

ANNUAL REPORT

Year ending 30th September 2020



**PENNY POST
CREDIT UNION**



THANK YOU KEY WORKERS!

Savings & loans straight from your pay
exclusively for Royal Mail Group employees and their families



PRESIDENT'S ADDRESS

Dear Members,

Once again, I am honoured as the President/Chair of the Penny Post Credit Union to introduce you all to our Annual Report.

This last year has been overshadowed for us all in many ways by the COVID-19 Pandemic. However, it has not all been doom and gloom, the team at Penny Post has adapted to remote working and enabled Penny Post to function virtually as normal.

We have introduced new products, and savings have been at an all-time high.

We are sadly saying farewell to some members of the team, who have given years of sterling service.

But there are some exciting times ahead for existing staff and the new staff we will be welcoming.

The Board has adapted to working under different circumstances and a recent 'remote' visit from the PRA gave us a clean bill of health and complimented us on being a beacon for other Credit Unions.

I would like to pass on my sincere thanks to all those involved, for making this another successful year. It gives us the confidence to say, your financial wellbeing is safe with us.

kindest Regards

Dave Jones
President



DAVE JONES - PRESIDENT



MATT GOULDING - CEO

CEO REPORT

Dear Members,

The past year has been a difficult one for everyone. The coronavirus pandemic continues to impact all our lives on a daily basis, and my thoughts are with those who have lost family, loved ones, friends and colleagues. In these challenging times it was you, our members, who played a key role in keeping the nation going and have shown the spirit of people helping people.

Last year we promised you we would deliver the highest standard of service excellence; little did we know at the time, that the world as we knew it, was about to change. Moving to home working almost overnight without any interruption to the service we were providing to our members was testament to the team's flexibility and also how far we had come as an organisation in recent years.

I'm very proud of how the staff team at Penny Post have continued to deliver such excellent service under difficult circumstances and it has been an honour to lead the organisation through such unprecedented times and to see everyone rally together as 'one team'!

We were also able to offer emergency loans and payment holidays to support our members who were struggling due to their household income being affected by coronavirus, and being able to help our members when times are hard is something that we are all incredibly proud of.

Whilst 2020 was not the year that we had planned, we have continued to move from strength to strength by undertaking a major project to improve our loan decision-making and streamline the application process.

We have also reviewed how we manage every interaction with our members and how we work overall as a business to understand how we can constantly improve the service that we deliver moving forwards.

So, what does the future hold? While the current coronavirus pandemic continues to affect us all it is not in our nature as an organisation to stand still. We are continuing to develop our digital strategies and to invest in innovation that will enable us to provide better products and services to our members in the coming year.

Finally, I would like to close in thanking you, our members, for all that you do and for your ongoing loyalty and support.

Matt Goulding
Chief Executive Officer

HIGHLIGHTS

24.4%

growth in
Members'
Savings

10,679

Adult
Penny Post
Members

NEW RECORD!

**MEMBERS'
RETURN ON
SAVINGS**

2.15%

Regular Savings Account
Young Saver Account
Jam Jar Account

2.65%

Plus Account

3.15%

Christmas Account

Subject to approval at AGM

£25.19m

in Penny Post
Members'
Savings

NEW RECORD!

179%

increase in
Young Saver
membership

CELEBRATING 40 YEARS!

Louise Ingleby, Chief Financial Officer, & Tracey Moore, Projects & Operations Manager, both celebrated their 20th Anniversary with Penny Post! What an achievement!



**Penny Post
Bereavement
Fund**

£62,596

in financial help
was paid out to

19 families

following the death
of a member

A **free** benefit
for all members

LOOKING BACK ON THE YEAR

OCTOBER - DECEMBER

OCTOBER

As part of our International Credit Union Day celebrations, raised money for Project Storm Break to help credit unions in the Bahamas recovering from Hurricane Dorian.



DECEMBER

Caught up with Cardiff Postman and Penny Post member Nigel Bellamy to learn more about his Grand Tour with Dewi the Dragon.

Members enjoyed our 12 Elves of Christmas competitions!



NOVEMBER

Jas Kaur, Customer Services Supervisor, was a finalist in the Young Person or Apprentice of the Year category at the Black Country Chamber of Commerce Awards.



JANUARY - MARCH

JANUARY

Penny Post took the FairLife Pledge with the FairLife Charity.

80% of member transactions were made using Online Banking or the Penny Post App.



MARCH

Hannah Copson, Customer Services Administrator, graduated from the CU Futures programme and Jas Kaur won the Tracy Slane Award at the ABCUL Conference.

The Penny Post team switched to home working.



FEBRUARY

To celebrate National Apprenticeship Week we caught up with Penny Post Apprentice, Tanya Aspbury to find out more about her apprenticeship with Penny Post.

Welcomed lots of new family members through the Love your Family promotion!



LOOKING BACK ON THE YEAR

APRIL - JUNE

APRIL

Penny Post 'Good Egg' competition, recognising those going above and beyond to help others.

Our Financial Wellbeing Guide gave members an overview of help available to reduce bills and help look after financial wellbeing.



JUNE

Refer a Colleague month – thanks to our members, we welcomed a record number of new members in a single month!

As lockdown eased, our Stay-at-Home loans helped members with home projects.

Our amazing winning 'Good Eggs'



Thank you

MAY

Lewis Price, Customer Services Administrator, selected for CU Futures programme.

New online 'Help Centre' with easy to follow guides to help members make the most of Penny Post services.

Refer a Colleague



JULY - SEPTEMBER

JULY

Inverness Mail Centre hosted our first Roadshow-in-a-Box.

Our first ever virtual Annual General Meeting was a great success!



SEPTEMBER

Celebrating Lockdown Projects. We really enjoyed sharing pictures of what our brilliant members had been up to during lockdown!

AUGUST

Fun activity packs sent to Young Savers.

Open Banking launched, cutting loan approval times to as little as 30 minutes!

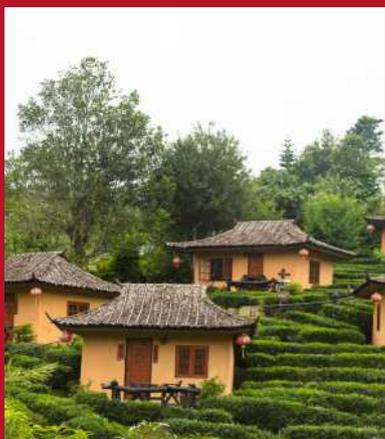


HELPING MEMBERS THROUGH THE COVID19 PANDEMIC

The last year has been difficult for everyone, and Penny Post has been proud to support members wherever possible.

From short term help to 139 members whose income was impacted by the pandemic, unlocking Plus & Christmas accounts to allow members to access savings, to loans for difficult circumstances, Penny Post was there to help.

Here we share 3 members' stories -



STRANDED IN ASIA

At the start of lockdown, we received an urgent email from a member stranded in Asia, with no flights available for at least a month. Although able to stay with family short term, he had unexpected medical expenses.

He had almost exhausted his essential medical supplies, and in Asia medication must be paid for.

He needed to find money quickly and Penny Post was able to process a loan and get the money into his account in 1 hour and 40 minutes.

GILLIAN'S STORY

2020 was a difficult year for long time member, Gillian Belcher from Wolverhampton "During the last year my brother sadly passed away, and Penny Post helped us sort out the funeral costs. It was an awful time for the family, and it was so reassuring that we could access the funds needed to get us through this" said Gillian.

"Penny Post is amazing. It has been really handy over the years as the kids have been growing up. Teenagers always want things don't they? I have used various savings and loan products over the years, to suit my needs at the time. Everything is quick and easy, and I wouldn't think about going to a bank for a loan while Penny Post is around."



EMERGENCY HELP FOR ELEY

Cheryl from Dorset contacted Penny Post after her beloved dog, Eley, required an emergency operation.

"The loan was a lifesaver" said Cheryl.

"It enabled me to pay an unexpected vet bill for my 17 year old Jack Russell, Eley. Without the loan I would have had to either get a Payday loan or have Eley put down, which would have broken my heart."

PENNY POST YOUNG SAVERS

It's been a great year for our junior members too, with 179% increase in Young Saver membership!

Penny Post's Young Saver Account is a great way to teach children to save and manage money, or for parents, guardians and grandparents to put money aside for their youngsters on a regular basis.

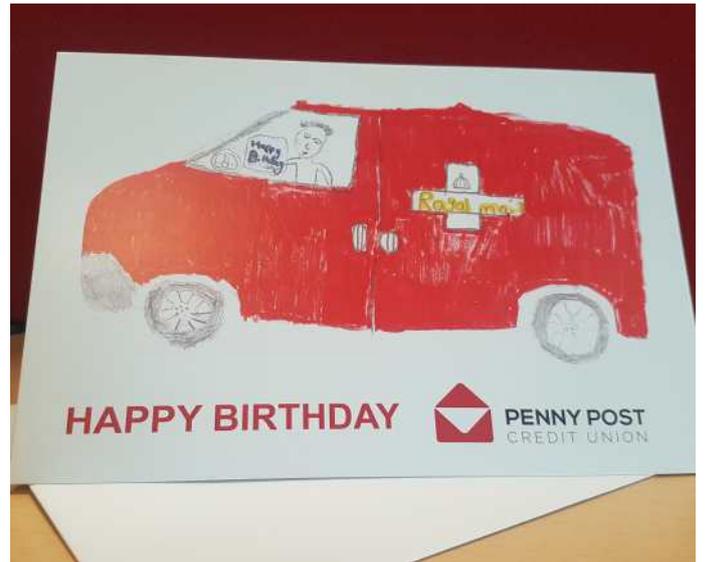
ISABEL'S BIRTHDAY CARD

In November 2019, we ran a competition asking our young savers to design our next Young Saver Birthday card! 11 years old Isabel Asbury, from the West Midlands, was the winner, with her fantastic post van design!

Whilst the Team are working from home, we've been sending out eCards to our young savers on their birthdays, but hopefully, we will be back in the office this year, and can return to posting out Isabel's cards again!

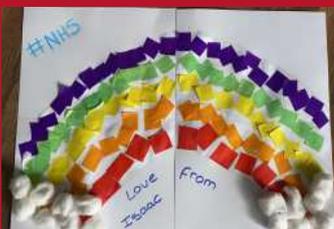
AUGUST ACTIVITY PACKS

During August, we sent our special Activity Packs to Young Savers, packed with puzzles, games and activities, to help with being at home!



CHASE THE RAINBOW

In March & April we loved sharing the wonderful Rainbow pictures sent to us by Young Savers and members' families! It was great to see so many children spreading a little joy with the Chase the Rainbow initiative to cheer everyone up!



PENNY POST ROADSHOW

Our popular Roadshows are a great way to meet new members, catch up with existing members and update everyone on our products and services.

Before the pandemic, Helen and the team visited 16 offices including Manchester, Redditch, Wednesbury, Stafford, Solihull and Birmingham.



ROADSHOW-IN-A-BOX

In July we created a special Roadshow-in-a-Box, which we post to a member or colleague. The compact box contains everything needed to set up quickly and easily in an office and help spread the Penny Post message.



It's been great to welcome so many new Penny Post members, and we've had some great feedback from members, managers and new members!

"The Roadshow-in-a-Box" went down well in our office."

PENNY POST ROADSHOW-IN-A-BOX
HOST, CHESHIRE

"The box was a good idea as it was compact so someone could just pick a pack up."

MANAGER FROM
BRISTOL MAIL CENTRE

"I thought the roadshow in a box promotion was a brilliant way of advertising. It was in a clear and visible location at my workplace and the info packs had all the info I needed to get started. I liked the little freebies too."

NEW MEMBER,
INVERNESS

"The box was a great idea - I have been thinking of joining for a while but never actually got round to it so the promotional items jogged my memory."

NEW MEMBER,
STOKE CUSTOMER SERVICES

MEMBER SURVEY RESULTS

Members' views matter! Despite working from home since March, the Penny Post team remain committed to providing outstanding customer services to support members.

Our focus is always on improving our products and services for members and your feedback is very important to us.



PENNY POST CREDIT UNION LTD

REVENUE ACCOUNT

For the year ending 30th September 2020

| | 2020 | 2019 |
|---|------------------|------------------|
| | £ | £ |
| Loan interest receivable and similar income | 2,801,141 | 2,617,922 |
| Interest payable | (419,202) | (307,683) |
| Net interest income | 2,381,939 | 2,310,239 |
| Fees and commissions receivable | 950 | 1,789 |
| Fees and commissions payable | (28,441) | (23,359) |
| Net fees and commissions payable | (27,491) | (21,570) |
| Other income | 500 | 582 |
| Administrative expenses | (740,545) | (632,035) |
| Depreciation and amortisation | (6,161) | (14,444) |
| Other operating expenses | (112,320) | (84,288) |
| Impairment losses on loans to members | (654,241) | (639,287) |
| Surplus Before Taxation | 841,681 | 919,197 |
| Taxation | (18,732) | (16,500) |
| Surplus for the Financial Year | 822,949 | 902,697 |
| Other comprehensive income | 0 | 0 |
| Total comprehensive income | 822,949 | 902,697 |

Note: There is no comprehensive income other than those includes on the Revenue Account

THESE ACCOUNTS ARE EXTRACTED FROM THE FULL AND INDEPENDENTLY AUDITED FINANCIAL STATEMENTS.

Every attempt has been made to transcribe the figures as given in the audited statements accurately, but they should be viewed as an abridged view of the financial position of Penny Post Credit Union as at 30th September 2020 and not the definitive audited financial statements.

These abridged accounts are merely intended to simplify the position while giving a true and accurate state of the credit union for members information and comparison. Copies of the audited statements will be available at the AGM and may be requested by members and others entitled to view them.

The abridged accounts were not audited but the full financial statements were audited by:
Lindley Adams Ltd 28 Prescott Road Halifax West Yorkshire HX1 2LG

PENNY POST CREDIT UNION LTD

BALANCE SHEET

For the year ending 30th September 2020

| | 2020 | 2019 |
|--|---------------------------------|---------------------------------|
| | £ | £ |
| ASSETS | | |
| Loans and advances to banks | <u>17,232,987</u> | <u>10,957,482</u> |
| Loans and advances to members | 13,106,451 | 13,643,345 |
| Tangible fixed assets | 8,444 | 6,206 |
| Prepayments and accrued income | <u>49,636</u> | <u>36,204</u> |
| Total assets | <u><u>30,397,518</u></u> | <u><u>24,643,237</u></u> |
| LIABILITIES | | |
| Subscribed capital - repayable on demand | 25,190,839 | 20,257,996 |
| Other payables | <u>66,185</u> | <u>67,696</u> |
| | 25,257,024 | 20,325,692 |
| Retained earnings | <u>5,140,494</u> | <u>4,317,545</u> |
| Total liabilities | <u><u>30,397,518</u></u> | <u><u>24,643,237</u></u> |

Proposed distribution to members*

| Dividend Bearing Accounts | Proposed Rate | Proposed £ | |
|---|---------------|-------------------|---|
| Regular Saver Account | 2.15% | 346,751.47 | *At the AGM the directors will propose these dividends based on the results for the current year. |
| Plus Account | 2.65% | 51,892.95 | |
| Christmas Account | 3.15% | 13,124.64 | |
| Jam Jar Account | 2.15% | 4,959.66 | |
| Young Saver/Juveniles Account | 2.15% | <u>1,040.97</u> | |
| | | 417,769.69 | |
| Interest Bearing Account - paid during year | | | If approved, these dividends will be included in next years financial accounts once it has been paid. |
| Prime Account | 1.5% | 15,323.39 | |

PENNY POST CREDIT UNION

OUR VISION

“To be recognised as the premier credit union dedicated to the financial well-being of Royal Mail employees and their families.”

OUR MISSION

“To offer competitive loan and savings services created exclusively for our Royal Mail family; based around product innovation, the use of appropriate technology and underpinned by ethical business practice.”

OUR VALUES

OPENNESS

We will be totally transparent with you in what we do. We'll tell you our running costs, what we are doing with your savings, why we have made the decisions we have, what the regulators think of us, and more. Obviously, we can't tell you about another member, nor would we tell anyone about you, but if you want to know anything else – just ask.

TRUST

We will do 5 things to help build the trust between us:

- We will say what we mean and mean what we say;
- We will do what we say we are going to do;
- We will ensure we know what we are doing, and if we aren't sure we will find out and learn and,
- We will care for you as individuals and work with you to grow and maintain a sustainable and successful Penny Post Credit Union.
- We ask you do the same – tell us what you think.

FAIRNESS

Different people mean different things by fairness; some believe it means treating everybody the same and others think it means treating people according to their personal circumstances. We will do both. We will give everyone the opportunity to talk to us about their personal needs and will seek to come up with a solution that balances your needs and the needs of all our member community that we serve.

MUTUALITY

The Penny Post Credit Union is run by members for the benefit of the members. There is no them. We are you.

FUTURE PLANS

The Board of Directors and management team continue to focus on the following strategic priorities:

- To grow membership and members' activity by improved communications and financial education.
- On-going product review and development in line with members' needs and feedback.
- IT development – to adopt an IT strategy to improve member experience and business intelligence.
- Process improvement – to review everything that we do and build a culture of “continuous improvement”
- Build a structure to support growth and development, to continue to strengthen the credit union governance and to invest in our people.

MEET THE BOARD



Dave Jones - President

Board member for 8 years and 6th year as President. Dave joined Royal Mail in 1987 & was an early PPCU member. Dave is currently Branch Secretary of the Wolverhampton & District CWU.



Kenny Beardmore - Director

Board member for 9 years & on the Audit and Risk Management Committee. After 28 years with Royal Mail, Kenny gained qualifications in Health & Safety and Fire Safety & now runs his own Consultancy.



Graham Jones - Vice President

MBA/MistLD/MinstLM/MCIPD Board member since 1996 & led the way in creating PPCU. Graham is on the Resources committees & brings over 37 years of managerial knowledge, skills and aptitudes to the Board.



Mark Ward - Director

Board member for 7 years & chair of the Marketing Committee. Mark has been a Royal Mail employee for 27 years and a PPCU member since 2012.



Martin Green - Secretary

Board member for 3 years & oversees the Business Plan. Martin joined Royal Mail in 1971 and enjoyed a varied career, spending the last 16 years of his Royal Mail career as Bullying and Harassment Investigator.



Andy Morris - Director

Board Member for 3 years and on the Audit & Risk Management Committee. Andy has worked for Royal Mail for 28 years and is currently the Branch Chairman of Wolverhampton & District CWU Amal Branch.



Ian Brookfield - Treasurer

Board member for 4 years, specialises in finance & on the Resources Committee. Ian worked on Royal Mail delivery for 10 years before leaving to become leader of the City of Wolverhampton Council.



Deepak Sharma- Director

Board member since 2020 & on the Resources committee. Deepak has worked for Royal Mail for 23 years and is an CWU Area Processing Representative for Wolverhampton & District Amal Branch.

THE TEAM

Chief Executive Officer

Matt Goulding

Chief Finance Officer

Louise Ingleby

Chief Marketing Officer

Andrea Broady

Customer Services Supervisor

Jas Kaur

Customer Services Team

Hannah Copson

Lewis Price

Tanya Aspbury

Michelle Robinson

Business Development Officer

Helen Nuttall

Project & Operations Officer

Tracey Moore

Finance Officer

Jayne Walker

Finance Team

Lynda White

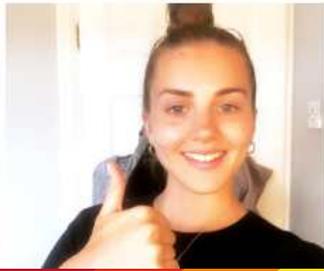
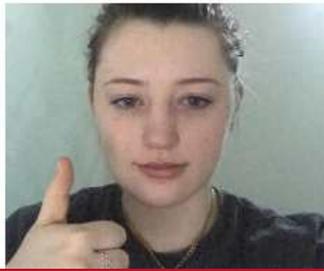
Charissa Roswess

Nicola Asbury

Eileen Fox

Vera Kelsey

Rod Jones



THUMBS UP FOR YOUR POSTIE!

AND, OF COURSE...

THANK YOU TO OUR KEY WORKERS!

Members' savings are protected by the Financial Services Compensation Scheme (FSCS).
Penny Post Credit Union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
Firm Reference 213680

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