

AGENDA

LLYNFI VALLEY CREDIT UNION

ANNUAL GENERAL MEETING

TUESDAY 26th MARCH 2024 @ 2PM

DYFFRYN COMMUNITY CENTRE

FINANCIAL YEAR ENDING SEPTEMBER 2023

- 1. Minutes of previous AGM
- 2. Matters Arising
- 3. Chair's Speech
- 4. Auditors Report
- 5. Treasurers Reports and Consideration of Accounts
- 6. Loans Report
- 7. Declaration of Dividend
- 8. Credit Control Report
- 9. Supervisory Report
- 10. Appointment of Auditors
- 11. Election of Directors
- 12. Adjournment or Close of Meeting
- 13. Credit Union Report
- Question/Answers

CONFIDENTIAL
LLYNFI VALLEY CREDIT UNION
ANNUAL GENERAL MEETING
MINUTES OF MEETING HELD AT DYFFRYN CHAPEL 27th MARCH 2024

PRESENT: Eirwen Thomas (chair), John Hughes, Mandy Evans, Sara Thomas, Chris Thomas, Linda Davies, Trudy Harris, Lynne Hodges, Brian Hodges, Diane Phillips, Lynne Healy, Anne Braund, Hazel Thomas, Marion Newman, Mary Kirk, Gwyneth Evans, John Barnes, Barry Jenkins, Martha Akers, Hayley Davies, Jane Jones. Minutes of previous meeting – certified as a true record by BH seconded by AB.

Chairs speech – How quickly this year has gone during which we have seen many changes. Mandy retiring she has been the cornerstone for many years keeping everything running smoothly. We have been fortunate that both Linda and Sara have stepped up to carry on with John's help. Also losing Teri on the debt side was another blow but again Trudy and John stepped in. Hayley has joined us and is already a great help with the supervisory. Brian like myself has been apart of the Credit Union for a long time and now Lynne has been roped in as Treasurer. The way forward is looking good it is nice to see that we have welcomed back some volunteers, Gwyneth, Clare and Jane as things improve i am sure one day we will be welcoming a few more back. My grateful thanks to John for the amount of time he spends going through the paperwork for the FCA and others to bring to the board is tremendous. To the Board of Directors Thank you for attending our long and sometimes short meetings to able us to continue to grow. In the present time when many are struggling financially the Credit Union is needed to support them. To you all my grateful thanks let us step forward in confidence to continue to work for the valley in which we live. Many thanks to Mandy for preparing the buffet for us.

Auditors report – full copies are available. The audit went as expected which is good. You have a summary in front of you, orange is going blue is

included in the report and green is implemented. As you can see mostly orange which is ongoing and there is no red.

Executive summary of the report – we have no significant items to highlight regarding significant audit risks and other areas of audit focus. I think that says it all really – so a good report.

Treasurers report and consideration of accounts – headlines are 2023 deficit of £9312. Not good but a big improvement on 2022 which was £23995.

Key issues were big increase in bank interest, impairment losses of £10K which is the biggest amount ever but this doesn't tell the whole story. Our capital % of total assets has risen to 8.72% the highest ever. This together with our good reserves mean we are still financially sustainable. However, we are trading in a completely new environment post covid and with the cost of living crises this has had a big impact. As a result costs will have to be reviewed and cut.

We need to continually review our services in the light of this new reality. Interest rates may have to increase to who knows – maybe up to 42.6% which is the legal maximum.

Loans report – covid was a game changer as regards of loans. Not only did it affect our loans it has had a carry over effect to this day.

For the last 3 years loans have stabilised. Our loan income has decreased from pre covid by about 20%.

That's £20K a year we are losing. It was clear at Christmas that the trend now for members is to take savings out instead of having a loan. No doubt this is because of the fears about the cost of living and uncertainty about employment and benefits. Clearly we need to make up that £20K and decrease our costs.

There is a case for a different loan interest based on the amount of loan and the potential risk of default. We need a reality check, it is our nature to charge the bare minimum for our services, we may be a not for profit organisation but that don't help us – we still have all the bills and

increases as everyone else has. We are way behind other Credit Unions as far as charges go. Currently the running costs of the Credit Union are paid out for loan interest. This cannot be right or fair, that only one part of our members are paying for the administration of all members.

Everyone should make a contribution.

I propose a yearly charge of £5 which would be taken out of savings at the start of the year.

Agreed by Board and would raise about £9000 which we desperately need if we are to pay proper dividends. Other fees would be cancelled such as loan fees. Declaration of dividend – clearly by everything i have said its no surprise that the Board have voted not to give a dividend this year. This is supported by the Auditors.

Dividends are very important to us. With bank interest at 5% members expect a decent return on their savings.

0.5% and 1% will not cut the mustard anymore. So, the Board will be taking action to make sure we are protecting our bank interest rate by investment.

Not to pay a dividend is placing us at a high risk of members leaving and taking their money elsewhere.

One year may be ok but no longer than that.

That is why we need to include a dividend of 1-2% in our financial forecast for 2024. Credit control – we continued to maintain prompt and effective credit control processed during the year and kept debts over 1 month to under 4%. Business normally is below 5% a considerable achievement. However, post covid we decided to write off £10K.

Supervisory report – no major issues, reports by supervisory committee and Hayley.

Credit Union Report – this has been a difficult year for the Credit Union. Whilst membership and savings are ok. Loan growth is lower than our target and provisions for bad debt was well about our expectations.

We are over covid but the damage it did to us will be long standing if not permanent.

Not only that but the cost of living crises and members uncertainty about employment and benefits has not helped.

We have to accept that things are not going to improve on their own and the Board will have to take measures to reduce expenditure and or increase income.

Decisions have already been taken on fees, lending risk (over 70), loan protection and insurances.

A new business plan will be considered by the Board in April which will address a lot of these problems such as improving lending performance, succession plan, board governance, volunteers recruitment and retention, bank deposits, marketing strategy, funding, and reducing costs.

This plan priority is growing the Credit Union to ensure not just sustainability but that we and our members thrive in the future.

You may feel that financially it has been a bad year but that's not the whole story.

We have actually come out of covid a much better organisation. Many Credit Unions went under and some had to amalgamate.

We have not only survived but are in a good state going forward. We are better, slicker, leaner and a more efficient outfit. No other Credit Union can equal us for speed of service, payment of loans and withdrawals.

So take heart, look at the front page loans of £3.524965 etc, none of this would have happened without the Credit Union and the part you played in it.

So thank you to all the Directors, Staff and Volunteers for all the work they have put in this year and previous years.

LLYNFI VALLEY CREDIT UNION

ANNUAL GENERAL MEETING

HELD AT DYFFRYN CHAPEL 25th MARCH 2025

FINANCIAL YEAR ENDING SEPTEMBER 2024

PRESENT – Eirwen Thomas (Chair) Directors Lynne Hodges, B Hodges, H Davies, Gwyneth Evans, Jane Jones.

Members – Mandy Evans, Hazel Thomas, Barry Jenkins, Martha Akers, Linda Davies, Lynne Healey, John Hughes, S Evans, M Stokes

Minutes of Previous Meeting – Certified as a true record by GE and seconded by LD.

CHAIR'S SPEECH – Over the past year we have seen many changes in the way we work. The amount of paperwork for John has been tremendous which he has coped with and brings to the Board.

We are privileged to have good staff employed and volunteers to run the office smoothly. This is a proven fact when we have had good reports back from the auditors. Sadly, we have had to make the decision to close Caerau office and say goodbye to Trudy. My grateful thanks to her for her hard work keeping it running for so long. For many years we have been asked to join with other credit unions but I for one have declined the offer and so has the members of the Board of Directors. My grateful thanks to the Board of Directors for their dedication, meeting every month to see how everything is running smoothly I am sure that we will see many changes in this year too.

When the Council of Churches set up the credit union all those years ago, little did we think it would grow into such a large organisation, but it is one that is greatly needed in the valley.

My grateful thanks to all the staff and volunteers that work in Maesteg office for your dedication, may we continue to provide to the need that is in this valley.

Thank you all and Mandy for the buffet.

AUDITORS REPORT – Full copies are available. Quote “we have no significant items to highlight regarding significant audit risks and other areas of audit focus”.

TREASURER’S REPORT AND CONSIDERATION OF ACCOUNTS –

Full report available. Members continue to put their trust in us – savings stand at just over £2 million.

Our overall surplus of the year before tax was £13090, after deductions £6658. A significant improvement in 2023 where we recorded a loss of £13,120.

Although £5 administration fee has been agreed, Board have decided to hold action until financial year beginning October 25.

LOANS REPORT – Loan interest up 13% from £105447 to £119,155. Almost entirely due to the increase in bank rates and not an increase in loans. We need to look at ways of maximising our money by way of investment and possibly loan interest rates.

DECLARATION OF DIVIDEND – Although we made a small surplus the Auditors recommend, we do not pay a dividend this year, but add it to our reserves.

Dividend is important to us and our members. It encourages members to stay with us and encourages new ones.

A 1% dividend would cost £20,184 – a significant sum.

To be competitive, we need to identify and implement new sources of income, because this could not be supported just by loan interest.

CREDIT CONTROL – Overall for the year we have managed to keep below our target of 5%.

CREDIT UNION REPORT – Post COVID another difficult year.

COVID is over but the damage it did to us will be long standing.

The cost-of-living crises has not helped, with members unsure regarding their benefits and employment.

Finally, a big thank you to all Director's, staff and volunteers, who at end of the day provide this vital service to the people of the Llynfi Valley.