

# MINUTES

## Annual General Meeting

### Communication Workers Friendly Society

Monday 8<sup>th</sup> June 2009

<b>Venue:</b>	Meyrick Suite, Bournemouth International Conference Centre (BiC)
<b>Present:</b>	John Baldwin (Chair), Chris Bennett, Nigel Briggs, Roger Cawse, Jeannie Drake, Andy Kerr, David Norman (Deputy Chair), Paul Pashley (minutes), Nigel Stewart, Mick Stoner.
<b>Apologies:</b>	None

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The meeting commenced at 1:10pm.

JB declared the meeting open. Before commencing the business of the day there was a one minute silence held in remembrance of co-workers, friends, policyholders and others who had died during the last 12 months.

#### 1. Address from the Chair

- 1.1 The Chair asked for two volunteer tellers to be nominated. He explained that this was necessary in the event that a count of votes cast under a show of hands was to be required. As there were no nominations forthcoming the Chair nominated Billy Strange and Alfie Magil. The meeting was asked to support these nominations and both were approved.
- 1.2 The Chair observed that everyone present would be well aware that the economic and market effects of the last 12 months had affected all financial services businesses and pointed out that the Society was no different in this respect.
- 1.3 The Chair asked the meeting to note that later on the agenda were two speakers from the Society. Roger Cawse, Independent Non-Executive Director, who would provide information on the Society's governance, and Nigel Briggs, Chief Executive, who would be speaking about the Society's current position and plans for the future.

## **2. Previous Minutes**

- 2.1 The minutes of the Annual General Meeting held on 9<sup>th</sup> June 2008 were agreed and there were no matters arising.

## **3. Governance Report- presentation by Roger Cawse**

- 3.1 Roger explained the recent history behind the governance requirements under which the Society needed to operate. This had culminated in the Myners Report, then the Combined Annotated Code which had been in place for 4 years. Whilst this remained voluntary the Society was obliged to comply or explain any variance from the Code.
- 3.2 He noted that the proposed election of three executive directors, Resolutions 6a, 6b and 6c, formed part of the improved governance of the Society.
- 3.3 Roger went on to say that the future was likely to hold more regulation, more monitoring of compliance and the associated costs in doing so. Whilst some of the changes might prove uncomfortable for some, non-compliance was not an option.
- 3.4 David Norman, Deputy Chair, explained that as the Chair had unexpectedly had to leave the meeting he would be chairing the meeting during this period of absence.

## **4. Chief Executive's Report- presentation by Nigel Briggs**

- 4.1 Nigel summarised the performance of the Society during 2008. It had proved to be a challenging year. The number of new policies had increased by 75% on the previous year and the level of surrenders had fallen.
- 4.2 Whilst the year had started well, stockmarkets had fallen heavily towards the half year point and in the third quarter the Society moved its investments out of equities. Through this action the Society limited its losses to less than 14% whereas the UK stockmarket had seen a 30% fall. The Society had been one of the better performers in UK equities compared to other Friendly Societies. This nevertheless resulted in reduced bonuses, but the Society had been able to protect bonuses for the longest serving members.
- 4.3 Nigel summarised the current position in respect of the ongoing discussions with Her Majesty's Customs and Revenue (HMRC). He explained that the Board had agreed to fund the cost to individual policyholders using the Society's estate, providing that policies were not terminated early. The resulting changes in tax treatment would mean the Society paying more in corporation tax in future years. It was hoped that the Society would be in position to write to policyholders following a HMRC audit of the Society, which was planned for August, when it was anticipated that the effects on individual policies would be finally known.
- 4.4 Nigel provided a summary of the new Tax Exempt Savings Plan (TESP) that the Society planned to introduce over the next quarter. It was intended to launch this with an accompanying loan scheme. He recognised the importance of the availability of a loan facility to members and apologised, on behalf of the Society, to those who had been inconvenienced by the

withdrawal of this service. He explained that a resumption of lending was linked to resolution of the issues with HMRC.

- 4.5 Nigel confirmed that the Society had signed a 'heads of agreement' with the CWU to establish a credit union. Whilst there were many steps which still needed to be taken there were many shared values between the Society and the CWU to build upon.
- 4.6 The Chair had returned to the meeting during the presentation and apologised for his unexpected absence.
- 4.7 There were several questions from the floor. In response Nigel explained that:
- 4.7.1 whilst the solvency of the Society had inevitably been affected by the economic downturn the Society did not currently have a solvency issue,
- 4.7.2 the new TESP would only be available to those who had not already used up their tax-free allowance for contributions,
- 4.7.3 the loan to the credit union would generate returns to the Society at a commercial level,
- 4.7.4 the name of the credit union had not yet been chosen but was being considered in conjunction with the CWU. The credit union would initially focus its activity upon CWU members,
- 4.7.5 as any new loans to holders of M2 policies would result in tax charges for the individual members involved it was not appropriate to offer such loans at this time. It would be possible to take out a loan against new policies as these were classed by HMRC as being 'qualifying' and so no tax charge should arise,
- 4.7.6 the Society had held off as long as possible from withdrawing the new loan facility and had done so some 8 weeks after the Society had stopped selling new policies. It remained a priority of the Society to resume lending activity as soon as it was possible to do so but as resumption remained heavily reliant on HMRC no absolute date could be announced at this time.

## **5 Adoption of the Board of Director's Report (Resolution 1)**

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## **6 Adoption of the Annual Accounts (Resolution 2)**

The adoption of the Annual Report and Accounts was agreed by a show of hands.

## **7 Adoption of the Director's Remuneration Report (advisory note) (Resolution 3)**

The Chair explained that this report was to be found on page 18 of the Annual Report and Accounts. The Chair called for a poll and the Independent Scrutineer (Anne Hock of Popularis) announced that there were 372 votes in favour and 21 against. The Director's Remuneration report was therefore adopted.

## **8 Re-appointment of Mazars', as Accountants and Registered Auditors for the ensuing year (Resolution 4)**

The re-appointment of Mazars' as accountants and registered auditors was agreed by a show of hands.

## **9 Re-election of Director's (Resolutions 5a and 5b)**

- 9.1 Steve Smith felt that the process for the nomination of the Directors had been unconstitutional. The Chair confirmed to the meeting that this process had been carried out in accordance with the rules of the Society.
- 9.2 The Chair called for a poll to be taken on the remaining resolutions and asked the Independent Scrutineer to announce each result when called to do so.
- 9.3 The re-election of John Keith Robert Baldwin was agreed. There were 373 votes for and 20 against.
- 9.4 The re-election of Mick John Stoner was agreed. There were 372 votes for and 19 against.

## **10 Election of Directors (Resolutions 6a, 6b and 6c)**

- 10.1 The election of Nigel Stewart Briggs was agreed. There were 380 votes for and 13 against.
- 10.2 The election of Paul Robert Pashley was agreed. There were 376 votes for and 16 against.
- 10.3 The election of Nigel Andrew Stewart was agreed. There were 372 votes for and 22 against.

## **11 Approval and Adoption of Rule Change (Resolution 7)**

The partial alteration of the Rules of the Society, as set out in the separate document, was approved. There were 320 votes for and 73 against.

The Chair confirmed that all the Resolutions had been carried.

## **12 Honorary Memberships**

- 12.1 The Chair presented Jenny Bowles and Mick Cowen with Honorary Membership of the Society.
- 12.2 Mick thanked the Chair and said that they were both greatly honoured by the awards. He commented that the Society provided services that were greatly needed by the members and potential members.

## **13 Any Other Business**

- 13.1 Dave Wilshire asked the Board to review the rules around communicating directly with children as soon as they had attained age 16, as this had caused him personal difficulty. Nigel apologised for the distress that this had caused him. He confirmed that the Society had previously looked at this issue and the advice that it had received was that the process was correct. He noted that at age 18 the beneficiary would become a full member of the Society and would need to be aware of this in order to exercise their membership rights. Nigel confirmed that the issue would be re-examined.

- 13.2 Andy Hopping pointed out that he had not received his credentials and wanted to know why it was not possible for him to vote at the meeting without having first registered his credentials. Nigel confirmed that this was in accordance with the rules of the Society but that the Board was committed to increasing the numbers of attendees and would look at best practice elsewhere in this regard.
- 13.3 Ivan Gilmour asked what M2 policies were. Nigel explained that these were the savings policies with ill-health and redundancy cover attached.
- 13.4 Steve Smith stated that the Society was not compliant with the Annotated Code as there were Non-Executive Directors on the Board of more than 9 years standing. The Chair noted that it would be inappropriate to comment on these points as there was pending legal action, that Steve was aware of, involving previous directors of the Society. Steve then went on to say that the change to rules represented an about-turn on Board policy. The Chair commented that this was no longer an issue for debate as a poll had already taken place on this point.
- 13.5 Another member asked that the date and time of the Annual General Meeting be reconsidered in the light of the number of fringe meetings that were taking place during the conference. The Chair said that this point would be looked at but noted that any time that was selected during the conference week was likely to clash with one or more fringe meetings as the Society held no influence as to when these were scheduled.
- 13.6 Peter Mayne asked whether the rumours were true as to whether certain advisors had been suspended. The Chair said that he had no knowledge of such rumours and accordingly it would be inappropriate to confirm, deny or comment further.

The meeting closed at 2:05pm.

**John Baldwin**

Chair .....Date.....