

## AGM Questions and Answers

Although the AGM was delivered differently this year we wanted to ensure that Members still had the opportunity to ask the Board of Directors questions. Members had the opportunity to submit questions in advance of the meeting. Members questions were considered by the Board at the AGM and answers to the most commonly asked questions are published below. Thank you to all our Members who submitted questions.

### Taxation

For 2020 the Society's Profit before tax is stated to be £35,000 and Taxation is stated to be £23,000. Why has the Society seemingly incurred a 66% tax rate when the official Corporation Tax rate is 19%?

Response: The tax charge of £23,000 comprises two elements:

- Current tax charge of £13,000, which is based on income; and
- A deferred tax charge of £10,000. Deferred tax arises due to temporary timing differences between when tax is accrued and when it is paid. The deferred tax liability has increased during the year which has given rise to a tax charge.

### Financial Services Compensation Scheme Levy

The levy with the Financial Services Compensation Scheme is going on for such a long time. Is this all due to the 2007/08 crash, or are there more recent causes that were not publicised as much?

Response: The Financial Services Compensation Scheme (FSCS) is fully funded by the financial services industry. It provides assurance to consumers and help protect them when regulated financial services organisations fail.

All firms authorised by the FCA and PRA contribute towards an annual levy which funds the cost of running the FSCS and the compensation paid to customers of failed firms. As such the levy is an ongoing cost.

The FSCS has recently published its proposed levy proposals for 2021/22 and this indicates that although there have not been an significant firm failures within the funding class to which the Society belongs it will be required to make a supplementary levy payment in relation to firm failures in other sectors, specifically Life Distribution & Investment Intermediation related.

### Online streaming of the AGM

There were several Member questions which related to whether the Society had considered live streaming the AGM or conducting via Zoom so members could take part.

Response: Under the Society's Memorandum and Rules we are required to hold a physical AGM meeting. With the current Covid restrictions it is not possible to hold a virtual meeting or 'live-stream' the event, as the wider membership would not be able to be physically present and actively participate. When we were planning the AGM in November last year we did not feel the options available then were suitable and secure for the purpose of having a 'broadcast' AGM.

The Society is intending to propose a change to the Rules which will allow the AGM to be held electronically or at more than one location. This proposal will be subject to approval by Members at the 2022 AGM.

The Rule change will enable the Society to consider alternative AGM arrangements for next year and subsequent years to allow more members to participate. For this year we will put a version of the AGM onto the website and invite members to view it. This will be time limited for a few months.

### **Ethical and Environmental**

Does the Loughborough Building Society take measures to ensure that investments made and banks dealt with have a sound ethical and environmental policy, and if not will the Society be looking to take this into account when making future decisions?

Response: In investing funds the Society has to consider a range of factors, both prudential and ethical. These include:

- Adherence to regulatory requirements
- Society Board and operating limits in relation to the type of investment; and counterparty with whom funds are invested
- Assessment of the risks associated with the counterparty in terms of the safety and security of monies invested; and the rate of return

The Society is limited in the types of investment it can make and we are confident that it would meet the underlying ethical test you mention in your question. The Society only makes cash deposits as a type of investment and it does not invest in projects or individual company shares including banks. In relation to environmental aspects Regulations require financial services firms to actively consider the financial risks associated with climate change; and new regulations are being introduced which will, from 2021, require listed firms to enhance climate-related disclosures in their annual report and accounts. This will provide greater transparency and information which will assist the Society in considering ethical aspects when determining investment of funds.