire Community Bank has been resilient and continued to serve its members. We had a stable year in 2022/2023 and continued to increase our loan book modestly whilst the savings book reduced slightly. I'm delighted that we achieved a surplus which has enable us to propose an increased dividend on savings.

Income/expenditure

Our income continues to exceed expenditure, and we are completely self-sustaining and able to grow our income year on year. The interest earned on our lending enables us to pay our bills, build our capital and pay a dividend on savings.

After a change of CEO, the staffing has been broadly stable and we have had the resources to continue to tackle bad debt, this has enabled us to record a net provision figure broadly the same as last year as a percentage of our net lending.

Balance Sheet

We have seen members savings (shareholding) reduce slightly this year, possibly due to the rise in the cost of living, while the loan book value has grown. Loan income has grown by 4%, which given all the business challenges was very encouraging.

	2022	2023	% difference
Total Assets	£2,106,791	£2,066,782	-1.9
Member's Shares	£1,671,553	£1,608,613	-3.8
Loans to Members, net of provisions	£1,320,851	£1,522,997	+15.3
Interest on loans	£420,418	£437,388	+4.0
Surplus before Tax	£69,809	£59,885	-14.2
General Reserves	£376,026	£413,917	+10.1

Budget & Business Plan

The board review and monitor the business plan at the monthly board meetings. A budget is also set every year and is also monitored by the board every month, along with our projected budget for the year that was set in the summer.

Compliance (as at Sept 23)

The CU remains in a strong position moving forward maintaining in line with regulation a general reserve equal to/or greater than 10% of total assets.

In addition, our capital to asset ratio requirement of 10% is exceeded at 20.70% (which is again up on last year's figure of 17.85%).

Dividend

In light of the surplus highlighted in my report I endorse the recommendation of the board that a 2% dividend is paid this year.

*Patricia Butler
March 2024*

Audited Accounts for the Financial Year Ending 30th September 2023

EREWASH CREDIT UNION LIMITED TRADING AS DERBYSHIRE COMMUNITY BANK REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Notes	2023 £	2022 £
Loan interest receivable and similar income	3	439,727	421,510
Interest payable and similar charges	4	(21,550)	(4,417)
Net interest receivable		418,177	417,093
Fees and commissions receivable	5	78	1,579
Fees and commissions payable	6	(1,770)	(2,858)
Net fees and commissions		(1,692)	(1,279)
Other operating income	7	10,405	3,918
Administrative expenses	8	(264,048)	(231,287)
Depreciation and amortisation		(1,135)	(1,470)
Other operating expenses	9	(31,598)	(36,952)
Impairment on loans for bad and doubtful debts	16	(91,774)	(84,631)
Surplus before taxation		38,335	65,392
Corporation tax	13	(444)	(782)
Surplus for the year		37,891	64,610

BALANCE SHEET**AS AT 30 SEPTEMBER 2023**

	Notes	2023 £	2022 £
Assets			
Loans and advances to banks	14	540,459	779,015
Loans and advances to customers	15	1,522,997	1,320,851
Tangible assets	17	1,678	2,813
Other receivables	18	-	1,605
Prepayments		1,648	2,507
Total assets		2,066,782	2,106,791
Liabilities and reserves			
Customer accounts	19	1,608,613	1,671,553
Other liabilities	20	20,336	23,324
Accruals and deferred income	22	4,148	14,553
Provisions for liabilities	24	5,839	7,406
		1,638,936	1,716,836
General reserve		403,379	376,026
Other reserves		24,467	13,929
Total reserves		427,846	389,955
Total liabilities and reserves		2,066,782	2,106,791

Resolutions

➤ Resolution on dividend to Members

The board recommend a dividend of 2.00% to be paid on all shares; members are invited to vote in favour or against this resolution

➤ Resolution on re-appointment of Auditors

- The board recommends the re-appointment of Alexander Sloan as external auditors to Derbyshire Community Bank, to serve until the end of the 2024 Annual General Meeting. Members are asked to vote in favour of the re-appointment of Alexander Sloan
- The members are asked to vote in favour of granting approval to the board to fix the remuneration of the auditors for the audit of the financial statements for the year ended 30 September 2023

➤ Resolutions on election of Directors & Supervisory Committee

Board members standing down:

None

Board members co-opted during the year:

None

Election of new Director

The board nominate Tanya Noon to serve as a Director from the conclusion of this AGM for an initial term of three years ending at the AGM in 2027.

Tanya works for Central Coop as Membership and Community Relations Officer, and has just come to the end of a long stint on the board of Central Coop as an employee director; Tanya also served on the board of the (now defunct) Derby City Credit Union and is passionate about all forms of cooperative organisation.

Supervisory Committee Standing Down during the year:

None

➤ Resolution on re-election of directors.

- In accordance with the Rules, each director was re-elected last year for a term of three years. Lots were drawn to identify two

of the serving directors for re-election this year, in each case for a new three-year term:

- Pat Butler - Pat was a founding member of Derbyshire Community Bank and was on the Steering Group that developed it 2005, her role is that of the Treasurer. Pat works for Derby Homes as Leasehold Manager and Pat has held several roles there including Income Officer and Housing Officer. Pat started her working life working for the Co-operative Bank which gave her the knowledge and interest to volunteer for the Credit Union.
- Malcolm Wright - Malcolm is a retired executive after 39 years with a leading UK brewing, pubs and spirit company. He held several director and senior management positions in finance, planning and operations including Finance Director of a major division and Managing Director of international retailing operations. He was part of the steering group that established Money Spider Credit Union Ltd and remained a director there until its merger into Derbyshire Community Bank. He is a qualified Associate Cost and Management Accountant.

Resolution on ability of the board to make co-options to the board

The board recommend that members give the board the authority to co-opt up to two additional individuals to the board, if such individuals are identified by the board as being suitable and appropriately qualified and experienced. If the board make such appointments, the appointments shall terminate at the 2025 AGM, but any such individual shall be eligible to be elected to the board at the 2025 AGM. Any such appointments shall be in addition to the powers conferred by the rules which permit the Board to appoint individuals to the board to fill any casual vacancy which may arise during the year.

Any Other Business

- **Use the voting tab if you would like to volunteer for further Involvement in Derbyshire Community Bank, or would like to find out more about what serving on the board might involve**
- **We are delighted to welcome Ben Taylor from Derbyshire County Council to talk about the Affordable Credit Project**

Meeting Close

Special General Meeting

In accordance with the Rules, the board has proposed two resolutions – to remove the requirement for a Supervisory Committee, as explained in the Chair’s report to the AGM, and to make consequential changes to the rules to remove any references to the Supervisory Committee – all as shown in the ‘red’ changes within the Rules set out in the attached Rulebook changes document.



Alexander Sloan

Accountants and Business Advisers

EREWASH CREDIT UNION LIMITED

TRADING AS DERBYSHIRE COMMUNITY BANK

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Registration No. 213810

**EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
CREDIT UNION INFORMATION**

FCA number 213810

Registered Society number 730C

Directors Patricia Butler
Philip Fee
Simon Haslam
Gordon Thomas
Malcolm Wright
Graham Bolton (Appointed 20 March 2023)

Secretary Philip fee

Registered office CUBO
The Old Post Office
Victoria Street
Derby
Derbyshire
DE1 1EQ

Auditor Alexander Sloan Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

EREWASH CREDIT UNION LIMITED TRADING AS DERBYSHIRE COMMUNITY BANK CONTENTS

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EREWASH CREDIT UNION LIMITED TRADING AS DERBYSHIRE COMMUNITY BANK DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The Directors present their annual report and financial statements for the year ended 30 September 2023.

Principal activity

The principal activity of the Credit Union continued to be that defined in the Credit Union Act 1979. The Credit Union's common bond covers anyone living or working in Derbyshire, or living with and being a relative of someone living or working in Derbyshire.

The Credit Union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Results and dividends

The results for the year are set out on page 6.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Adele Atkinson	(Resigned 18 December 2023)
Michael Brown	(Resigned 20 March 2023)
Patricia Butler	
Philip Fee	
Simon Haslam	
Gordon Thomas	
Malcolm Wright	
Graham Bolton	(Appointed 20 March 2023)

Compliance statement

Under the Prudential Regulation Authority rulebook the Board of Directors must report to the members at the Annual General Meeting on certain areas of compliance within the Credit Union. The Credit Union is therefore pleased to report that during the year the Credit Union has been in compliance with:

- Depositor Protection Rules 11, 12, 14 and the requirements of rule 15 that relate to rule 11;
- PRA Credit Union Rule 2.10 (fidelity bond insurance requirements); and
- The requirements of compliance under the PRA "additional activities".

Principal risks and uncertainties

The main financial risks of the Credit Union are set out in the notes to the financial statements.

EREWASH CREDIT UNION LIMITED TRADING AS DERBYSHIRE COMMUNITY BANK DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Statement of Directors responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Legislation 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 the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014. Directors 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.

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Credit Union's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Credit Union's auditor is aware of that information.

Auditor

A resolution for the re-appointment of Alexander Sloan as auditors of the Credit Union is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



.....

Simon Haslam

Director 19/3/2024

Date:

EREWASH CREDIT UNION LIMITED TRADING AS DERBYSHIRE COMMUNITY BANK INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EREWASH CREDIT UNION LIMITED

Opinion

We have audited the financial statements of Erewash Credit Union Limited (the 'Credit Union') for the year ended 30 September 2023 which comprise the revenue account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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, including FRS 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 2023 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 Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' 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 Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report have been prepared in accordance with applicable legal requirements.

EREWASH CREDIT UNION LIMITED TRADING AS DERBYSHIRE COMMUNITY BANK INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EREWASH CREDIT UNION LIMITED

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:

- proper books of account have not been kept by the Credit Union in accordance with the requirements of the legislation; or
- a satisfactory system of control over transactions has not been kept by the Credit Union in accordance with the requirements of the legislation; or
- the Revenue Account and Balance Sheet are not in agreement with the books of account of the Credit Union; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 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 Directors either intend to liquidate the credit union or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the credit union through discussions with management, and from our wider knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the credit union, including Corporate and Community Benefit Society legislation and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the credit union's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF EREWASH CREDIT UNION LIMITED**

Extent to which the audit was considered capable of detecting irregularities, including fraud

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with PRA, FCA and HMRC.

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

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

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

Use of our report

This report is made solely to the Credit Union's members, as a body, in accordance with 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.

Alexander Sloan

Alexander Sloan

19/3/2024

.....

**Accountants & Business Advisers
Statutory Auditor**

180 St Vincent Street
Glasgow
G2 5SG

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Notes	2023 £	2022 £
Loan interest receivable and similar income	3	439,727	421,510
Interest payable and similar charges	4	(21,550)	(4,417)
Net interest receivable		418,177	417,093
Fees and commissions receivable	5	78	1,579
Fees and commissions payable	6	(1,770)	(2,858)
Net fees and commissions		(1,692)	(1,279)
Other operating income	7	10,405	3,918
Administrative expenses	8	(264,048)	(231,287)
Depreciation and amortisation		(1,135)	(1,470)
Other operating expenses	9	(31,598)	(36,952)
Impairment on loans for bad and doubtful debts	16	(91,774)	(84,631)
Surplus before taxation		38,335	65,392
Corporation tax	13	(444)	(782)
Surplus for the year		37,891	64,610

The Revenue Account has been prepared on the basis that all operations are continuing operations.

The notes on pages 11 to 27 form an integral part of these financial statements.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023	2022
	£	£
Surplus for the year	37,891	64,610
Other comprehensive income	-	-
Total comprehensive income for the year	<u>37,891</u>	<u>64,610</u>

The notes on pages 11 to 27 form an integral part of these financial statements.

**EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
BALANCE SHEET**

AS AT 30 SEPTEMBER 2023

	Notes	2023 £	2022 £
Assets			
Loans and advances to banks	14	540,459	779,015
Loans and advances to customers	15	1,522,997	1,320,851
Tangible assets	17	1,678	2,813
Other receivables	18	-	1,605
Prepayments		1,648	2,507
Total assets		2,066,782	2,106,791
Liabilities and reserves			
Customer accounts	19	1,608,613	1,671,553
Other liabilities	20	20,336	23,324
Accruals and deferred income	22	4,148	14,553
Provisions for liabilities	24	5,839	7,406
		1,638,936	1,716,836
General reserve		403,379	376,026
Other reserves		24,467	13,929
Total reserves		427,846	389,955
Total liabilities and reserves		2,066,782	2,106,791

19/3/2024

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



.....
Patricia Butler
Director



.....
Simon Haslam
Director



.....
Philip Fee
Secretary

The notes on pages 11 to 27 form an integral part of these financial statements.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Appropriation Reserve £	General Reserve £	Total £
Balance at 1 October 2021	-	325,345	325,345
Year ended 30 September 2022:			
Surplus and total comprehensive income for the year	-	64,610	64,610
Other movements	13,929	(13,929)	-
Balance at 30 September 2022	13,929	376,026	389,955
Year ended 30 September 2023:			
Surplus and total comprehensive income for the year	-	37,891	37,891
Other movements	10,538	(10,538)	-
Balance at 30 September 2023	24,467	403,379	427,846

The notes on pages 11 to 27 form an integral part of these financial statements.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Notes	£	2023 £	£	2022 £
Cash flows from operating activities					
Surplus for the period			37,891		64,610
Depreciation and amortisation	10	1,135		1,470	
Corporation tax expenses	13	444		782	
Provision movement	16	91,774		84,631	
Interest income on loans	3	(437,388)		(420,418)	
Distribution on members shares	4	21,550		4,417	
			(322,485)		(329,118)
Working capital adjustments					
Change in other receivables and prepayments		2,464		(1,478)	
Change in other liabilities		(2,650)		(15,573)	
Change in provisions		(1,567)		2,914	
Change in deferred income		(10,405)		-	
			(12,158)		(14,137)
Cash flows from changes in operating assets and liabilities					
Loan repayments less loans advanced	15	143,468		201,408	
Customer balance cash movement		(84,490)		(44,761)	
			58,978		156,647
Corporation tax paid			(782)		(208)
Net cash flow from operating activities			(238,556)		(122,206)
Investing activities					
Purchase of tangible fixed assets	17	-		(3,710)	
Proceeds on disposal of tangible fixed assets		-		2,362	
Net cash used in investing activities			-		(1,348)
Net decrease in cash and cash equivalents			(238,556)		(123,554)
Cash and cash equivalents at beginning of year			779,015		902,569
Cash and cash equivalents at end of year			540,459		779,015

The notes on pages 11 to 27 form an integral part of these financial statements.

EREWASH CREDIT UNION LIMITED

TRADING AS DERBYSHIRE COMMUNITY BANK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

Background information

Erewash Credit Union Limited is registered in the UK as a society under the Co-operative and Community Benefit Societies Act 2014, whose principal activity is to operate as a Credit Union, within the meaning of the Credit Union Act 1979. The Credit Union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Co-operative and Community Benefit Societies Act 2014.

The financial statements are prepared in sterling, which is the functional currency of the credit union. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the credit union has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

Fees and charges receivable 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 complete.

Interest receivable on loans to members and bank interest are recognised using the effective interest rate basis and are calculated and accrued on a daily basis.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Electronic and electrical equipment	5 years straight line
-------------------------------------	-----------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of less than 8 days.

1.6 Financial instruments

The credit union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the credit union's balance sheet when the credit union becomes party to the contractual provisions of the instrument.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include loans to members and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

The credit union assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the expected cash flows.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the credit union transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities

Basic financial liabilities, including members deposits are classified as debt and are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the credit union's contractual obligations expire or are discharged or cancelled.

1.7 Taxation

The tax expense for the period comprises current tax. Tax is recognised in the revenue account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from the surplus as reported in the revenue account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The credit union's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date. Any surplus on transactions with members of the credit union is excluded from taxable income.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

1.8 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the credit union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

1.12 Government grants

Grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Revenue grants are recognised as income over the periods when the related costs are incurred. Capital grants are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

2 Judgements and key sources of estimation uncertainty

In the application of the credit union's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Loan Impairment

The credit union assesses, at each reporting date, if there is objective evidence that any of its loans to customers are impaired. The loans are assessed collectively in groups that share similar credit-risk characteristics. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the Revenue Account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

LP/LS Insurance

The Credit Union makes provision for future death benefit claims. The Credit Union has made an estimate of the provision. The actual amounts required to be paid will depend on the life of members and their balances with the Credit Union.

3 Interest receivable and similar income

	2023	2022
	£	£
Interest income on loans	437,388	420,418
Interest income on bank deposits	2,339	1,092
	<u>439,727</u>	<u>421,510</u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

4 Interest payable and similar charges

As shares are classed as a liability the dividend on these shares is classed as interest for accounting purposes under FRS 102:

	2023	2022
	£	£
Interest and similar charges paid during the period		
Dividend on dividend bearing shares	19,190	2,765
Interest paid on interest bearing shares	2,360	1,652
	<u>21,550</u>	<u>4,417</u>

The distributions on member's shares represents distributions paid in the year which were approved at the last Annual General Meeting. The distribution rates approved at the previous AGM were:

	2023	2022
	%	%
Distribution rates paid during year		
Ordinary member dividend	0.75	0.50
Return on Child Trust Fund shares	2.75	2.00
Return on Junior ISA shares	2.75	2.00
	<u> </u>	<u> </u>

At the forthcoming Annual General Meeting the Directors will propose the following dividends based on the results for the current year. If approved these dividends will be included as a cost in next year's financial statements once they have been paid.

	2023	2022
	%	%
Dividend rates to be proposed at the Annual General Meeting		
Ordinary member dividend	2.00	1.00
Return on Child Trust Fund shares	2.00	1.00
Return on Junior ISA shares	2.00	1.00
	<u> </u>	<u> </u>

5 Fees and commissions receivable

	2023	2022
	£	£
Service charges	78	1,579
	<u> </u>	<u> </u>

6 Fees and commissions payable

	2023	2022
	£	£
Bank charges	1,770	2,858
	<u> </u>	<u> </u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

7	Other operating income		2023	2022
			£	£
	Other income		10,405	79
	Grant income		-	3,839
			<u>10,405</u>	<u>3,918</u>
			<u><u>10,405</u></u>	<u><u>3,918</u></u>
8	Administrative expenses		2023	2022
		Notes	£	£
	Staff costs	12	171,281	152,918
	External auditor's remuneration		7,800	6,500
	Member communication and advertising		5,048	6,899
	Legal, professional and credit control costs		26,083	13,440
	Computer and software expenses		38,230	43,048
	Travel costs		4,452	906
	General administration costs		11,154	7,576
			<u>264,048</u>	<u>231,287</u>
			<u><u>264,048</u></u>	<u><u>231,287</u></u>
9	Other operating expenses		2023	2022
			£	£
	Regulatory costs		2,150	4,000
	Costs of occupying offices		29,448	32,952
			<u>31,598</u>	<u>36,952</u>
			<u><u>31,598</u></u>	<u><u>36,952</u></u>
10	Operating surplus		2023	2022
	Operating surplus for the year is stated after charging:		£	£
	Fees payable to the credit union's external auditor for the audit of the financial statements		7,800	6,500
	Depreciation of owned tangible fixed assets		1,135	1,470
	Operating lease charges		28,080	21,627
			<u>36,995</u>	<u>29,597</u>
			<u><u>36,995</u></u>	<u><u>29,597</u></u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

11 Directors' remuneration

The average monthly number of Directors at the Credit Union during the year was:

2023	2022
Number	Number
-	-
<u> </u>	<u> </u>

The directors do not receive remuneration for their service to the Credit Union.

12 Employees

The average monthly number of persons employed by the credit union during the year was:

	2023	2022
	Number	Number
Administration and support staff	7	7
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	154,490	141,086
Social security costs	8,154	6,623
Pension costs	8,637	5,209
	<u> </u>	<u> </u>
	171,281	152,918
	<u> </u>	<u> </u>

13 Corporation tax

	2023	2022
	£	£
Current tax		
UK corporation tax on taxable surplus for the current period	444	782
	<u> </u>	<u> </u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

(Continued)

13 Corporation tax

The actual charge for the year can be reconciled to the expected charge for the year based on the surplus or deficit and the standard rate of tax as follows:

	2023	2022
	£	£
Surplus before taxation	38,335	65,392
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	7,284	12,424
Tax effect of income/expenditure not taxable in determining taxable surplus	(6,840)	(11,642)
Taxation charge for the year	444	782

14 Loans and advances to banks

	2023	2022
	£	£
Cash held at banks	540,459	779,015
Loans and advances to banks	540,459	779,015
Total cash and bank balances	540,459	779,015
Loans split by repayment period		
Cash and cash equivalents	540,459	779,015
	540,459	779,015

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

15 Loans and advances to customers

	Notes	2023 £	2022 £
Loan movement			
Opening balances		2,040,765	1,824,761
Interest on loans		437,388	420,418
Loans advanced during the period		1,327,963	1,274,846
Loans repaid during the period		(1,471,431)	(1,476,254)
Loans derecognised		(4,894)	(3,006)
		<u>2,329,791</u>	<u>2,040,765</u>
Loan impairment provisions	16	(806,794)	(719,914)
		<u>1,522,997</u>	<u>1,320,851</u>
Loans split by repayment period			
Capital repayments due within 1 year		1,611,764	1,508,980
Capital repayments due after 1 year		718,027	531,785
Loan impairment provisions	16	(806,794)	(719,914)
		<u>1,522,997</u>	<u>1,320,851</u>
Loans split by type			
Loans to members		2,329,791	2,040,765
Loan impairment provisions	16	(806,794)	(719,914)
		<u>1,522,997</u>	<u>1,320,851</u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

16 Loan impairment

	Write off Provision £	Arrears Provision £	Total Provisions £
Loan impairment provision			
Opening balances	546,172	173,742	719,914
Provision movement	50,015	36,865	86,880
	<hr/>	<hr/>	<hr/>
Closing balances	596,187	210,607	806,794
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Under Financial Reporting Standard 102 (FRS 102), the criteria for derecognising (writing off a loan) is different from when the credit union would write off the loan for internal purposes. Loans written off by the Board that do not meet the criteria in FRS 102 for being derecognised are not written off in these financial statements. The loans the credit union feel should be written off but which do not meet the criteria in FRS 102 for being derecognised are fully provided in the write off provision which is shown above. As a result there is no net effect on the surplus or net assets of the credit union from this requirement of FRS 102.

	Notes	2023 £	2022 £
Impairment revenue account charge			
Impairment provision movement		86,880	81,625
Bad debts derecognised	15	4,894	3,006
		<hr/>	<hr/>
		91,774	84,631
		<hr/> <hr/>	<hr/> <hr/>

17 Tangible fixed assets

	Electronic and electrical equipment £
Cost	
At 1 October 2022 and 30 September 2023	6,293
	<hr/>
Depreciation and impairment	
At 1 October 2022	3,480
Depreciation charged in the year	1,135
	<hr/>
At 30 September 2023	4,615
	<hr/>
Carrying amount	
At 30 September 2023	1,678
	<hr/> <hr/>
At 30 September 2022	2,813
	<hr/> <hr/>

18 Other receivables

	2023 £	2022 £
Amounts falling due within one year:		
Other debtors	-	1,605
	<hr/> <hr/>	<hr/> <hr/>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

19 Customer accounts

	2023	2022
	£	£
Deposit movement		
Opening balances	1,671,553	1,711,897
Deposited during the period	2,879,990	2,684,735
Withdrawn during the period	(2,942,930)	(2,725,079)
	<u>1,608,613</u>	<u>1,671,553</u>
 Deposits split by type		
Standard dividend bearing member shares	1,149,682	1,122,361
Standard interest bearing member shares	280,850	366,193
Corporate dividend bearing shares	130,426	129,492
	<u>1,560,958</u>	<u>1,618,046</u>
Juvenile member deposits	47,655	53,507
	<u>1,608,613</u>	<u>1,671,553</u>

20 Other liabilities

	2023	2022
	£	£
Corporation tax	444	782
Other taxation and social security	3,455	2,252
Other creditors	1,909	1,909
Accruals and deferred income	14,528	18,381
	<u>20,336</u>	<u>23,324</u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

21 Financial risk management

The credit union manages its shares and loans so that it earns income from the margin between interest receivable and interest payable (including dividends paid).

The main financial risks arising from the activities of the credit union are credit risk, liquidity risk and market 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 repayment to the credit union, resulting in financial loss to the credit union. In order to manage this risk the Board approves the 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 the likelihood of repayment has changed. The credit union also monitors its banking arrangements for credit risk.

Liquidity risk

The policy of the credit union is to maintain sufficient funds in liquid form at any time to ensure that it can meet its liabilities as they fall due and meet the liquidity ratios set by the regulators. The objective of the policy is to provide a degree of protection against any unexpected developments that may arise.

Market risk

Market risk generally comprises of interest rate risk, currency risk and other price risk. The main risks impacting the credit union are set out below:

Interest rate risk: The main interest rate risk for the credit union arises between the interest rate exposure on loans, bank deposits and shares that form an integral part of a credit union's operations. The credit union considers rates of interest receivable when deciding on proposed dividend rates. Dividend rates are based on the historical results of the credit union and the credit union's strategic plans. The credit union does not use interest rate options to hedge its own positions.

Foreign Currency Risk: All transactions are carried out in sterling and therefore the credit union is not exposed to any form of foreign currency risk.

Other price risk: The credit union only holds investments in government securities and those with credit institutions that meet the criteria of Chapter 6 of the PRA rulebook. The credit union monitors the investments throughout the year.

22 Deferred income

	2023	2022
	£	£
Opening balance	14,553	14,553
Release in period	(10,405)	-
	<hr/>	<hr/>
Carried Forward	4,148	14,553
	<hr/> <hr/>	<hr/> <hr/>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

23 Retirement benefit schemes	2023	2022
	£	£
Defined contribution schemes		
Charge to revenue account in respect of defined contribution schemes	8,637	5,209
	<u> </u>	<u> </u>

The credit union operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the credit union in an independently administered fund.

At the balance sheet date, pension contributions of £1,031 (2022: £971) were due to be paid by the credit union.

24 Provisions for liabilities	2023	2022
	£	£
LP/LS Insurance Provision	5,839	7,406
	<u> </u>	<u> </u>

The Credit Union provides a level of death benefit protection for members. A provision is therefore made for the estimated cost based on the history of claims and claims known at the Balance Sheet date.

Movements on provisions:

	£
At 1 October 2022	7,406
Additional provisions in the year	(1,567)
	<u> </u>
At 30 September 2023	5,839
	<u> </u>

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

25 Credit risk on lending

The credit union holds the following security against its loans to members:

	2023	2022
	£	£
Security for loans		
Attached shares	308,460	271,727

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. The status 'past due' includes any loan where payments are in arrears. The amount included is the entire loan amount and not just the overdue amount.

	2023	2022
	£	£
Loans not individually impaired		
Not past due	1,485,841	1,302,070
	<u>1,485,841</u>	<u>1,302,070</u>
Loans individually impaired		
Between 3 and 6 months past due	58,389	36,146
Between 6 months and 1 year past due	96,616	95,262
Over 1 year past due	92,758	61,115
Individually impaired and written off for internal purposes	596,187	546,172
	<u>843,950</u>	<u>738,695</u>
Total loans	2,329,791	2,040,765
Impairment allowance	(806,794)	(719,914)
	<u>1,522,997</u>	<u>1,320,851</u>

26 Credit risk on bank and investments

The credit union invests funds not yet actively deployed in the following investments:

	2023	2022
	£	£
Bank accounts	540,459	779,015
	<u>540,459</u>	<u>779,015</u>

The credit union believes the full amount of these investments is recoverable.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

27 Interest rates on financial instruments

The following table shows the interest earned during the year divided by the average loan balance and the dividend/interest paid during the year divided by the average share balance. The average balance is taken as the average of the opening and closing balances.

	2023		2022	
	Amount £	Interest rates in year %	Amount £	Interest rates in year %
Financial assets				
Loans to members	2,329,791	20.02%	2,040,765	21.75%
Loans and advances to banks	540,459	0.35%	779,015	0.13%
	<u>2,870,250</u>		<u>2,819,780</u>	
Financial liabilities				
Juvenile deposits	(47,655)	-	(53,507)	-
Dividend bearing shares	(1,280,108)	1.50%	(1,251,853)	0.22%
Interest bearing shares	(280,850)	0.73%	(366,193)	0.44%
	<u>(1,608,613)</u>		<u>(1,671,553)</u>	

28 Reserves

General Reserve

The general reserve represents the base capital of the credit union and is the retained surpluses and deficits which have not been allocated to another specific reserve.

Appropriation Reserve

The appropriation reserve represents funds allocated by the Board for the future payment of dividends. As the dividends are not a commitment at the year end date they are not included within creditors.

29 Capital

The credit union classes all of its reserves as capital. The credit union manages its reserves through its financial and budgeting policies and procedures. The Prudential Regulation Authority sets out requirements for the capital ratio that the credit union must maintain. The ratio is calculated after proposed dividends. The credit union's compliance with the ratio at the year end is set out below:

	2023 %	2022 %
Actual capital to asset ratio	<u>19.52%</u>	<u>17.85%</u>
Regulatory requirement		
Total capital requirement	<u>3.00%</u>	<u>3.00%</u>

**EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 30 SEPTEMBER 2023

30 Interest rate risk

The credit union's primary source of net income arises from the management of the differences in the exposures arising from financial instruments and the margins earned on them. The credit union does not use interest rate options to hedge its own positions. The interest rate repricing table set out below is based on the earlier of the loan maturity date and the next interest rate repricing date. The loan maturity date is subject to a number of factors.

	Interest rate repricing date					Non-interest bearing		Total £
	0-3 months £	3-6 months £	6-12 months £	1-5 years £	Over 5 years £	£	£	
Assets								
Loans and advances to banks	540,459	-	-	-	-	-	-	540,459
Loans and advances to customers	431,501	57,525	439,187	594,784	-	-	-	1,522,997
Property, plant and equipment	-	-	-	-	-	1,678	1,678	1,678
Prepayments	-	-	-	-	-	1,648	1,648	1,648
Total assets	971,960	57,525	439,187	594,784	-	3,326	3,326	2,066,782
Liabilities and reserves								
Customer accounts	280,850	-	-	-	-	1,327,763	1,327,763	1,608,613
Other liabilities	-	-	-	-	-	20,336	20,336	20,336
Accruals and deferred income	-	-	-	-	-	4,148	4,148	4,148
Provisions	-	-	-	-	-	5,839	5,839	5,839
Reserves	-	-	-	-	-	427,846	427,846	427,846
Total liabilities and reserves	280,850	-	-	-	-	1,785,932	1,785,932	2,066,782
	(691,110)	(57,525)	(439,187)	(594,784)	-	1,782,606	1,782,606	-

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

31 Analysis of changes in net funds

	1 October 2022	Cash flows	30 September 2023
	£	£	£
Cash and cash equivalents	779,015	(238,556)	540,459
	<u> </u>	<u> </u>	<u> </u>

32 Financial commitments, guarantees and contingent liabilities

The credit union participates in the Financial Services Compensation Scheme (FSCS) which provides protection for its members up to the level of protection offered by the FSCS. As a result of the credit union's participation it has a contingent liability, which cannot be quantified, in respect of future contributions to the FSCS, as required by the Financial Services and Markets Act 2000.

33 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023	2022
	£	£
Within one year	6,015	28,320
Between two and five years	1,215	4,800
	<u> </u>	<u> </u>
Total lessee operating lease commitment	7,230	33,120
	<u> </u>	<u> </u>

34 Related party transactions

Key management personnel

The credit union classes the Directors and members of the senior management team as key management.

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023	2022
	£	£
Wages and salaries	85,811	68,014
	<u> </u>	<u> </u>

Transactions with key management

Balances held by members of key management and their close family members in the credit union are set out below.

	2023	2022
	£	£
Shares held by key management and their close family	45,317	70,149
	<u> </u>	<u> </u>

All previous rules rescinded

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Rules of

Erewash

Credit Union Limited (as amended on March 20th, 2024)

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(Registered under the Industrial and Provident Societies Act 1965)



A member of the Association of British Credit Unions Ltd
ABCUL Model Rules for Credit Unions 2012

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NAME, REGISTERED OFFICE, OBJECTS, PERMISSIONS, POWERS AND SOCIAL GOALS

Name

1. The name of the credit union shall be:

Erewash Credit Union Limited (hereinafter referred to as 'the Credit Union'.)

Registered office

2. The registered office of the Credit Union shall be at:

Second Floor, Ilkeston Co-operative Department Store, The Market Place, Ilkeston, Derbyshire, DE7 5SG

or at such other place as may from time to time be determined by the Board of Directors and registered with the Relevant Authority.

Objects

3. The objects of the Credit Union are:
 - a. The promotion of thrift among its Members of the society by the accumulation of their savings;
 - b. The creation of sources of credit for the benefit of its Members at a fair and reasonable rate of interest;
 - c. The use and control of Members' savings for their mutual benefit; and
 - d. The training and education of Members in the wise use of money and in the management of their financial affairs.

Permissions

4. The Board of Directors shall be responsible for ensuring that the Credit Union applies for, obtains and maintains all necessary permissions to operate legally as a credit union.

Powers

5. The Credit Union shall have full power, subject to the law and the Relevant Authority's requirements attached to any permission held, to do all things necessary or expedient for the accomplishment of its objects.

Social goals

6. The Credit Union may, by resolution of its Board of Directors, adopt one or both of the following additional social goals within its policies:
 - a. To contribute towards the alleviation of poverty within the community; and
 - b. To contribute towards the economic regeneration of the community.

provided that these social goals are only pursued within the scope of the objects of the Credit Union.

MEMBERSHIP

Common bond qualifications for membership

7. Admission to membership of the Credit Union is restricted to:
- a) an individual residing in or being employed in the locality of the County of Derbyshire or the City of Derby as delineated on the attached map
 - b) 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 for an unincorporated association, if the body corporate, partnership or unincorporated association has:
 - i. a place of business in the above locality
 - 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 common bond specified above

Insert common bond map

Limitations on membership

8. The Board of Directors shall ensure that at all times the number of Corporate Members in membership of the Credit Union does not exceed 10% (or such other amount as prescribed by law) of the total number of members of the Credit Union. If the number of Corporate Members should exceed the limit prescribed at any time then the Board of Directors shall take all steps to reduce the number below the limit prescribed by expelling from membership those Corporate Members determined by the Board of Directors using a policy and procedure determined by the Board. In determining the policy for the expulsion of Corporate Members the Board of Directors will conduct an assessment of the impact to the Credit Union of expelling any particular Corporate Member.

Joint Accounts

9. The Credit Union may offer a joint account facility to Members that are individuals. A joint account shall only be available to two individuals who each qualify for, obtain and continue to hold membership under the common bond qualification. The Credit Union shall establish a procedure on the operation of a joint account.
10. In the event of the death of one of the holders of a joint account, the joint account shall, subject to any contrary written agreement between the holders and lodged with the Credit Union, become the property of the survivor.

Non-qualifying Members

11. A Member who ceases to fulfil the qualifications for admission to membership shall retain their membership and voting rights in the Credit Union, and continue to acquire shares and to receive loans subject to legislation and the provision of these Rules.
12. A limit on the number of non-qualifying members may be imposed by resolution of the members at the annual general meeting in accordance with Rule 154 of these Rules.

Junior savers

13. The credit union may take deposits from a person who would otherwise qualify for membership of the credit union according to rule 7 of these rules and is under the age at which, defined in rule 14 of these rules; he may become a member.
14. A junior saver, who is eligible for membership of the credit union according to rule 7 of these rules, shall convert to full membership of the Credit Union upon reaching the age of 18, provided that no person that has a deposit in a child trust fund account or a junior ISA is eligible for membership of the Credit Union until they have reached the age of 18 years.
15. The Credit Union may, if the Directors so determine, take Deposits up to a total of £10,000 or 1.5 per cent (or such other sum as may be permitted by the Relevant Authority), of the total shareholding of the Credit Union from a junior saver of the Credit Union, whichever is the greater.

Applications for membership

16. No applicant shall be admitted into membership of the Credit Union unless the applicant supports the objects and social goals of the Credit Union, has paid such entrance fee as required, has completed an application for membership in a form accepted by the Board of Directors and the Board has approved the application using such procedures as agreed by them from time to time.
17. An applicant for membership of the Credit Union may be admitted to membership only when:
 - a. They fall within the common bond and as a result qualify for admission to membership;
 - b. They have provided sufficient evidence to prove their identity (and proof of incorporation if a corporate body) and address, as required to comply with all relevant laws and Regulations established in respect of money laundering prevention;
 - c. They have paid any entrance fee of an amount not to exceed £5 or any such reasonable amount sufficient to cover the administration costs of joining specified by the Board of Directors from time to time and agreed by the Members at the annual general meeting;
 - d. They have agreed to pay any annual administration fee of an amount not to exceed £5 or any such reasonable amount sufficient to cover the administration costs of membership specified by the Board of Directors from time to time and agreed by the Members at the annual general meeting; and
 - e. They hold and have paid for at least a £1 Non-Deferred Share in the Credit Union
18. A Member of the Credit Union may hold more than one account in the Credit Union.

Register of Members

19. The Credit Union shall keep, at its registered office, a register of Members as per section 44 of the Industrial and Provident Societies Act 1965, containing the following details:
 - a. The names and addresses of the members;
 - b. A statement of the number of shares held by each member and of the amount paid or agreed to be considered as paid on the shares of each member; .
 - c. A statement of other property in the society, whether in loans, deposits or otherwise, held by each member;
 - d. The date at which each person was entered in the register as a member, and the date at which any person ceased to be a member;
 - e. The names and addresses of the officers of the society, with the offices held by them respectively, and the dates on which they assumed office. .

The register shall be so constructed so that it is possible to inspect the particulars therein mentioned in paragraphs (a) (d) and (e) of rule 19 without exposing the other particulars entered therein.

Cessation of Membership

20. A Member shall cease to be such if:

- a. They cease to qualify for admission for membership as specified in rule 7 and subject to rules 11 and 12; or
- b. They die, or if a body corporate, is wound up or goes into liquidation; or
- c. They are a Member in the capacity of the Designated Representative of an unincorporated association or partnership (that is not a body corporate) which is wound up or goes into liquidation; or
- d. They are a Member in the capacity of the Designated Representative of an unincorporated association or partnership (that is not a body corporate) which removes or replaces them as its Designated Representative, provided the following is adhered to:
 - 1. any loans held by the Member are repaid in full;
 - 2. any Non –Deferred Shares held by the Member are repaid in full by the Credit Union;
 - 3. any deferred shares are transferred to another member of the credit union in accordance with rule 44
- e. If the partnership or unincorporated association wishes to appoint another Designated Representative then that representative should make an application for membership as per rules 16 and 17;
- f. By virtue of a Member becoming a Non-Qualifying Member of the Credit Union, the number of Non-Qualifying Members exceeds the maximum permitted by these Rules or by law; or
- g. By virtue of being a Corporate Member of the Credit Union who has been expelled in accordance with rule 8;
- h. They voluntarily withdraw from the Credit Union in accordance with these Rules; or
- i. At the discretion of the Board of Directors, membership shall be withdrawn if a Member's Non-Deferred Share balance is not brought up to the minimum shareholding requirement as established by the Board in accordance with rule 46 within 6 months of becoming a Member of the Credit Union, or it is reduced to below the minimum shareholding requirement as established by the Board, and they fail to take action to increase their shareholding in accordance with rule 46; or
- j. They are expelled by the Credit Union in accordance with these Rules.

Withdrawing from membership

- 21. A Member without any liability to the Credit Union may voluntarily withdraw from membership of the Credit Union at any time by applying for, and receiving, their shareholding in the Credit Union; subject to any notification period in place as agreed from time to time by the Board of Directors. Members with an outstanding liability to the Credit Union shall be required to settle their account prior to being permitted to withdraw from membership of the Credit Union.
- 22. Those Members holding Deferred Shares shall not have the power to withdraw them. Repayment of any Deferred Shares shall be made in accordance with the issue documents which comply with s31A CUA 1979,

Expulsion from Membership

- 23. Subject to the receipt of notice of expulsion in accordance with these Rules, a Member shall be suspended from participation in the Credit Union pending the

completion of an investigation. The investigation may recommend the Member's subsequent expulsion from membership of the Credit Union. Any recommendation for expulsion shall be voted upon by passing a resolution carried by a majority present at a ~~joint~~ meeting of the Board of Directors ~~and of the supervisory committee~~.

24. A Member may be suspended, and subsequently expelled, from the Credit Union for any grave and sufficient reason including, but not limited to, the following:
- a. Wilful breach of, or refusal to comply with, the Rules;
 - b. Divulging confidential information obtained by virtue of being a Member of the Credit Union;
 - c. Deceiving the Credit Union with regard to the purpose of money borrowed or its subsequent use;
 - d. Default and continued refusal to honour a debt (the loan repayment terms of which had been agreed in a signed loan agreement);
 - e. Maliciously and knowingly spreading incorrect reports about the management of the Credit Union;
 - f. Wilfully making any entry, error or erasure in, or omission from any passbook, record or return of the Credit Union with the intent to falsify it;
 - g. Actively working against the interests of the Credit Union and/or its membership;
 - h. Allowing their account to become dormant and failing to remedy the situation in accordance with rules 30 to 34;
 - i. Using the Credit Union as a vehicle for committing an offence under the Money Laundering Regulations 2007;
 - j. Committing an offence of dishonesty against the Credit Union, wilfully destroying or damaging records or other property of the Credit Union, or knowingly passing forged papers through the Credit Union;
 - k. If, after admission as a Member of the Credit Union, their application form is found to include wilfully false or misleading information or any defect is discovered in their qualification for membership at the time of their admission which in the opinion of the Board of Directors is of such consequence as to justify expulsion;
 - l. Abusive behaviour towards the employees or volunteers of the Credit Union.

Notice of expulsion

25. A notice of expulsion of a Member shall be sent by special delivery to the last known Address of the Member, and shall contain a reference to the expulsion appeals procedure. The notice of expulsion of the Member shall not become effective until 30 days after the date of posting the notice of expulsion or until the result of any appeal, if any, whichever is the later.

Appeal against expulsion

26. A Member shall have 14 days from the receipt of a notice of expulsion to request an appeal against their expulsion. The Board of Directors shall, upon a request received in Writing from the Member on whom the notice of expulsion has been served, convene a special general meeting of the Members to consider the matter of their expulsion. The meeting shall be held not later than 60 days after the date on which the expulsion notice has been served on them. The Member shall have the right to be represented and heard at such special general meeting. The special

general meeting shall have the power, by a majority decision of Members present, to confirm the Member's expulsion or to direct that they shall remain a Member of the Credit Union. The result of the appeal shall be final.

Liability of withdrawn and expelled Members

27. Withdrawal or expulsion of a Member from the Credit Union shall not relieve such Member from any liability which existed at the time of their withdrawal or expulsion.
28. The amount deposited by a Member who withdraws or is expelled shall be paid to them as funds become available, but only after all monies owed by them to the Credit Union have been deducted. Any amount due to a withdrawn or expelled Member shall be repaid within a period of less than 60 days beginning on the day following the expulsion or notice of withdrawal. No payment shall be paid to such a Member unless all of their liabilities to the Credit Union have been fully discharged.

Availability of Rules

29. A copy of these Rules and any amendments made to them shall be made available free of charge on demand to every Member of the Credit Union upon admission to membership and shall be provided to any other person on demand and upon payment of an amount no more than the specified amount chargeable in law for the time being in force.

Dormant accounts

30. If a period of 12 months passes without any transactions on the account of a Member (or on any of their accounts if they have more than one), the Board of Directors shall have the discretion to declare that the account has become dormant. The Board may take account of any extenuating circumstances in making this declaration.
31. The Board of Directors shall have the discretion to charge an annual administration fee on each dormant account, an amount not to exceed £5 or any such reasonable amount sufficient to cover the administration costs of membership specified by the Board of Directors from time to time and agreed by the Members at the annual general meeting
32. In relation to a Member who does comply with the minimum shareholding requirement as set out in rule 46, but whose account is dormant, the Credit Union may alert the Member to the dormancy by contacting the Member in Writing at their last known Address notifying the Member that there have been no transactions on their account (or their accounts if they have more than one) during the last 12 months, and providing the Member with a six week period to determine the future use of their account(s).
33. Any communication in Writing made under rule 32 shall contain:
 1. Information on reactivating or closing their account and withdrawing from membership;
 2. Information about the right of the Credit Union to charge an annual administration fee;

3. Reference to rule 34 which enables the Credit Union to remove dormant accounts into a suspense account and subsequently expel the Member from membership.
34. If the Member does not reactivate or close their account(s) within six weeks of the Credit Union issuing the communication, the Board of Directors shall have the discretion to:
 - a. Hold any monies within the account(s) of such Member in a suspense account pending the Member's subsequent withdrawal of their money, or activity on their account;
 - b. Charge the annual administration fee;
 - c. Expel the Member from membership of the Credit Union in accordance with rule 24.

SHARES

35. The credit union may offer Non-Deferred Shares and Deferred Shares. The nominal value of each Share shall be £1.00. A Member must purchase and hold at least one £1 Share in the Credit Union.
36. The Credit Union may issue Interest Bearing Shares if it meets the criteria for doing so as may be prescribed by law, the Relevant Authority and these Rules.
37. When a Member opens a share account the Credit Union must inform the Member whether said share account will qualify for interest or dividend as per the Rules. If a Member is informed that they hold Interest Bearing Shares they must also be informed that if the Credit Union ceases to meet the criteria set out by law or the Relevant Authority to pay interest on Shares their Interest Bearing Shares will be converted to Dividend Bearing Shares.
38. If a Member's Interest Bearing Shares are converted to Dividend Bearing Shares the Member must be informed using an agreed policy and procedure established by the Board of Directors.
39. Interest Bearing Shares shall not be eligible for a dividend and interest shall be set and credited using an agreed policy and procedure established by the Board of Directors.

Non-Deferred Shares

40. Non-Deferred Shares shall be withdrawable subject to the provisions of rules 51 to 53.
41. Non-Deferred Shares shall not be transferable and the Credit Union shall not issue to a Member a share certificate denoting ownership of a Non-Deferred Share.

Deferred Shares

42. Members of the Credit Union shall be eligible to purchase Deferred Shares which may be issued by the Credit Union under the terms and obligations as set out in an

Issue Document(s). Upon purchase the Credit Union shall issue a share certificate denoting ownership of a Deferred Share(s).

43. For any Deferred Share(s) issued to a Member the Credit Union must transfer an equivalent amount (in whole pounds) to reserves.
44. Deferred Shares are non-withdrawable but are transferable and repayable only in the circumstances set out in the issue document. Deferred Shares shall only be transferred to another Member of the Credit Union using a procedure agreed by the Board of Directors.
45. Deferred Shares do not hold the right to any additional votes in the Credit Union and shall not count towards, or be subject to, the required minimum shareholding specified in rule 46 nor the maximum shareholding specified in rule 47.

Minimum Shareholding

46. The minimum shareholding (excluding Deferred Shares) required to remain in membership of the Credit Union shall be a sum not exceeding £5.00 as may be determined by the Board of Directors. Deferred Shares are not included in the minimum shareholding. The Board of Directors shall have the discretion to withdraw membership from any Member whose account has not been brought up to the minimum Non-Deferred Shareholding requirement within six months of admission to membership, or any Member whose account is reduced below the minimum Non-Deferred Shareholding, through adopting the following procedure:
 - a. Providing notice in Writing to their last known Address
 - b. The notice shall require the Member to increase their shareholding to the minimum required or withdraw their Non-Deferred Shares within 6 months of the date of the notice.
 - c. If the Member has not taken action under (b) above the balance of the account may be declared by the Board of Directors to be forfeited to the Credit Union and membership shall be withdrawn on the same date.

Maximum shareholding

47. No Member shall have, or claim an interest in, Non-Deferred Shares of the Credit Union, exceeding £10,000 or 1.5 per cent (or such other sum as may be permitted by the Relevant Authority), of the total Non-Deferred Shareholdings in the Credit Union, whichever is the greater figure.
48. Corporate Members in total shall not have, nor claim an interest in, fully paid up Non-Deferred Shares of the Credit Union exceeding 25 per cent (or such other amount as may be prescribed by law) of the total fully paid up Non-Deferred Shares of the Credit Union. If this percentage is exceeded the Board of Directors shall repay Non-Deferred Shares held by Corporate Members using an agreed policy until a point where the percentage is no longer exceeded.
49. The maximum Non-Deferred Shareholding limit of a joint account shall be double the limit on an account held by a Member that is an individual. The amounts held separately in an individual and joint account shall be amalgamated.

50. For the purpose of rules 47 and 48 the total fully paid up Non-Deferred Shares in the Credit Union shall be taken to be the total fully paid up Non-Deferred Shares as shown in the most recent annual return to have been sent to the Relevant Authority.

Withdrawing Shares

51. Subject to rules 52 and 53, money paid in on Shares, may be withdrawn by a Member on any day as provided for by the Board. However, if required, the Board may request up to sixty days' notice from a Member of their intention to withdraw their shareholding.
52. For loans taken out before 8th January 2012, if a withdrawal of Non-Deferred Shares would reduce a Member's paid up shareholding (excluding Deferred Shares) in the Credit Union to less than their total liability (including contingent liability) to the Credit Union, whether as a borrower, guarantor or otherwise, the Board of Directors shall have the discretion to consider a Non-Deferred Share withdrawal request. This discretion may be exercised through the drawing up of a policy and procedure for use by Officers and employees of the Credit Union.
53. For loans taken out after 8th January 2012, the terms of the loan must include provision as to whether, for the duration of the loan, the borrower is permitted to withdraw Non-Deferred Shares where their paid-up shareholding (excluding Deferred Shares) in the Credit Union is, or following the withdrawal would be, less than their total liability (including contingent liability) to the Credit Union, whether as a borrower, guarantor or otherwise. The Board of Directors shall have the power to vary the terms of the loan agreement with the agreement of the borrowing Member.

Insuring shares

54. For as long as it remains a condition of ABCUL membership, the Board of Directors shall enter into arrangements with a person carrying on the business of life savings insurance for the purpose of providing insurance cover on Members' (excluding corporate members) shareholdings in the Credit Union. Any monies paid to the Credit Union by virtue of said insurance arrangements shall be credited to the share account of the insured Member subject to the provisions of rule 47.

Financial Services Compensation Scheme

55. Members' Non-Deferred Shares and junior savers' deposits are protected by the Financial Services Compensation Scheme, subject to the current terms of the Scheme that may be in existence. Deferred Shares are not covered by the Financial Services Compensation Scheme.

LOANS

Loans to Members

56. The Credit Union may make loans to Members eligible to receive them. No individual under 18 years shall be eligible to receive a loan from the Credit Union. A Member who holds Deferred Shares in the Credit Union may not borrow on the strength of that shareholding nor use Deferred Shares to guarantee the repayment of another Member's loan.
57. The Board of Directors shall determine from time to time the loan policy of the Credit Union which shall apply to all Members. The loan policy shall include:
 - a. The maximum loan amounts available to Members;
 - b. Any limits or requirements that may be attached to secured and unsecured loans; including loans secured on shares and loans with shares attached.
 - c. Under what circumstances shares will be attached to a loan;
 - d. The rate of interest charged on loans (not to exceed any maximum rate as may be prescribed by law);
 - e. The application procedure for loans.
58. The Credit Union shall not at any time make a loan to a Member if the making of such a loan would bring the total amount outstanding on loans to Members above such a limit as may be prescribed by law or rules established by the Relevant Authority.
59. The Credit Union shall not at any time make a loan to a Corporate Member, if the making of such a loan causes the total loans to Corporate Members be in excess of the limit of 10% of the aggregate of the outstanding balances on all loans (or such other amount as prescribed by law).
60. Two Members agreeing to take out a loan on a joint account shall be held jointly and severally liable for repayment of the loan.
61. Any person knowingly responsible for the issue of a loan to a person other than a Member of the Credit Union shall be jointly and severally liable with the borrower to the Credit Union in the amount of the loan and accrued interest.

Guarantors

62. A Member of the Credit Union can use their shareholdings (excluding Deferred Shares) to guarantee another Member's loan. Directors, Officers and employees of the Credit Union are prohibited from acting as a guarantor for a Member's loan under any circumstances.

Loans to Officers and employees of the Credit Union

63. Members of the Board of Directors, Officers, Approved Persons and employees of the Credit Union may, as a Member of the Credit Union, be granted a loan by the Credit Union subject to rule 64. Such a Member may not be involved in the decision on the granting of the loan and such a loan may not be approved solely by a loan officer of the Credit Union. The ~~supervisory committee~~Board shall be informed of the details of any such loan within 14 days of its approval.
64. A Credit Union must not make a loan to one of its Board members, Officers or Approved Persons on terms more favourable than those available to other Members of the Credit Union unless that Member is also a paid employee of the Credit Union.

65. A Credit Union must not make a loan to a Relative of, or any person otherwise connected with, a member of the Board of Directors, an Officer, an Approved Person or employee of the Credit Union on terms more favourable than those available to other Members of the Credit Union.

Insuring Members' loans

66. For as long as it remains a condition of ABCUL membership the Board of Directors shall enter into arrangements with a person carrying on the business of loan protection insurance for the purpose of providing insurance coverage on the liability of any Member of the Credit Union.

Recovering loans from Members

67. The Board of Directors is responsible for ensuring that suitable policies and procedures are established to ensure the repayment of all debts due to the Credit Union. All sums due from any Member shall be recoverable from him or her, their executors or administrators, as a debt due to the Credit Union.
68. The Credit Union shall have a lien on any Shares of a Member for any debt due to it by a Member or for any debt which the Member has guaranteed, and may off set any sum standing to the Member's credit, including any Shares, interest rebate and dividends, in or towards, payment of such debt.

APPLICATION OF SURPLUS

Calculation of profit

69. In ascertaining the profit or loss resulting from the operation of the Credit Union during any year of account, all operating expenses in that year of account shall be taken into account (including payment of interest) and provision shall be made for depreciation of assets, for tax liabilities and for bad and doubtful debts.

Building institutional capital

70. The Credit Union shall, out of its surplus from each year, establish and maintain reserves in accordance with the prudential rules on capital adequacy established by the Relevant Authority.

Distribution of surplus

71. Following compliance with the capital adequacy requirements established by the Relevant Authority, the Credit Union may allocate any remaining surplus in the following manner:
- a. A voluntary transfer to develop further the institutional capital base of the Credit Union;

- b. Subject to rule 77, in the payment to Members of dividends on the amount of their paid up Dividend Bearing Shares;
- c. Subject to rule 76, as a rebate of interest paid by or due from Members who have received loans from the Credit Union, such rebate being proportional to the interest paid by or due from such Members during that year of account; and
- d. After clauses (a) to (c) above has been paid out, as a payment for social, cultural or charitable purposes.

Dividend on Shares

- 72. The maximum amount payable as dividend on Dividend Bearing Shares shall not exceed 8% per annum (or other such maximum rate as may be determined by the Board of Directors). If a surplus has been achieved, and dividends are payable, the Board of Directors shall recommend the rates of any dividend payments for agreement by the Members at the annual general meeting.
- 73. If a decision has been made to dissolve the Credit Union then the dividend payable on Dividend Bearing Shares shall not exceed 8% per annum or any other rate as may be specified by order made by the Treasury.
- 74. At each annual general meeting Members may be formally asked to delegate such powers to the Board of Directors as may be necessary to declare interim dividends and establish differentiated dividend rates subject to any rules made by the Relevant Authority. No dividend declared and authorised for payment by the Members at the annual general meeting shall exceed the rate recommended by the Board of Directors.
- 75. Any dividend shall be declared on all full Shares held during the preceding year of account or interim period. New Members joining the Credit Union shall be entitled to a proportional part of the dividend on any Shares held for less than the full year of account on every full month of membership, a portion of a month being disregarded for the purpose of entitlement to dividend. Dividends shall be paid to those in membership of the Credit Union on the date that the dividend is declared.

Rebate of interest on loans

- 76. Provided that a dividend on Shareholdings has been recommended by the Board of Directors in accordance with these Rules, a rebate of interest may be recommended by the Board of Directors for declaration by the Members at the annual general meeting. No rebate of interest declared and authorised for payment by the Members in General Meeting shall exceed the rate recommended by the Board of Directors. Entitlement to rebate of interest is on the same basis as entitlement to dividend.

Payment of dividends and interest rebates

- 77. Dividends on Dividend Bearing Shares and interest rebates due to any Member may be placed to the credit of their share balance, and shall be so placed in any case where there is any money due by them to the Credit Union whether as a borrower, guarantor or otherwise in excess of their shareholding in the Credit Union unless the application of such dividend and/or interest rebate would increase their shareholding

in the Credit Union to an amount exceeding the maximum shareholding permitted by rule 47.

MEMBERS' MEETINGS

Attendance at Members' meetings

78. Meetings of the Credit Union shall be either an annual general meeting or a special general meeting. Every Member shall be entitled to attend such general meetings on the production of such evidence as the Board of Directors may from time to time determine.

Annual General Meeting

79. The annual general meeting shall be held within six months of the end of the year of account at such date, time and place as the Board of Directors may determine by resolution.
80. The business of the annual general meeting shall comprise:
- a. The receipt of the accounts and balance sheet and of the reports of the Board of Directors and the auditor (if any);
 - b. The appointment of an auditor (subject to rule 140);
 - c. The election of the Board of Directors or the results of the election if held previously by ballot;
 - d. The application of surplus;
 - e. The transaction of any other business included in the notice convening the meeting.

Notification of Members' meetings

81. At least 14 and not more than 30 days before the date of a general meeting, the Secretary shall send notice in Writing of the date, time and place of the meeting to each Member. In addition to the above, the Board may also give notice of any meeting by posting notice in a conspicuous place in a place of business of the Credit Union to which Members have access, including any electronic correspondence or website operated by the Credit Union, at least 14 days prior to the meeting. Notice in Writing shall be sent to the auditor and to the Association.
82. A notice sent in Writing to a Member's Address shall be deemed to have been duly served forty eight hours after its posting. When notice of a general meeting has been given in accordance with these Rules the accidental omission to give notice to any Member or the non-receipt of the notice by any Member shall not invalidate any resolution passed or any business undertaken at the meeting.

Special general meetings called by the Credit Union

83. Any general meeting of the Credit Union other than an annual general meeting shall be a special general meeting. The Board of Directors ~~or the supervisory committee~~ of the Credit Union may for good reason convene a special general meeting for any purposes not specifically provided for elsewhere in these Rules.

Special general meeting at Members' request

84. Upon an application, signed by one tenth of the total number of Members, or 100 Members, whichever is the lesser number, delivered to the registered office of the Credit Union, the Board of Directors shall convene a special general meeting of Members. The purpose of the special general meeting shall be stated in the application and notice of the meeting. No business other than that stated in the notice of the meeting shall be conducted at the meeting.
85. If within one month from the date of the receipt of the application the Board of Directors has not convened a special general meeting to be held within 6 weeks of the application, any three Members of the Credit Union acting on behalf of the signatories to the application may convene a special general meeting, and shall be reimbursed by the Credit Union for any costs properly and reasonably incurred in convening such a meeting.
86. In order to ensure the continuation of the Credit Union, a special general meeting which results in the removal of one or more Board members from their position, will require any newly elected Officer to apply for, and obtain Approved Person status immediately following their election and before carrying out the function. A newly elected person refused Approved Person status by the Relevant Authority is required to resign their position immediately and shall no longer be permitted to take an active role in the management of the Credit Union.

Special general meeting ~~dealing with the suspension of an Officer~~ called by the ~~supervisory committee~~

87. If an Officer of the Credit Union has been suspended from office by the ~~Board supervisory committee~~ using the procedure set out in rule 132 and has not tendered their resignation within 7 days of said suspension then the ~~Board supervisory committee~~ shall convene a special general meeting of the Credit Union to be held no later than 30 days following the suspension. If the majority of the Members present at such a meeting so vote by secret ballot they may:
 - a. Ratify the suspension and remove from office the person so suspended and shall determine the manner in which the vacancy caused as a result of the removal shall be filled. It shall be ensured that the vacancy is filled following the requirements of these Rules and subject to any regulatory requirements relating to Approved Person status. Any vacancy shall be filled at the meeting;
 - b. Rescind the suspension;
 - c. Remove from office any other Officer of the Credit Union (whether or not he or she has been suspended by the ~~Board supervisory committee~~) and shall determine the manner in which the vacancy caused as a result of the removal shall be filled and subject to any regulatory requirements relating to Approved Person status shall fill the vacancy at the meeting.

Provided, however, that no person shall be removed from office under this rule without being given the opportunity to be represented or be heard at a special general meeting of the Credit Union of which he or she shall be given 14 days notice.

Business at a special general meeting

88. A special general meeting shall not conduct any business other than that specified in the notice convening it. An annual general meeting may be made a special general meeting for any purpose of which due notice has been given, provided that such business is not brought on until the business of the annual general meeting is concluded.

Voting

89. Each Member of the Credit Union shall hold one vote only irrespective of the size of their Shareholding in the Credit Union or the number of accounts held. The right to vote by a Member shall be held by:
- In the case of an individual Member; the individual
 - In the case of a partnership or an unincorporated association, the Designated Representative or partner
 - In the case of an incorporated body; the Corporate Representative
90. A Member of the Credit Union may not vote by proxy at a general meeting of the Credit Union. Postal voting may be used, at the discretion of the Board of Directors, as part of the procedure for the nomination and election of the Board of Directors, ~~supervisory committee~~ and the credit committee (if in existence) of the Credit Union.
91. Elections for the Board of Directors ~~and supervisory committee~~ of the Credit Union shall be conducted by secret ballot unless undertaken prior to the annual general meeting by postal vote. Except where otherwise specified in these Rules or law, all questions shall be resolved by a simple majority of votes cast.
92. A Member is able to exercise the right to speak and vote at a general meeting of the Credit Union and is deemed to be in attendance when they and all those attending the meeting are in a position to communicate with each other. The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting of the Credit Union to exercise their rights to speak or vote at it including by electronic means. In determining attendance at a meeting of the Credit Union, it is immaterial whether any two or more Members attending are in the same place as each other.

Chairperson

93. Every general meeting shall have a chairperson, who shall not be entitled to vote unless the number of votes cast are equal, at which point he or she shall have a casting vote. The president of the Credit Union shall, if present, take the chair at general meetings. If the president is not present, the vice-president shall take the chair and if he or she is not present then the voting members of the Board present shall elect one from their number to do so.

Quorum

94. No business shall be transacted at a general meeting unless a quorum is present. A quorum shall be 10 per cent of the membership, or 15 Members, whichever is the lesser number. If within half an hour from the time appointed for the meeting to

commence a quorum is not present then the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case the meeting shall be adjourned until a later date within 30 days of the meeting at which the adjournment took place. The Members present at a meeting so adjourned shall constitute a quorum.

95. No meeting shall become unable to conduct business from the want of a quorum arising after the chair has been taken.

Adjournment

96. The chairperson may adjourn any Members' meeting for any good and sufficient reason.
97. The provisions relating to the conduct of general meetings of the Credit Union shall apply to adjourned meetings. No business shall be transacted at such a meeting other than the business left unfinished at the meeting at which the adjournment took place.

NOMINATING AND ELECTING OFFICERS

Nomination for election

98. Subject to rules 107 and 108 of these rules, the Board of Directors will accept nominations for election of Officers of the Credit union. All nominees for election as an Officer of the Credit Union must be Members of the Credit Union and must be at least 21 years of age and:
- a. In the case of an individual Member; be the individual
 - b. In the case of a partnership or an unincorporated association, be the Designated Representative or partner
 - c. In the case of an incorporated body; be the Corporate Representative
99. Nominations for the Board of Directors, ~~the supervisory committee~~ and the credit committee (if in existence) shall be in Writing and shall be signed by a proposer and a seconder who must also be Members of the Credit Union and also by the nominee to indicate their consent, and their willingness to submit to any requirements of the Relevant Authority. Nominations shall be sent so as to ensure they reach the registered office of the Credit Union at least 14 days before the date of the annual general meeting where the election shall take place.
100. If, after all of the nominations have been received, there are outstanding vacancies, the chairperson of the meeting may call for further nominations from the floor. Such nominations, if duly seconded and if the nominee is present and provides their consent, shall be in order.

Nominating committee

101. The Board of Directors may appoint a nominating committee of not less than 3 Members of the Credit Union. The nominating committee shall ascertain the number of vacant Officer posts requiring candidates and ensure that there is at least one suitable candidate to recommend to the annual general meeting for each vacancy.

In making their recommendation, the nominating committee shall ascertain that the nominee is 'fit and proper' to become an Approved Person. The nominating committee shall adhere to any policy established by the Board of Directors in relation to the suitability of candidates. The nominating committee shall also be responsible for identifying and recommending potential co-options to the Board of Directors to fill any vacancies. The Board may delegate powers to the nominating committee to manage applications for Approved Person status.

Election of Officers

102. All elections shall be conducted following such procedure as may be established by the Board of Directors from time to time.
103. If for any election the number of nominees does not exceed the number of vacancies to be filled, a proposal to dispense with the election procedure and to declare that all nominees are duly elected may be proposed to the annual general meeting. If such a proposal is carried by a majority vote of the Members present at the meeting, the chairperson shall declare that the nominees for that election are duly elected

Prohibition of certain persons as Officers

104. A person who knows of any substantive reason why he or she may not be regarded as 'fit and proper' to be authorised as an Approved Person by the Relevant Authority, or who is an undischarged bankrupt, or who is disqualified under the Company Directors Disqualification Act 1986, or has been convicted on indictment of any offence involving fraud or dishonesty, shall not:
- a. Act as an Officer of the Credit Union; or
 - b. Directly or indirectly take part in or be concerned in the management of the Credit Union; or
 - c. Permit their name to be put forward for election or appointment to any office of the Credit Union.

When a person holding any office in the Credit Union becomes ineligible by virtue of this rule to hold that office, he or she shall immediately cease to hold office.

Terms of office

105. Following the authorisation of the Credit Union all Officers shall retire at the first annual general meeting. At each subsequent annual general meeting one-third of the Officers, or if their number is not a multiple of three then the number nearest to one-third, shall retire from office. The Officers to retire shall be the Officers who have been longest in office since their last election. Where Officers have held office for the same amount of time the Officer to retire shall be decided by lot. A retiring Officer shall be eligible for re-election.

Board of Directors

106. Subject to Rule 162 of these Rules, at no time shall an employee of the Credit Union be a voting member of the Board of Directors.
107. The Credit Union shall have a minimum of 5 Directors and a maximum as determined by the Members at the annual general meeting from time to time.

Directors shall be elected at the annual general meeting in accordance with these Rules.

108. Designated Representatives or Corporate Representatives of Corporate Members may be elected as a Director. At no time will the percentage of Corporate Members elected to the Board of Directors exceed 20% of the total number of Directors declared by the members according to rule 107 of these rules.
109. The Board of Directors has the power, in advance of an election, to propose a recommendation on election of representatives at the annual general meeting to ensure that the Board consists of representatives of all areas, sections and diverse groups covered by the Credit Union.

Election of office holders

110. As soon as possible following the annual general meeting, the Board of Directors shall elect from among its number a president who shall be chairperson, a vice-president who shall be vice-chairperson, a treasurer and a secretary of the Credit Union. A person so elected shall hold office until the election of their successor.

Casual vacancies

111. A casual vacancy on the Board of Directors shall, as soon as is practicable, be filled by a majority vote of the Directors then holding office. Such a co-opted Director shall hold office for the remainder of the unexpired term of that office. The Credit Union shall adhere to the requirements established by the Relevant Authority in respect of obtaining Approved Person status for a co-opted Director prior to them taking up an active role in the management of the Credit Union.

Timing and notification of Board meetings

112. Regular meetings of the Board of Directors shall be held at least monthly, or in accordance with other guidance given by the Relevant Authority. The date, time and place of such meetings shall be decided from time to time by the Board. All meetings shall be called in such a manner as the Board shall determine.
113. The president, or in their absence the vice-president, may call a special meeting of the Board of Directors at any time, and shall do so on receipt of a request in Writing signed by at least three Directors. The president, or in their absence the vice-president, shall determine the date, time and place of such a meeting, unless the Board of Directors prescribes otherwise by resolution.

Quorum

114. No business shall be transacted at a meeting of the Board of Directors unless a quorum is present. A majority of the number of the Directors in office at any time shall constitute a quorum. If from the time appointed for the meeting to commence a quorum is not present then the meeting may be adjourned to any date not less than two nor more than 30 days from the day of the meeting at which the adjournment

took place. The quorum for such an adjourned meeting shall be three Directors or such greater number as the Board may determine by resolution.

Voting at Board meetings

115. Any questions arising at any meeting of the Board of Directors shall be decided by a majority of votes. Each Director shall have only one vote on any matter provided that the chairperson of the meeting shall have a casting vote in the event of an equality of votes.

Attendance at Board meetings

116. A Director is able to exercise the right to speak at a meeting of the Board of Directors and is deemed to be in attendance when that person and all those attending the meeting are in a position to communicate with each other. The Directors may make whatever arrangements they consider appropriate to enable those attending a meeting of the Board of Directors to exercise their rights to speak or vote at it including by electronic means. In determining attendance at a meeting of the Board of Directors, it is immaterial whether any two or more Directors attending are in the same place as each other.

Chairing Board meetings

117. Subject to any specific provision contained in these Rules, the president or, in their absence the vice-president, shall preside at meetings of the Board of Directors. He or she shall perform such other additional duties as directed by the Board of Directors which are not inconsistent with the provisions of the law or of these Rules.
118. If neither the president nor the vice-president is present or willing to act within 15 minutes after the time appointed for the beginning of a Board meeting, the other voting Directors shall elect one of their number to be chairperson of that meeting.

Failure to attend meetings

119. Any Director who, without special leave of absence, fails to attend 3 consecutive meetings shall, if the Board of Directors so resolve, be deemed to have vacated their office, and the vacancy shall be filled as provided for in rule 111.

Delegation of powers

120. The authority of the Board of Directors resides within a meeting of the Board which has been properly called. Outside of a Board meeting Director(s) shall only have the specific authority to act in a specified area as may from time to time be delegated within a meeting of the Board of Directors. In addition, the Board of Directors may delegate any of their powers to committees established as provided for in these Rules. Committees shall consist of such members of the Board as determined from time to time by the Board and other individuals as the Board think appropriate who shall have clear terms of reference and conform in all respects to these terms, including any requirements regarding reporting to the Board of Directors.

Validity of actions

121. All acts carried out by any meeting of the Board, or of any committees or by any Director acting in pursuance of any authority duly given shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment or qualification of any Director, be valid as if such Director had been duly appointed or qualified.

Responsibilities of Directors

122. Subject to the law and these Rules, the Board of Directors shall manage the general business and control the affairs of the Credit Union and shall be responsible for performing all of the duties ordinarily performed by the Board of Directors. The Board's responsibilities include but are not limited to the following:
- a. Ensuring that the Credit Union complies with all statutory and regulatory requirements attached to all regulatory permissions held by the Credit Union;
 - b. Ensuring that the Credit Union operates within the remit of these Rules;
 - c. Establishing appropriate policies and procedures and systems of control to enable the safe and efficient operation of the Credit Union;
 - d. Maintaining a working business plan sufficient to enable the development of the Credit Union;
 - e. Maintaining valid insurance against fraud and other dishonest practices as required by the Relevant Authority, and making any other arrangements necessary or desirable for the protection of the Credit Union and its Members;
 - f. Employing and determining the terms of employment, remuneration and pension arrangements of such person(s) as the Board of Directors considers necessary for the purposes of the Credit Union;
 - g. Delegating to employees the authority to establish and perform the operational functions of the Credit Union;
 - h. Managing the loan business of the Credit Union including determining interest rates on loans;
 - i. Establishing a policy on declaration of dividend and interest payments;
 - j. Recommending for approval by the annual general meeting dividends, rebates of interest and, subject to regulatory constraints, the ability to declare interim dividends and differentiated dividend accounts;
 - k. Establishing the charges payable on any ancillary services, subject to legal and regulatory limits, offered by the Credit Union;
 - l. Determining the range of financial products that may be offered by the Credit Union;
 - m. Making decisions in respect of the investment of surplus funds of the Credit Union, in accordance with the law, and restrictions contained in CREDS 3.2, or other rules made by the Relevant Authority;
 - n. Filling any casual vacancy in the office of auditor, or in any office in the Credit Union, other than the supervisory committee, subject to rules 111 and 141;
 - o. Recommending any honorarium which the treasurer or any assistant treasurer may receive for their services on behalf of the Credit Union, subject to the approval of the annual general meeting provided that the annual general meeting may not increase the amount so recommended by the Board of Directors;
 - p. Paying any expenses necessarily incurred by an Officer, delegate or representative of the Credit Union in carrying out the business of the Credit Union;

- q. Remunerating necessary ~~clerical and~~ auditing assistance employed or utilised ~~by the supervisory committee;~~
- r. Purchase, hold, lease, sub-lease, rent, sell, mortgage, manage and develop property and land required for the purpose of conducting the business of the Credit Union thereon, but for no other purpose, acquire, erect, pull down, repair, alter, remove or re-erect buildings, walls and fences on such land; and otherwise deal with such land and property and any rights and interest on behalf of the Credit Union;
- s. Borrow money for the Credit Union subject to any regulatory limits;
- t. Determine the authorised bank(s) for the deposit of funds of the Credit Union and the signatories to cheques and other written instruments on behalf of the Credit Union;
- u. Make provision of the adoption and custody of the seal of the Credit Union, if appropriate;
- v. Remove from office Officers and sub-committee members, ~~except members of the supervisory committee,~~ for failure to perform their duties or breach of these Rules;
- ~~w. Suspend any or all of the members of the supervisory committee as provided for by rules 133 and 134;~~
- x-w. During the absence or incapacity of any Officer, co-opt another Member of the Credit Union to act temporarily in their place, provided that such appointment shall cease upon the resumption by such Officer of their duties;
- y-x. Keep proper books of account with respect to the financial transactions of the Credit Union, its assets and liabilities;
- z-y. Submit the accounts of the Credit Union for audit as required;
- aa-z. Establish and terminate such sub-committees as it deems necessary from time to time to facilitate the operations of the Credit Union; define and amend their terms of reference and appoint and remove members of such committees;
- bb-aa. Make arrangements for annual general meetings, Board meetings and other meetings as appropriate from time to time;
- cc-bb. Convene a special general meeting whenever thought fit;
- dd-cc. Administer any fund set aside out of the surplus or profit of the Credit Union;
- ee-dd. Perform or authorise any action consistent with law, regulation and these Rules not specifically reserved to the Members by law, regulation or these Rules;
- ff-ee. Take all such actions as may be required to ensure that the Credit Union complies with legislation, regulation and policies relating to the prevention of money laundering;
- gg-ff. Take appropriate steps to assure the security and integrity of any information technology systems used by the Credit Union, including ensuring that the Credit Union complies with data protection law and policies;
- hh-gg. Perform such other actions consistent with the law, regulation and these Rules as the Members in general meeting may from time to time require.

Vacation of office

123. Elected and co-opted Officers serving the Credit Union shall immediately cease to hold office or committee position if:
- a. They cease to be a Member of the Credit Union;
 - b. They are performing a controlled function and their Approved Function status is withdrawn by the Relevant Authority;

- c. They are adjudged bankrupt or make an arrangement with their creditors;
- d. They are prohibited from acting as an Officer of the Credit Union as per rule 104;
- e. A registered medical practitioner who is treating that person gives a written opinion to the Credit Union stating that the person has become physically or mentally incapable of acting in their position and may remain so for more than three months;
- f. By reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- g. They resign their office in Writing to the Secretary or to the president ~~or to the supervisory committee~~;
- h. They are deemed to have vacated their office in accordance with rule 119;
- i. They are removed by a resolution of a majority of the Members of the Credit Union present at a special general meeting called for that purpose by the Board of Directors ~~or by the supervisory committee~~ or by the Members provided that such an Officer shall be given at least 14 days notice of the meeting and of the intention to remove him or her from office;
- j. For as long as it remains a condition of ABCUL membership, they become an employee of the Credit Union;
- k. They, or their spouse or partner, are engaged in a managerial capacity in the carrying on of any business, trade or undertaking which in the opinion of the Board competes in any way with any business, trade or undertaking carried on by the Credit Union;
- l. They, or their spouse or partner, are concerned in or participate in the profits of any contract made with the Credit Union except as a non-managerial member or employee of any society or company which contracts with or does work for the Credit Union.

Payment of expenses and honoraria

124. For as long as it remains a condition of ABCUL membership, no member of the Board of Directors, nor any member of a committee of the Credit Union, shall be paid for their services other than such reasonable out of pocket expenses as may be approved by a majority vote of the Board of Directors.
125. At the end of the year of account, the treasurer and any assistant treasurer may receive such honoraria as may from time to time be approved, prior to the payment of such remuneration, by a resolution of the Members at the annual general meeting.

CREDIT COMMITTEE AND LOAN OFFICER

Roles and responsibilities

126. The Credit Union shall have a credit committee which shall remain in existence until a majority of the Members, at the annual general meeting, vote in favour of a proposal from the Board of Directors to disband it.

127. The Board of Directors shall set the terms of reference of the credit committee. The credit committee may include one member of the Board of Directors of the Credit Union appointed by the Board; the remaining number shall be elected in accordance with the provisions of these Rules.
128. The credit committee shall be responsible for monitoring the Credit Union's loan business, loan assessment and making recommendations on policy changes to the loan and credit control policies for agreement by the Board. The credit committee, with the permission of the Board of Directors, shall have the power to delegate operational aspects of their work to one or more loan officer(s). Any delegation shall clearly outline the specific limits which the loans officer(s) can operate.

SUPERVISORY COMMITTEEINTERNAL CONTROL

Roles and responsibilities

129. ~~The Board of Directors shall be responsible for ensuring that the internal audit function is performed in accordance with prescribed terms of reference and with the requirements (if any) established by the Relevant Authority. Credit Union shall have a supervisory committee. The Board of Directors and the supervisory committee shall agree the Terms of Reference of the supervisory committee. Members of the supervisory committee shall not be members of the Board of Directors, or any other permanent committee of the Credit Union, or be employed by the Credit Union, and shall be elected in accordance with the provisions of these Rules.~~
130. ~~Terms of reference for the internal audit function shall be established by the Board of Directors, and shall be reviewed at least annually. If a vacancy occurs on the supervisory committee its remaining number shall have the power to co-opt a replacement for the remaining term of office. The supervisory committee shall be notified of all meetings of the Credit Union and be entitled to attend such meetings, including meetings of the Board of Directors of the Credit Union. The supervisory committee shall report each year to the annual general meeting.~~
131. ~~The supervisory committee has the power to recommend to the Board that the internal audit function be outsourced. The supervisory committee shall be responsible for ensuring that the internal audit function is performed in accordance with prescribed terms of reference.~~

Suspension from office

- ~~132.~~131. The ~~supervisory committee~~Board may, by a unanimous vote of the entire membership at a special general meeting called for the purpose, suspend from office any Officer of the Credit Union who, in the opinion of the ~~Board~~supervisory committee is guilty of a persistent or serious breach of the law in relation to the Credit Union, these Rules or the policies laid down by the Board of Directors. Whether or not it suspends any Officer, the ~~supervisory committee~~Board may by unanimous decision convene a ~~meeting of the Board of Directors or a~~ special general meeting of the Credit Union to consider such an action, at which meetings such Officer(s) shall be given an opportunity of state their case and/or be represented.

Suspension from the supervisory committee

~~133. The Board of Directors may, by a majority vote of the entire membership of the Board at a special meeting called for the purpose, suspend from office the supervisory committee or any of its members, for any grave and sufficient reason.~~

~~134. Whenever a member(s) of the supervisory committee has been suspended from office under the preceding rule, and within 7 days of said suspension has not submitted their resignation, the Board of Directors shall convene a special general meeting of the Credit Union to be held not later than 30 days after the suspension. If a majority of the members present at such a meeting so signify by secret ballot they may:~~

- ~~a. Ratify the suspension and remove from office the person so suspended and shall determine the manner in which the vacancy caused by the suspension shall be filled, and shall fill the vacancy at such meeting;~~
- ~~b. Rescind the suspension;~~
- ~~c. Remove from office any other Officer of the Credit Union (whether or not he or she has been suspended by the Board of Directors) and determine the manner in which the vacancy caused by the removal shall be filled.~~

~~Provided, however, that no person shall be removed from office under this rule without being given an opportunity of being represented or being heard at a special general meeting of which he or she shall be given 14 days notice in Writing.~~

OFFICERS AND EMPLOYEES

Conflict of interest

~~135-132.~~ No Officer or employee of the Credit Union shall in their conduct of the Credit Union's business in any manner, directly or indirectly participate in the deliberation of or the determination of any question affecting their pecuniary interest or the pecuniary interest of any person or body (other than the Credit Union) in which he or she is directly interested. Such person(s) shall withdraw from the meeting and the remaining persons shall constitute a quorum while that matter is being discussed or determined should their withdrawal result in a quorum not being present. The Board, by a majority decision of its number, shall maintain the right to require such an individual to withdraw from the Board during the period the conflict of interest exists. The Board may co-opt another member to fill such vacancy.

~~136-133.~~ Any Officer who declares an interest in becoming an employee of the Credit Union, or where a member of their immediate family applies for a position as an employee of the Credit Union, shall not take part in any discussion, selection or decision relating to that particular position in the Credit Union.

Confidentiality

~~137-134.~~ An Officer or employee of the Credit Union shall not disclose to any person any information regarding any transaction of a Member of the Credit Union except in so far as may be necessary for the proper conduct of the business of the Credit Union, and in keeping with the Statements of Principle and Code of Practice for

Approved Persons (APER). On appointment, all Officers and employees of the Credit Union shall sign a confidentiality agreement to ensure the confidentiality of all business conducted by the Credit Union.

~~138-135.~~ The Credit Union shall comply with the Data Protection Act 1998 concerning the protection of data.

Indemnity

~~139-136.~~ Any Officer of the Credit Union shall be indemnified by the Credit Union against all costs, losses and expenses which such Officer may incur or become liable for by reason of any contract entered into or any act or thing done by him or her in discharging their duties as authorised by the Board of Directors, and the Board is empowered to pay the amount of such indemnity out of the funds of the Credit Union.

ACCOUNTS, AUDIT, ANNUAL RETURNS AND RULES

Appointment of auditor

~~140-137.~~ A qualified auditor shall be appointed in each year of account to audit the Credit Union's accounts and balance sheet. In this rule 'qualified auditor' means a person who is a qualified auditor under section 7 of the Friendly and Industrial and Provident Societies Act 1968. The appointment of an auditor shall be ratified by a majority vote of the Members at an annual general meeting.

~~141-138.~~ None of the following persons shall be appointed as an auditor of the Credit Union:

- a. An Officer or employee of the Credit Union;
- b. A person who is the partner of, or in the employment of, or who employs, an Officer or employee of the Credit Union.

Availability of accounts

~~142-139.~~ The Credit Union shall keep a copy of the latest balance sheet, together with the report of the auditor, displayed in a conspicuous place at the registered office. The Credit Union shall supply free of charge, to every Member or person interested in the funds of the Credit Union who applies for it, a copy of the latest audited accounts of the Credit Union.

Filing of accounts with the Relevant Authority

~~143-140.~~ The Credit Union shall, within the time period allowed by the Relevant Authority, send to the Relevant Authority such returns as may be required, relating to its affairs during the year of account covered by the return. The annual return shall be accompanied by a copy of the audited accounts of the Credit Union for the year.

Auditor's entitlement to attend meetings

~~144.~~141. The auditor shall be entitled to attend any general meeting of the Credit Union, to receive all notices of the communications relating to any general meeting which any Member of the Credit Union is entitled to receive, and to be heard at any meeting which he or she attends on any part of the business of the meeting which concerns him or her as auditor.

MAINTENANCE OF MEMBERS' ACCOUNTS

Inspection of accounts

~~145.~~142. Any Member or person having an interest in the funds of the Credit Union may inspect their own account and the books containing the names of Members, including the particulars required to be kept in the register of Members, at all reasonable hours at the registered office or at any place where the same are kept, subject to such Regulations as to the time and manner of such inspection with regard to rule 19.

~~146.~~143. All books of account and other records of the Credit Union shall at all reasonable times be available for inspection by the auditor, the Board of Directors, supervisory committee, or other persons duly authorised on their behalf.

Record of account

~~147.~~144. A statement of account shall be issued to each Member in Writing, at least annually, or upon their request.

Conducting transactions

~~148.~~145. Any person may pay money into a Member's account on account of Shares or a reduction of loan capital or interest outstanding. Only the Member themselves may enter into a loan agreement or make a withdrawal from their share account. As well as formal notices of power of attorney, the Credit Union shall have the discretion to accept an authenticated request in Writing from an incapacitated Member permitting a named person to conduct transactions on the Member's behalf. The Credit Union shall take all reasonable steps to assure itself of the validity of each request made in Writing and shall be indemnified by the Member in the event of a subsequent dispute.

Nominations

~~149.~~146. A Member may in accordance with the law nominate any person(s) to whom any of their property in the Credit Union at the time of their death shall be transferred (subject to the provisions of the law as to amount and the persons to whom a valid nomination may be made).

~~150.~~147. On receiving satisfactory proof of death of a Member who has made a nomination the Board shall, if and to the extent that the nomination is valid under the law, either transfer or pay in accordance with the law the full value of the property comprised in the nomination to the person entitled.

Claims on accounts of deceased, bankrupt or insolvent Member

~~151-148.~~ Upon a claim being made by the personal representative of a deceased Member, or the trustee in bankruptcy of a bankrupt Member or the liquidator or administrator in the winding up of a Corporate Member to any property in the Credit Union belonging to the deceased, bankrupt or Corporate Member the Directors shall pay such property to which the personal representative, trustee liquidator or administrator has become entitled.

Incapacity

~~152-149.~~ Subject to the provisions in the last sentence of this rule, where in the case of a Member or person claiming through such a Member, the Directors of the Credit Union are satisfied after considering appropriate medical evidence that such a Member or person is mentally incapable of managing their own affairs and are also satisfied that no person has been duly appointed to administer their property on their behalf and it is deemed just and expedient to do so by the Board of Directors, the Credit Union may pay the amount of any shares, loans and deposits belonging to such Member or person to any person who they judge proper to receive it on their behalf. This rule shall not apply where such a Member or person is a patient under the Mental Health 1983 and any subsequent amendments made under the Mental Health Act 2007 or under the Mental Health (Care and Treatment) (Scotland) Act 2003.

SEAL

~~153-150.~~ If the Credit Union has a seal, it shall only be used by the authority of the Board of Directors acting on behalf of the Credit Union. Every instrument to which the seal shall be attached shall be signed by a Director and countersigned by a second Director or the Secretary.

AMENDMENTS TO RULES

Amendments to Rules

~~154-151.~~ The Rules of the Credit Union may not be amended except by a resolution passed by not less than two thirds of the Members present and eligible to vote at a general meeting of the Credit Union. Notice of the proposed alteration must be given in Writing alongside the notice of the meeting.

~~155-152.~~ Any Member of the Credit Union may, before the first day of October in any year, propose an amendment to the Rules by serving notice of the proposed amendment to the Board of Directors who must incorporate the proposed amendment in the agenda of the next general meeting of the Credit Union.

~~156-153.~~ No amendment of Rules shall be valid until registered with the Relevant Authority. When submitting rule amendments for registration the secretary may at their sole discretion accept any alterations required or suggested by the Relevant Authority without reference back to a further special general meeting of the Credit Union.

COMPLAINTS AND DISPUTES

Internal complaints procedure

~~157~~154. A formal written complaints procedure shall be maintained by the Credit Union and made available to all Members and junior savers. The Credit Union shall aim to resolve a complaint and send a final response within eight weeks of the receipt of a complaint (or such other time period as may be prescribed by the Relevant Authority).

~~158~~155. If a complainant remains dissatisfied at the completion of the Credit Union's internal complaints procedure, and from the date of receipt of the Credit Union's final response, the complainant shall have six months (or such other time period as may be prescribed by the Relevant Authority) within which to refer their complaint to the Financial Ombudsman Service.

~~159~~156. Complainants who remain dissatisfied following a formal decision by the Ombudsman may jointly agree with the Credit Union to refer their complaint or dispute to the County Court, or in Scotland the Sheriffs Court, who shall in accordance with section 83 of the Friendly Societies Act 1992, hear and determine such dispute. The County Court or Sheriffs Court shall have the power to order the expenses of the determining the dispute to be paid either out of the funds of the Credit Union or by such party to the dispute as it shall think fit, and such determination and order shall be binding and conclusive on all parties without appeal and shall not be removable into any court of law or restrainable by injunction.

DISSOLUTION

~~160~~157. The Credit Union may be dissolved:

- a. On its being wound up in pursuance of an order or resolution made as is directed in regard to companies by the Insolvency Act 1986;
- b. In accordance with sections 50(2) and 55(1)(b) of the Industrial and Provident Societies Act 1965; by an instrument of dissolution to which not less than three fourths of the Members of the Credit Union have given their consent testified by their signatures; or which has been approved by a special resolution of the credit union and confirmed by the Relevant Authority.

Distribution of funds on dissolution

~~161~~158. If on the dissolution of the Credit Union there remains after the payment of debts, repayment of Non-Deferred Share capital, discharge of all other liabilities and repayment of Deferred Shares any surplus assets whatsoever, such assets shall not be paid or distributed among the Members of the Credit Union but shall be:

- a. Transferred to another credit union;
- b. If not so transferred, applied for charitable purposes as may be determined by the Members of the Credit Union in general meeting.

MEMBERSHIP OF THE ASSOCIATION

~~162~~159. The Credit Union shall be and shall remain a member of the Association and shall, subject to law and these Rules, abide by the rules and by-laws of the Association as laid down from time to time for its Members.

~~463~~.160. The Association shall have the right to be represented, to speak and to be heard at any general meeting of the Credit Union.

INTERPRETATIONS

~~464~~.161. In these Rules, the following terms shall, unless the context requires otherwise, have the meanings attached to them:

“CUA 1979” means the Credit Unions Act 1979 or any successor Act and/or Order.

“Address” means a postal address or, in the case of Corporate members the registered address; or, in the case of an unincorporated partnership or association an address agreed by resolution of the partnership or governing body; or for the purposes of electronic communication, a fax number, email address or telephone number for receiving text messages.

“Amendment” in relation to the Rules of the Credit Union includes the addition of any new rule or the deletion of any existing rule.

“Approved Person” means an individual authorised by the Relevant Authority to perform a controlled function within the Credit Union.

“Association” means the Association of British Credit Unions Limited, or its successor body.

“Board” and “Board of Directors” means the committee of management of the Credit Union.

“Credit Union” means the registered society.

“Corporate Member” unless the context requires otherwise has the meaning attached to it in section 5A (6) of CUA 1979.

“Corporate Representative” means an Individual authorised by resolution of the governing body of an incorporated body to represent it;

“Data Protection Act 1998” means this Act or any successor legislation.

“Deferred Shares” has the meaning attached to it by section 31A of CUA 1979.

“Deposit(s)” shall have the meaning attached to it by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 – SI2001/544 (or any successor Act and/or Order).

“Designated Representative” means a partner authorised by resolution of the partners of a partnership (that is not a body corporate) or a member of a governing body authorised by the governing body of an un-incorporated association to represent it;

“Director” means a member of the Board of Directors of the Credit Union.

“Dividend Bearing Non-Deferred Shares” means a share issued on terms which entitle the shareholder to dividend but no interest.

“Financial Services Compensation Scheme” means this Scheme and any successor scheme.

“FSMA” means the Financial Services and Markets Act 2000 or any successor legislation.

“Industrial and Provident Societies Act 1965” means Act and any successor Act and/or Order

“Interest Bearing Non-Deferred Shares” means a share issued on terms which entitle the shareholder to interest but no dividend.

“Issue Document” shall be the document produced in accordance with any issue of Deferred Shares of the Credit Union.

Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 means this Order and any successor legislation.

“Member” has the meaning attached to it under these Rules, and unless the context requires otherwise includes individuals, corporate bodies and Designated Representatives of unincorporated associations or partnerships.

“Money Laundering Regulations 2007” means these Regulations or any successor Regulations.

“Non-Deferred Share(s)” means a share issued as per rules 35 to 41.

“Officer” includes any president, vice-president, treasurer, assistant treasurer, secretary, other elected Director, member of any committee or servant of the Credit Union, other than an employee appointed by the Board of Directors, but it does not include an auditor appointed by the Credit Union in accordance with the provisions of these Rules.

“Non-Qualifying Member” means those Members outlined in rule 11 of these Rules.

“Ombudsman” means the Financial Ombudsman Service or any successor body.

“Relevant Authority” means the Financial Services Authority or any successor bodies.

“Regulations” means regulations made by the Treasury in a statutory instrument and rules made by the Relevant Authority.

“Relative” has the same meaning as in Section 31 of the CUA 1979;

“Rules” means the Credit Union’s registered Rules unless the context indicates otherwise.

“Share” and “Shares” shall include both Non-Deferred Shares and Deferred Shares.

“Treasury” means HM Treasury or any successor body.

“Writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Words implying the singular or plural include the plural or singular respectively.

Signed

..... Director

..... Director

..... Director

..... Director