



**Oxfordshire Credit Union Annual Report and
Financial Statements for the year ending 30
September 2018**

Vision and values

Our values

We follow the International Cooperative Alliance values and principles. At their heart, this is about individuals organising together in democratic ways to take responsibility for their own collective futures.

Our Vision

Oxfordshire Credit Union has evolved from an organisation delivering cash-based services in a small office with two permanent staff and volunteers to a slim line company with no employees utilising the services of CUS to provide support functions. There was minimal growth of the business in the year ending September 2018 and the company had a net deficit of costs over income, but our vision is to take action over the coming three years, to enable the credit union to grow its membership, employ staff working on marketing and return to achieving annual surpluses of income over costs.

Our underpinning aim is to build a foundation in the coming year to create a rapidly growing credit union with significant interaction with its members, providing a viable banking product to the people of Oxfordshire.

Chair's Report

May I welcome you all to this AGM of Oxfordshire Credit Union

Current members of the Board of Directors: as of 30th September 2018, the Board of Directors consists of the following:

Mukesh Malhotra, Chair, who joined us on 31st July 2018

Rob James, Treasurer, who joined on 27th March 2018

Sue Tanner, Company Secretary

Dr. Alison le Cornu

Eliane Pony

Steve Edwards

Tina Fegent, joined the Board on 27th November 2018

In addition, we want to recruit more Directors. To this end, we have made use of the Lord Lieutenant's office who try to match potential volunteers to those organisations seeking new potential members.

All members are invited to consider whether they would like to join the board. Please have a chat with current board members to discuss the roles & commitments they make to support our Credit Union.

Membership continues to grow – slowly & steadily

At the end of September 2018 OCU had 854 members, compared to 800 at the end of September 2017 and 758 at the end of September 2016. This represents a significant % increase, although small in absolute terms. During the year the total assets of the Credit Union exceeded £1 million

Finance:

Loans:

At the end of September 2018 the loan book was £345,750 compared to £366,067 and £278,434 in the previous two years. The Child benefits loan product grew during the year

Profits:

Income did not grow in 2018 compared to 2017 by as much as expected, however this trend appears to be reversing in 2019.

Dividend:

The continued pressure on the control and recovery of bad debts on loans. The board have taken these into account and looked at the long term viability of the credit union along with the projects that are coming to fruition in 2019 and recommend a slightly reduced year-end dividend of 0.5% to reflect this.

Training:

During the 2017/2018 financial year, training was undertaken by one Director through the ABCUL (Association of British Credit Unions Ltd) Academy. Board

members are invited to attend seminars of which there are Webinars & Networking sessions organised by ABCUL.

IT & System Enhancement:

OCU has completed a project in 2018 to significantly enhance our computer system, which provides members with access to their own accounts. This now allows members to:

- Transfer money from their accounts,
- View a mini statement, apply for loans, amend personal details as well as request forms.
- All of this in a protected and controlled.

The Board has agreed that the Credit Union's present website should be reviewed and modifications of the website design to produce a more accessible & modern website

Our **Marketing** team has been creating awareness with our members & also within the local communities, so as to share the benefits of being a member of Oxfordshire Credit Union. Thereby increase our members. Here are some headlines:

- During the year, also introduced two new loan products; a Christmas Savings Loan and a very competitive Homeowner's Loan
- Launched our quarterly e-newsletter and by distributing it by email we save saved on printing and postage costs. The newsletter gives update on new products and tips on how to save money.
- Our Facebook page is active & which is updated on a regular basis of events organised by OCU and any relevant news of the sector, our members can visit our page and send instant messages.
- We have been running stalls regularly in John Radcliff Hospital to encourage payroll deduction.
- The Abingdon Big Easter Event where local people were able to discuss the work of Oxfordshire Credit Union within the community.

The Board and its committees continue to review ways in which the Credit Union can increase its loan book. A number of methods of marketing new loans are on offer:

- from Child Benefit Allowance loans
- encouraging existing members with lower interest loyalty loans
- local rail travellers with season ticket loans
- competitive car loans (we Match & give you a 0.5% discount when you can show us an approved loan from a competitor)

Our future developments:

- Working alongside Oxford Bus company in providing season Ticket loans
- A new small loan service will shortly be introduced during May/June 2019 which will directly compete against many of the organisations such as what was WONGA, Quick Quid etc., which charge up to 1294% interest rates!

- A new Homeware project which will enable members to purchase white goods ie Fridge, washing machine etc. Via the Credit Unions. We are awaiting approvals from the FCA in granting our licence
- Our Board is committed to gaining more employers to join as corporate partners and offering the facilities the Credit Union can offer and to also help Money Management via a Salary deduction scheme. So if your employer isn't a corporate partner with Oxfordshire Credit Union, ask them to have a chat with us & we can share the benefits with them and their employees. All Employers are welcome from Small, Medium Enterprises all the way up to our local large employers from Colleges, Hospitals, Car Companies etc. All are welcome.
- Board members are more than willing to come and do a presentation & discuss with the local community & companies.

ABCUL – Our National Organisation

The Credit Union continues to be represented at credit union forums, both at regional meetings organised by ABCUL South Eastern Region and the National ABCUL meeting

Thanks:

DID YOU KNOW Our Credit Union is run by a large number of volunteers, who do a tremendous amount of work in a variety of roles, whether as directors, loans officers, in finance, IT, marketing, HR, in credit control and recoveries. Also as members of the supervisory committee, and we thank them all for their work during the year.

We thank also our paid Back Office Team of CUS (Credit Union Solutions Ltd) lead by Graham Tomlin, for his continued commitment to the Credit Union.

At this AGM a current director & Company Secretary, Sue Tanner, is standing down. Sue has been a great stalwart of the Credit Union movement and has worked tirelessly in promoting the Credit Union locally, including valuable work within all of the working groups & Committees. The Board would like to express its thanks to Sue and wish her well and her family well in the future.

Finally we would like to thank all of our members and supporters for ensuring that the Credit Union continues to service the needs of the local community.

Mukesh Malhotra MSc CISM

Chair of the Management Board 2018/19

Treasurer's Report

Membership and growth

At the end of September 2018 OCU had 854 members, compared to 800 at the end of September 2017 and 758 at the end of September 2016. This represents a significant % increase, although small in absolute terms. This has been achieved with minimal advertising and marketing. During the year OCU undertook an exercise to contact dormant members (106), with a view to encouraging them to be more active, and as a consequence 56 dormant members closed their accounts.

Loan book

As at the end of September 2018 the loan book was £345,750 compared to £366,067 and £278,434 in the previous two years. The Child Benefits loan product grew during the year and attracts a high rate of interest, but general lending fell. Both aspects impacted upon the overall profitability of OCU. This trend has been reversed in the current financial year and the loan book is £383,426 at the end of February '19

Profits

The table below takes each item of the Income statement and briefly explains it.

	2018	2017	
Loan interest receivable and similar income	£65,551.00	£61,869.00	Whilst the gross loan book reduced in size in 2018, the loans attracting higher interest rates grew.
Interest payable	-£5,689.00	-£3,301.00	The dividend paid to members increased in 2018 as the result of the strong financial results in 2017
Fees and commissions receivable	£1,271.00	£632.00	Income grew in 2018 as more members utilised their debit cards and the new engage card was introduced.
Fees and commissions payable	-£900.00	-£1,666.00	
Other income	£3,474.00	£15,048.00	2017, was an exceptional year as a £8,218 VAT rebate was received. Additionally, fewer grants were received in 2018.

Administrative expenses	- £54,677.00	-£49,317.00	In 2017 OCU recruited two staff members to drive the sales and marketing campaigns. Whilst this had some success during the year it was slow to convert new members into increased income. Both members of staff resigned during 2018 and have not been replaced.
Other operating expenses	-£2,350.00	-£2,729.00	Very similar expense
Impairment losses on loans to members	- £18,626.00	-£9,009.00	The most significant issue for OCU in the year has been the increase in provisions for bad debts. OCU have reviewed the debt collection process with CUS and every effort is being made to control this.
Taxation	-£610.00	-£459.00	Tax is paid on
Surplus for the financial year	- £12,556.00	£11,068.00	This is a SIGNIFICANT turn round in the fortunes of OCU.

The turn around in fortunes can be summarised as below:

Income did not grow in 2018 compared to 2017 by as much as expected, however this trend has been reversed in 2019.

Administrative costs were high in 2018, as two staff members were employed. No new staff will be employed until OCU can afford to keep them.

One off grants and VAT rebates cannot be taken for granted and OCU cannot rely on them for future growth.

The bad debt provision was particularly large in 2018 and lending may have to be tightly controlled if there is further economic problems in Oxfordshire economy.

Dividends

It is always a difficult decision about whether to pay a dividend or not when a credit union has incurred a loss and the arguments for and against are well known. The board have taken these into account and looked at the long term viability of the credit union along with the projects that are coming to fruition in 2019 and recommend a dividend on ½ %, compared a dividend on 1% paid last year.

Rob James, Treasurer

Secretary's Report

Current members of the Board of Directors

As of 30th September 2018, the Board of Directors consisted of the following:

Mukesh Malhotra, Acting Chair, who joined us on 31st July 2018

Rob James, Treasurer, who joined on 27th March 2018

Sue Tanner, Company Secretary

Dr. Alison le Cornu

Eliane Pony

Steve Edwards

Tina Fegent, joined the Board on 27th November 2018

Resignations from the Board

During the year 2017/2018 we lost our long-standing chair, Mark Luntley on 24th April and our even more long-standing Treasurer, Peter Stevenson, on 19th June. Peter had been on the Board of the Credit Union since its inception. We are very grateful to both of them for the huge amount of work they did for OCU.

We also welcomed to the Board, and then lost, Tabitha Park. Tabitha was our first Development Manager and joined the Board in September 2017 after she relinquished that post. Unfortunately, she found that her new job made it impossible for her to carry out the duties of a Director and she resigned on 30th January.

New Appointments

Mukesh Malhotra is acting as our Chair for a maximum of 12 months and we need to appoint a new Chair as soon as we can. We have advertised the role, along with the role of Company Secretary because I intend to stand down from the Board at the AGM.

In addition, we want to recruit more Directors. To this end, we have made use of the Lord Lieutenant's office who try to match potential volunteers to those organisations seeking new blood. It is through them that we recruited Tina Fegent, who is a welcome addition. They put us in touch with a further four potential volunteers but all of them decided that they did not want to proceed.

All members are invited to consider whether they would like to join the board.

Sue Tanner, Company Secretary

Directors' Reports

Training

During the 2017/2018 financial year, training was undertaken by one Director through the ABCUL Academy. Lunchtime eXpresso webinars were attended on the topics of Fraud in a Credit Union, and GDPR; and a number of ABCUL Academy modules taken: Introduction to Credit Unions (4 modules), and the first three modules of the Directors Learning Pathway (1): Corporate Governance in Credit Unions; Financial Crime - the basics; and Information Security. Two Directors also attended a full day of ABCUL training for new Directors which took place at the London Mutual HQ in Peckham.

Training of this nature is something the OCU is strongly committed to. Alison Le Cornu now has responsibility for ensuring all Directors do some form of regular training, primarily through ABCUL, and four of OCU's Directors are now enrolled on the ABCUL Academy programmes.

Alison Le Cornu

System Enhancement

OCU has completed a project in 2018 to significantly enhance our computer system which provides members with access to their own accounts. This now allows members to :

transfer money from their accounts,

view a mini statement,

apply for loans,

amend personal details as well as request forms.

All of this in a protected and controlled environment.

The system enhancement has been paid for by a grant provided by an Oxford based organisation and will provide a platform to allow OCU to offer new products.

Steve Edwards

Marketing Report

Marketing is intended to create awareness and increase our members.

December 2018 to date we launched our quarterly e-newsletter and by distributing it by email we have saved on printing and postage costs. The newsletter gives updates on new products and tips on how to save money.

We have listened to our members' wish from the last survey conducted. Our members can now view their balance and withdraw funds online.

We have an active Facebook page which is updated on a regular basis with events organised by OCU and any relevant news of the sector. Our members can visit our page and send instant messages answered within 24h. Our posts reach over 200 people per average and we are aiming to reach more people.

We run stalls regularly in John Radcliffe Hospital to encourage payroll deduction. One of our successful events was at the Abingdon Big Easter Event where local people showed interest in OCU and we increased awareness.

Eliane Pony

Member Survey Update

Following on from the survey issued last year, we were keen to issue a survey this year to get feedback on how we are doing with you our members. We want to understand what is important to our members across all the areas where you interact with us. The survey covers topics such as how we communicate with you to the levels of service that you get from us. We are also interested in any comments and suggestions that you may have for us as we look to develop the OCU.

The survey has been drafted and is ready to be issued electronically. We are just working with our back-office provider to create an email address to which the completed surveys may be sent. We hope to be able to send the survey out in the next few weeks.

Tina Fegent

April 2019