



Croí Laighean
CREDIT UNION

Annual Report 2018



Credit Union Invocation

*LORD, make me an instrument of Thy peace;
where there is hatred, let me sow love;
where there is injury, pardon;
where there is doubt, faith;
where there is despair, hope;
where there is darkness, light;
where there is sadness, joy.*

*O DIVINE MASTER, grant that I may
not so much seek to be consoled as to console;
to be understood as to understand;
to be loved as to love;
for it is in giving that we receive,
it is in pardoning that we are pardoned,
and it is in dying that we are born to eternal life.*

CONTENTS

1

Agenda	2
General Information	3
Chairman's Report	4
CEO's Report	5
Directors' Responsibilities Statement	8
Board Oversight Committee Report	9
Independent Auditors' Report to the Members of Croí Laighean Credit Union Limited	10
Audit & Finance Committee Report	13
Risk & Compliance Committee Report	14
Community Committee Report	15
Nominations Committee Report	17
Income and Expenditure Account	18
Balance Sheet	19
Statement of Changes in Reserves	20
Statement of Cash Flows	21
Notes to the Financial Statements	22
Schedules to the income and expenditure account	39
Model Standing Orders	40
Members Draw Report	41

2 AGENDA

Dear Member,

Notice is hereby given that the AGM of Croí Laighean Credit Union will take place on Wednesday, December 12th, 2018 at 7.30pm, in St. Mary's Secondary School, Edenderry, Co. Offaly.

The agenda for the AGM is as follows:

- Acceptance by the Board of Directors of the authorised representatives of clubs/organisations
- Ascertainment that a quorum is present
- Adoption of Standing Orders
- Reading & approval (or correction) of the Minutes of the last AGM
- Report of the Board of Directors
- Report of the CEO and consideration of the Accounts
- Report of the Auditor
- Report of the Board Oversight Committee
- Declaration of Dividend and Loan Interest Rebate
- Report of the Risk and Compliance Committee
- Report of the Audit and Finance Committee
- Report of the Nominations Committee
- Appointment of Tellers
- Election of Auditor
- Election to fill vacancies on the Board Oversight Committee
- Election to fill vacancies on the Board of Directors

Motions

- Motion 1 – that €0.90 affiliation fee to Irish League of Credit Unions be deducted from the savings of each adult member at 30th September 2018
- Motion 2 – that €2.00 be deducted from the savings of each adult member at 30th September 2018 and used as a community fund in the Croí Laighean Credit Union common bond

Any Other Business

- Announcement of election results
- Adjournment or close of meeting

Yours sincerely,

Board of Directors

Croí Laighean Credit Union

GENERAL INFORMATION

3

Directors

Brian Manning
Chairman

Martin Moloney
Vice Chairman

Eamonn O'Farrell
Secretary

Eugene Kearney
Josephine O'Neill
Niall Kenna
Henry Byrne
Kulwant Gill
John McGrory
Donal Daly
Aida Best

Board Oversight Committee

Michael Whelan
Maurice Scanlon
Sheila Flynn
Sean Fitzgerald
Ann McGilloway

CEO

Paul Kennedy

Operations

Caroline Daniels

Risk

Bernard Hunter

Compliance

Brona Byrne

Regulation

Pauline O'Flanagan

Marketing

Joanne Shelley
Rohini Roy

Finance

Shane Corcoran
Head of Finance

Noelle Wallace
Liz Rickard
Bernardine Farrell

Lending & Business Development

John Cummins
Bernadine Sheridan
Catherine Boyce
Edel Bagnall
Joyce Maguire

Member Services - West (Edenderry & Carbury)

Denise Thompspon
Aine Heffernan
Amanda McLoughlin
Andrew Forde
Carol Flynn
Caroline McNamee
Elaine McCloskey
Emily Harte
Emma Forde Judge
Jackie Groome
Katie Gallagher
Michael Kane
Olive Rowe
Olive Hughes
Patrice Cave
Stephen Mooney

Member Services - Central (Allenwood, Coill Dubh, Prosperous & Robertstown)

Charlene Hoey
Deirdre Harris
Emily Cosgrove
Lorraine Smullen
Mary Dunne
Theresa O'Neill

Member Services - East (Clane)

Sandra McLoughlin
Ber Power
Gemma Donnelly
Monica Cross
Amy O'Rourke

Member Services - North (Leixlip)

Annmarie Mackey
Claire O'Neill
Monica Cribbin
Veronica Dunne
Michael Hyland
Community/Schools
Lorraine Murphy
Training Officer
Annemarie McNamee
Executive Assistant

Internal Auditors

Moore Stephens

External Auditors

Grant Thornton

Investment Advisors

Goodbody Stockbrokers

Data Protection

Barry O'Mahony

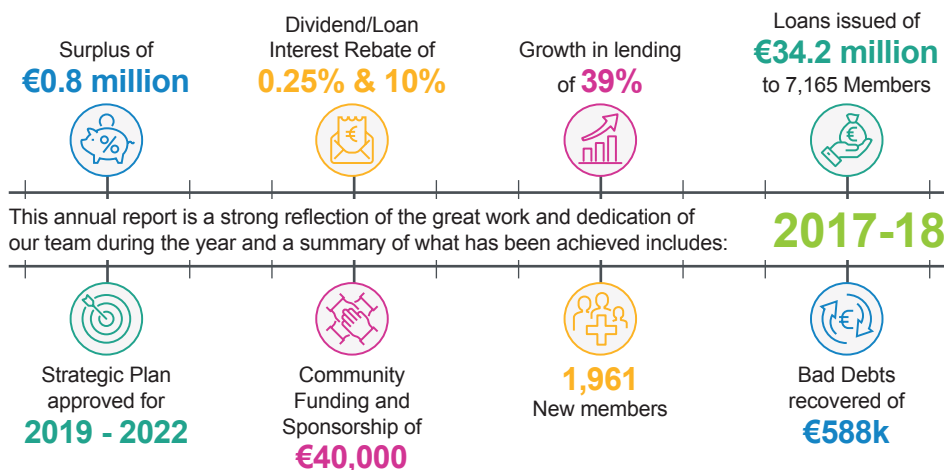
4 CHAIRMAN'S REPORT

Dear Members,

Welcome to the second annual report of Croí Laighean Credit Union, and the first where we welcomed our members from the Leixlip area.

This annual report is a representation of the work carried out by your Board of Directors, your Board Oversight Committee and your staff during this busy year. The report is structured as follows, to give you an overview of all the work carried out:

- Risk & Compliance Committee Report** – this committee has the hugely important role of dealing with regulation overall and ensuring Croí Laighean Credit Union has robust policies and procedures in place in the areas of risk management, compliance, anti-money laundering and data protection.
- Audit & Finance Committee Report** – this committee are responsible for oversight of external audit, internal audit, investments and financial reporting.
- Board Oversight Committee Report** – this committee are the overseers of the work
- CEO Report** – our CEO will update our members on several areas, including results for the year, overview of lending, credit control, investments, community involvement and membership. He will also give us a short outline of the strategic plan for Croí Laighean for the years ahead.
- Nominations Committee Report** – this committee must ensure the Board of Directors has the necessary skills and knowledge to direct the course of Croí Laighean Credit Union, and constantly review their work in the appropriate manner.
- Community Committee Report** – this committee ensures that Croí Laighean Credit Union constantly engages with the community, and puts time, effort and resources into each community in our wide common bond. You will see the efforts of this committee during the year, especially in our community fund and bursary evenings in 2018.



As your chairman, I am extremely proud of all the work done during this year. All our external reviews have been positive, which is a huge compliment to our entire team. I would like to thank our Board, our Board Oversight and our staff for making Croí Laighean Credit Union one of the strongest Credit Unions in the country, and certainly at the Heart of Leinster.

Brian Manning
Chairman

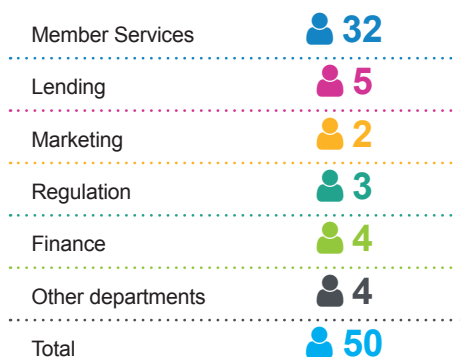
Annual Report 2018

CEO REPORT

5

My role as CEO is to have overall responsibility for the day to day management of Croí Laighean Credit Union, including operations, finance, regulation and overall performance, including the implementation of the Strategic Plan.

It would be impossible for one single person to perform this role, and my job is aided by an unbelievable team of people who are responsible for:



This report is a summary of the work of this dedicated group of people, who work tirelessly on behalf of Croí Laighean Credit Union.

How are our results presented this year?

This is the second year of Croí Laighean Credit Union. The financial merger of Croí Laighean and Leixlip and District Credit Unions took place on 5 April 2018. The results of the Credit Union are presented as follows:

- Croí Laighean Credit Union 1 October 2017 – 30 September 2018
- Leixlip & District Credit Union 1 October 2017 – 5 April 2018 transferred to reserves on 5 April 2018

The results for 2016/2017 represent a mix of results for Edenderry and Croí Laighean from the end of January 2017, so comparison with the results will be difficult. However, we will try and give as much clarity as possible.

What do our results represent this year?

You will see from our Income & Expenditure Account that our overall result for the year was €0.8m. From an overall perspective, this is a very positive endorsement of both mergers, and allows us to provide a return to our members this year. I would now like to go through the main areas contained in the results.

Lending

The graph below shows the growth in lending overall and is a huge achievement for Croí Laighean this year. A growth rate of 39% in loans issued this year shows that members are taking advantage of the lower rates available to them with the merged Credit Union.

Lending 2018 vs 2017



6 The amount of loan types compared to the previous year shows very positive trends in many categories of lending, mainly motor, home improvements and business loans.

As you will see below in relation to investments, the average rate of return on our investments is almost 6% less than that of our lending, so we need to continue to grow our lending as much as possible.

Investments

Our overall investment portfolio is now €136m. This is a significant amount of money to seek some return on, however it is vital for the continued future of Croí Laighean that we do obtain as much return as we can. At present, the returns being offered on some demand deposit accounts are negative, we would basically be charged by other financial institutions for holding our money. Returns being offered only 4 years ago were 4%+, so the drop of nearly 400% on this would obviously have an impact on results.

Credit Control

Note 17 on page 33 shows the level of loans in arrears, which reflects the hard work of our credit control team, with 96% of loans under 9 weeks in arrears, an improvement from 93% last year.

Collections on charged off accounts this year have been very strong, with an average of over €45,000 per month.

We maintain our ethos of helping our members when they struggle with arrears, that is the way of Croí Laighean. We will work with all members who come and talk to us. For members who don't engage with us, we use all necessary means to collect their loans, this is members money, so we must ensure it is repaid.



Expenditure

Some of the larger changes in costs are outside of our control, however the primary categories which have seen changes are as follows:

• Staff costs

- » 8 branches are a significant network to serve 6 days per week. Our transaction numbers have increased dramatically this year, with c10,000 transactions every week in branch and c12,500 transactions online every week. We also have departments outside of branches in finance, regulation, lending and marketing, who must ensure that we manage Croí Laighean to a very high standard.

• Insurance

- » The provision of life savings, loan protection and death benefit insurance has risen dramatically this year, based on the number of members we have. We are currently looking at options in relation to alternative suppliers and cover in this area.

• Professional fees

- » With our size, we are now subject to additional reviews and monitoring and must hold ourselves to a higher standard of scrutiny. It is in the interests of full transparency and members protection that we work with the most professional suppliers in relation to monitoring our standards.



■ Maintenance and office costs

- » 8 branches require a lot of maintaining and we have ensured a full review was carried out of all offices this year. We made our offices more secure and ensured they were all cleaned, repaired and freshly painted.

■ Schools, community and marketing

- » We have spent a lot of time this year working with schools in our common bond, and sports and community groups sharing the Croí Laighean messages to people in our wide common bond.

■ Regulatory fees

- » The cost of regulation and compliance, including Central Bank, Deposit Guarantee Scheme and industry levies has increased dramatically over the last number of years, based on new rules applicable to Credit Unions. These costs are outside our control; however, they are similar in amount to other Credit Unions of our size.

■ Bank and transaction charges

- » As the volume of automated and online transactions increase, the cost associated with these transactions increase, which means members are using the services more. The cost of fees and charges in relation to our bank accounts has also increased during the year, as banks pass on costs to their customers.

■ Computer and data transfer costs

- » The cost of running a computer system across 8 branches and online is significant and some of these costs were covered last year by ReBo, however they are not in place anymore. We have to ensure that our data, and all our systems are fully secure and that we can also ensure operation of our branches 6 days per week, and our online branch 24/7 so that members get access to services all the time.



+1,288
2015-2016



+1,647
2016-2017



+1,961
2017-2018

NEW MEMBERS

Membership

Our membership is an area where we have put a lot of work into in 2017 / 2018, and I am pleased to say the results of everyone's efforts mean almost 2,000 new members joined Croí Laighean in this time, which is almost 40 new members each week. It is really positive to see such a varied split across all age categories, it is encouraging that 65% of all new members were below 24 years of age, which is vital for the long-term future of our credit union.

Strategic Plan

A new strategic plan was written this year for the enlarged credit union. We have set ourselves challenging targets for the next 4 years, along the following areas:

- » Significant growth in lending of all types across all areas of our common bond
- » Provision of additional services over longer periods to all members
- » Significant Investment in IT and technology for the provision of modern technology platforms for access

I could not report on the above without the direction and support of the Board of Directors, together with the professionalism and drive of our management team and staff. On a personal level, I thank them for making Croí Laighean Credit Union something to be proud of.

Paul Kennedy
CEO

8 DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. The directors are also responsible for preparing the other information included in the annual report. The Credit Union Act, 1997 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the credit union and of the income and expenditure of the credit union for that period.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reason for any material departure from those standards; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

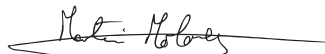
The directors are responsible for ensuring that the credit union keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the credit union, enable at any time the assets, liabilities, financial position and income and expenditure of the credit union to be determined with reasonable accuracy, enable them to ensure that the financial statements comply with the Credit Union Act 1997 (as amended) and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the board on 15 November 2018 and signed on its behalf by:



Brian Manning

Chairperson of the board of directors



Martin Moloney

Member of the board of directors

BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES STATEMENT

The Credit Union Act, 1997 (as amended) requires the appointment of a board oversight committee to assess whether the board of directors has operated in accordance with part iv, part iv (a) and any regulations made for the purposes of part iv or part iv (a) of the Credit Union Act, 1997 (as amended) and any other matter prescribed by the Central Bank of Ireland in respect of which they are to have regard to in relation to the board of directors.

This statement was approved by the board oversight committee on 15 November 2018 and signed on its behalf by:



Sheila Flynn

Member of the board oversight committee

BOARD OVERSIGHT COMMITTEE REPORT

9

As in previous years, the functions of the Board Oversight Committee as set out in the Credit Union and Co-Operation with Overseas Regulators Act 2012 may be summarised briefly as follows:

- To assess whether the board of directors has operated in accordance with Part IV and IVA of the Act
- To assess whether the board of directors has operated in accordance with any other matters prescribed by the Central Bank in respect of which they are to have regard.

We attended all meetings of the Board of Directors and a sample of their committee meetings. Having regularly reviewed the procedures of these meetings, the Board Oversight Committee is satisfied that the actions and decisions of the Board of Directors were compliant with current rules and legislation.

The Board Oversight Committee is satisfied that the method employed by the Board of Directors of Croí Laighean Credit Union, of continual reviews of the credit unions processes and procedures ensure that Croí Laighean Credit Union meets all the requirements laid down from a legal and regulatory perspective and leaves Croí Laighean Credit Union in a very healthy state.

We extend our thanks to the directors, the management team and staff for their courtesy, assistance and co-operation during the year. We would especially like to thank the Chairman, Brian Manning, for facilitating our work and for his all-inclusive approach during the year. I would also like to thank my fellow committee members, Maurice Scanlon, Sean Fitzgerald, Sheila Flynn and Ann McGilloway for their commitment and dedication during the year.

Michael Whelan

Chairman

Board Oversight Committee



10 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROÍ LAIGHEAN CREDIT UNION LIMITED

Opinion

We have audited the financial statements of Croí Laighean Credit Union Limited, which comprise the income and expenditure account, the statement of comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2018, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law including the Credit Union Act, 1997 (as amended) and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Practice in Ireland).

In our opinion, Croí Laighean Credit Union Limited's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the credit union's affairs as at 30 September 2018 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely

the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the credit union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROÍ LAIGHEAN CREDIT UNION LIMITED (CONTINUED)

11

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by the Credit Union Act, 1997 (as amended)

Based solely on the work undertaken in the course of the audit, we report that:

- we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- in our opinion proper accounting records have been kept by the credit union;
- the financial statements are in agreement with the accounting records of the credit union;
- the financial statements contain all primary statements, notes and significant accounting policies required to be included in accordance with section 111(1)(c) of the Act.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the credit union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the credit union or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor for the audit of the financial statements

The auditors' objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROÍ LAIGHEAN CREDIT UNION LIMITED (CONTINUED)

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgement and maintain professional scepticism throughout the audit. The auditor will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the credit union's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the credit union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the credit union's members, as a body, in accordance with section 120 of the Credit Union Act, 1997 (as amended). Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Denise O'Connell FCA

for and on behalf of Grant Thornton
Chartered Accountants & Statutory Audit Firm
Mill House, Henry Street, Limerick

AUDIT & FINANCE COMMITTEE REPORT

13

Our Audit & Finance Committee's terms of reference are based on overseeing the following areas of Croí Laighean:

- External Audit
- Internal Audit
- Investments
- Financial reporting
- Annual Budget

This committee, who meet each month, is responsible for the audit function, both internal and external. This involves liaising with the year-end auditors, Grant Thornton, in relation to the financial statements and the findings of their audit testing. There were two audits carried out during 2018, and while we are constantly seeking to improve our systems, controls and procedures, we have made significant progress in ensuring CLCU is properly operated and managed in financial terms.

The committee also has overall responsibility for internal audit and ensure that the committee sets out the role of internal audit in an annual charter, sets out the work of the internal auditor in a comprehensive plan, reviews the reports of internal audit and reviews the performance of this very important function.

Internal audit is outsourced to Moore Stephens, who visit quarterly for detailed testing in relation to several areas. The themes selected this year were:

- Lending
- Financial Reporting
- Anti-Money Laundering
- Outsourcing
- Provisioning
- Investments
- Data Protection
- Bank reconciliations & payroll

The results of these reviews were shared with the committee and board, which give satisfactory assurance in all areas above, which is a positive endorsement of the work undertaken by the Board and Staff.

The committee also review all management and branch accounts every month to ensure, on your behalf, that all areas of finance, including income and costs are tracked and measured with sufficient oversight. This culminates in the budget being set, which underpins the strategic plan for the next four years. We have set ambitious targets to grow and provide a return to our members.

I want to commend the work of our staff, board of directors and board oversight committee for making sure that Croí Laighean Credit Union is well managed, well measured and well-reviewed in financial terms. I would also like to thank my committee members for all their hard work during the year, Brian Manning, Eugene Kearney, Aida Best, Paul Kennedy and Shane Corcoran.

Josephine O'Neill

Chairman

Audit & Finance Committee



14 RISK & COMPLIANCE COMMITTEE REPORT

Our Risk & Compliance Committee's terms of reference are based on overseeing the following areas of Croí Laighean:

- Risk Management
- Compliance
- Anti-Money Laundering
- Data Protection

Risk Management deals with overseeing and advising the Board of Directors on the risk management system and its appropriateness for CLCU. It also sets the tolerance levels in relation to risk and keeping any risks within this level. It assesses the risk register annually, which details all risks that we are exposed to. It receives reports monthly from the risk management officer who measures and tests all aspects of CLCU. I am pleased to say that CLCU does not currently overly expose itself to any significant risks, and when any risks have been identified during the year, they have been mitigated or dealt with efficiently. We have embedded the risk management culture across our branch network in a short space of time, which is a good sign for the future.

This committee also is responsible for overseeing and advising the Board on the compliance programme, in conjunction with the compliance officer, to ensure CLCU remains on track to sign its compliance statement to the Registrar of Credit Unions at year end. The compliance function carries out testing in relation to compliance with policy, procedures, best practice and legislation. There were no material matters reported to the committee during 2018.

The committee must also oversee the work of the Money Laundering Reporting Officer and Data Protection Officer, two hugely important regulatory areas for all financial institutions. Both officers report in detail on a regular basis to ensure that the correct information is reported, and sufficient oversight is maintained. These areas have both been subject to review by internal audit in 2018, and we have obtained sufficient assurance in relation to how we operate them both

I want to commend the work of our staff, board of directors and board oversight committee for embracing the challenge that regulation presents and laying solid foundations for Croí Laighean Credit Union.

Martin Moloney

Chairman

Risk & Compliance Committee



COMMUNITY COMMITTEE REPORT

15

The work of our marketing department, our community committee and staff in branches is summarized below and is difficult to fit into a short report.

Schools

We have invested a significant amount of time and resources in encouraging children of all ages to get involved in Croí Laighean Credit Union from an early age. Our van is on the road 5 days per week encouraging children at primary schools across our common bond to save. We have met several thousand children this year, and plan to extend this to all areas in the coming year.

The new Pat Jones Bursary Awards was launched this year for all four secondary schools in the common bond, who are:

- St Mary's Secondary School in Edenderry
- St Farnans School in Prosperous
- Scoil Mhuire in Clane
- Oaklands Community College in Edenderry

A hugely successful bursary awards was held in Clane in June 2018, where 2 students won €6,000 towards their 3rd level education. This bursary will be extended to the two secondary schools in the Leixlip area, Colaiste Chiaran and Confey College. Some highlights of the evening are included in this annual report.

Prize Draws

This is the first year we merged all members into our new prize draw. 72 members have won €197,250 in prizes this year at 12 different prize draw events.

From 1 October 2018, all members, including those from Leixlip, can join our new and improved prize draw, where the monthly prize fund has increased to a massive €20,000.

Services

During the year, we have added new services across our 8-branch network:

- New online / website / app functionality for all members with full free banking
- Change in opening hours to accommodate members needs
- Range of newly improved lending rates for all members starting from as low as 5%
- Business loans / Mortgages

We have also held various promotional days in each of our branches to promote our new loan rates, so you will have seen our staff out meeting members about student loans, car loans, travel loans during the year.

Community Fund 2018

Over 100 applications were received for this fund, and a hugely positive event was held in the Westgrove Hotel in Clane, where all allocated groups and organisations received their contributions. Some of the pictures and people from the evening are shown around the annual report.

I want to thank our dedicated team and committee for their level of commitment during the year.

Henry Byrne
Chairman

Community Committee





Local Community

€38,211

issued to 60+ projects

COMMUNITY

Schools Programme

€52,824

awarded to Primary & Secondary schools in the Common bond



Total Prize Money
€197,250

MEMBERS DRAW



Members Included
in Draw **5,889**



Overall Winners
72



SOCIAL MEDIA



Total Followers
5,000



Total Engagement
6,200 +



FACEBOOK

Increase
Page Followers

17% ↑

Increase
Page Likes

17% ↑



TWITTER

Increase
Page Followers

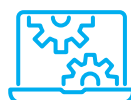
17% ↑

Increase
Page Likes

17% ↑



Website users
4,600+ /month



Website sessions
10,000+ /month

WEBSITE

NOMINATIONS COMMITTEE REPORT

17

The role of the Nominations Committee is to ensure that the Board of Directors and related committees have the necessary skills and knowledge to direct the course of Croí Laighean Credit Union on behalf of members. It also has the following functions as outlined in its terms of reference:

- Identifying and accepting candidates to be nominated for appointment to the board of directors
- Proposing candidates for election by a general meeting
- Proposing additional person to be co-opted to the board
- Assisting credit union with obligations with Pre-Controlled Functions (PCF) and Fitness and Probity regulations
- Inform candidates of time commitment expected and give training
- Ensure appropriate succession plan in place
- Ensure record kept of directors' board duration
- Developing and maintaining an annual training plan for the Board of Directors
- Carrying out a performance review of each Director annually

This work has involved us preparing the following:

- **Annual Work Plan** to ensure we cover all areas around nominations every year
- **Governance Competency Framework and Board Competency Model** which outlines the necessary balance of skills and levels of understanding the board of directors should ideally have
- **Candidate Nomination Pack** to ensure every person proposed as a volunteer or potential board member is measured against a consistent standard
- **Role definition** for key members of our Board, including Chairman and Secretary to make sure our Executive are aware of the expectations of their roles

We have also shown the involvement of our Board of Directors and the committees and involvement they have had this year.

Director	Board Meetings	Risk & Compliance	Nominations	Audit & Finance	Remuneration	Community
Brian Manning	■	■	■	■	■	■
Eamonn O'Farrell	■	■	■	■	■	■
Martin Moloney	■	■	■	■	■	■
Niall Kenna	■	■	■	■	■	■
Eugene Kearney	■	■	■	■	■	■
Henry Byrne	■	■	■	■	■	■
Josephine O'Neill	■	■	■	■	■	■
Kulwant Gill	■	■	■	■	■	■
John McGrory	■	■	■	■	■	■
Donal Daly	■	■	■	■	■	■
Aida Best	■	■	■	■	■	■
No. of meetings	12	6	7	5	1	3

The work of the committee would not be possible without the involvement of all our committee members, and I would like to thank them for their commitment during the year.

Eugene Kearney

Chairman

Nominations Committee



18 INCOME AND EXPENDITURE ACCOUNT

For the financial year ended 30 September 2018

	Schedule	2018 €	2017 €
Income			
Interest on members' loans		3,380,015	2,224,205
Other interest and similar income	1	1,394,757	1,259,095
Net interest income		4,774,772	3,483,300
Other income	2	31,179	26,236
Total income		4,805,951	3,509,536
Expenditure			
Employment costs		1,992,180	1,405,147
Operational expenses	3	2,206,207	1,525,845
Depreciation		206,501	142,009
Bad debts gains on loans to members (note 6)		(437,343)	(573,075)
Total expenditure		3,967,545	2,499,926
Surplus for the financial year		838,406	1,009,610

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2018

	2018 €	2017 €
Surplus for the financial year	838,406	1,009,610
Other comprehensive income	-	-
Total comprehensive income for the financial year	838,406	1,009,610

The financial statements were approved and authorised for issue by the board on 15 November 2018 and signed on behalf of the credit union by:

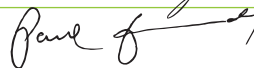
Brian Manning
Member of the board of directors



Sheila Flynn
Member of the board oversight committee



Paul Kennedy
CEO



BALANCE SHEET

As at 30 September 2018

19

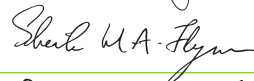
	Notes	2018 €	2017 €
Assets			
Cash and balances at bank		2,216,563	4,296,637
Deposits and investments – cash equivalents	8	25,187,426	29,187,689
Deposits and investments – other	8	111,800,926	68,055,109
Loans to members	9	53,537,605	36,236,850
Tangible fixed assets	10	3,656,134	2,815,531
Debtors, prepayments and accrued income	11	400,496	453,354
Total assets		196,799,150	141,045,170
Liabilities			
Members' savings	12	166,461,563	116,735,067
Other liabilities, creditors, accruals and charges	13	622,124	504,185
Other provisions	14	41,576	44,532
Total liabilities		167,125,263	117,283,784
Reserves			
Regulatory reserve	16	20,168,104	14,853,797
Operational risk reserve	16	709,900	509,900
Other reserves			
- Realised reserves	16	8,627,664	8,297,039
- Unrealised reserves	16	168,219	100,650
Total reserves		29,673,887	23,761,386
Total liabilities and reserves		196,799,150	141,045,170

The financial statements were approved and authorised for issue by the board on 15 November 2018 and signed on behalf of the credit union by:

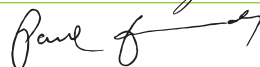
Brian Manning
Member of the board of directors



Sheila Flynn
Member of the board oversight committee



Paul Kennedy
CEO



20 STATEMENT OF CHANGES IN RESERVES

For the financial year ended 30 September 2018

	Regulatory reserve €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Total €
As at 1 October 2016	7,387,251	220,850	4,270,580	-	11,878,681
Surplus for the year	-	-	908,960	100,650	1,009,610
Dividends and loan interest rebates paid	-	-	(419,128)	-	(419,128)
Transfer of engagements	7,466,546	100,000	3,725,677	-	11,292,223
Transfer between reserves	-	189,050	(189,050)	-	-
As at 1 October 2017	14,853,797	509,900	8,297,039	100,650	23,761,386
Surplus for the year	49,049	-	721,788	67,569	838,406
Dividends and loan interest rebates paid	-	-	(698,283)	-	(698,283)
Transfer of engagements	4,765,258	200,000	812,792	-	5,778,050
Movement on reserves	-	-	(5,672)	-	(5,672)
Transfer between reserves	500,000	-	(500,000)	-	-
As at 30 September 2018	20,168,104	709,900	8,627,664	168,219	29,673,887

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2018 was 10.25% (2017: 10.53%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2018 was 0.36% (2017: 0.36%).

STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2018

21

	Notes	2018 €	2017 €
Opening cash and cash equivalents		33,484,326	12,763,005
Cash flows from operating activities			
Loans repaid by members	9	24,130,122	15,179,657
Loans granted to members	9	(34,213,669)	(21,753,987)
Interest on loans		3,380,015	2,224,205
Investment income		1,394,757	1,259,095
Bad debts recovered and recoveries		588,766	573,075
Other receipts		31,179	26,236
Dividends and loan interest rebates paid		(698,283)	(419,128)
Operating expenses		(4,204,059)	(2,930,992)
Movement in other assets		52,858	51,019
Movement in other liabilities		(284,517)	150,808
Net cash flows from operating activities		(9,822,831)	(5,640,012)
Cash flows from investing activities			
Cash and investments introduced on transfer of engagements		35,979,007	44,761,497
Fixed assets (purchases)/disposals		(223,551)	(146,989)
Net cash flow from other investing activities		(43,745,817)	(26,305,318)
Net cash flows from investing activities		(7,990,361)	18,309,190
Cash flows from financing activities			
Members' savings received		111,736,359	76,104,671
Members' savings withdrawn		(100,003,504)	(68,052,528)
Net cash flow from financing activities		11,732,855	8,052,143
Net (decrease)/increase in cash and cash equivalents		(6,080,337)	20,721,321
Closing cash and cash equivalents	7	27,403,989	33,484,326

22 | NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

1. Legal and regulatory framework

Croí Laighean Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the credit union is located at O'Connell Square, Edenderry, Co. Offaly.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable Irish accounting standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and Irish statute comprising of the Credit Union Act, 1997 (as amended). The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Euro (€) which is also the functional currency of the credit union.

The following principal accounting policies have been applied:

2.2 Statement of compliance

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

2.3 Going concern

After reviewing the credit union's projections, the directors have reasonable expectation that the credit union has adequate resources to continue in operational existence for the foreseeable future. The credit union therefore continues to adopt the going concern basis in preparing its financial statements.

2.4 Income

Interest on members' loans

Interest on members' loans is recognised on an accruals basis using the effective interest method.

Deposit and investment income

Investment income is recognised on an accruals basis using the effective interest method.

Other income

Other income is recognised on an accruals basis.

2.5 Investments

The specific investment products held by the credit union are accounted for as follows:

Held at amortised cost

Investments designated on initial recognition as held at amortised cost are measured at amortised cost using the effective interest method less impairment. This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount, minus, in the case of a financial asset, any reduction for impairment or uncollectability.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

23

Central Bank Deposits

Credit unions are obliged to maintain certain deposits with the Central Bank. These deposits are technically assets of the credit union but to which the credit union has restricted access. The funds on deposit with the Central Bank attract nominal interest and will not ordinarily be returned to the credit union while it is a going concern. The amounts are stated at the amount deposited plus accrued income and are not subject to impairment reviews.

Investments at Fair Value

Investments are valued at fair value (market value) at the year-end date and all gains and losses are taken to the income and expenditure account. The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no market value, these investments are carried at cost less impairment.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Premises	2% straight line per annum (2017: 2% reducing balance per annum)
Fixtures and fittings	10% straight line per annum (2017: 10% reducing balance per annum)
Furniture and equipment	20% straight line per annum (2017: 20% reducing balance per annum)
Computers	25% straight line per annum (2017: 25% reducing balance per annum)
Motor vehicles	20% straight line per annum (2017: 20% reducing balance per annum)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains' or 'other losses' in the income and expenditure account.

2.7 Impairment of tangible fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income and expenditure account. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income and expenditure account.

24 | NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

2.8 Operating leases

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

2.9 Taxation

The credit union is not subject to income tax or corporation tax on its activities.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits and investments with a maturity of less than or equal to three months.

2.11 Financial assets – loans to members

Loans are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method. Loans are derecognised when paid in full or charged off.

2.12 Provision for bad debts

The credit union assesses if there is objective evidence that any of its loans are impaired with due consideration of environmental factors. The loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis. In addition, if there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Bad debt provisioning is monitored by the credit union, and the credit union assesses and approves its provisions and the adequacy of same on a regular basis.

Any bad debts/impairment losses are recognised in the income and expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the income and expenditure account.

2.13 Other receivables

Other receivables such as prepayments are initially measured at transaction price including transaction costs and are subsequently measured at amortised cost using the effective interest method.

2.14 Financial liabilities – members' shares and other member funds

Members' shares and other member funds in Croí Laighean Credit Union Limited are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

2.15 Holiday pay

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

25

2.16 Pension costs

Croí Laighean Credit Union Limited participates in an industry-wide pension scheme for some employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees.

The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for Croí Laighean Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities.

Consequently, it accounts for the Scheme as a defined contribution plan. There is an agreed funding plan in respect of the Pension Scheme as a result of a Minimum Funding Standard deficit certified by the Scheme's Actuary in 2009. Consequently, Croí Laighean Credit Union Limited recognises a liability at each balance sheet date for its outstanding contributions payable under the agreed funding plan to the extent that they relate to committed funding in respect of the deficit to which the funding plan relates.

The credit union also operates a defined contribution pension scheme for some employees. The assets of these schemes are held separately from those of the credit union in independently administered funds. Employer contributions to the pension scheme are charged to the income and expenditure account in the period to which they relate.

2.17 Other payables

Short term other liabilities, creditors, accruals and charges are measured at the transaction price.

2.18 Derecognition of financial liabilities

Financial liabilities are derecognised when the obligations of the credit union specified in the contract are discharged, cancelled or expired.

2.19 Distribution policy

Dividends and loan interest rebates are made from the current year's surplus or reserves set aside for that purpose. The board's proposed dividends and loan interest rebates to members each year is based on the distribution policy of the credit union.

The rate of dividends and loan interest rebates recommended by the board will reflect:

- the risk profile of the credit union, particularly in its loan and investments portfolios;
- the board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend and loan interest rebates expectations;

all dominated by prudence and the need to sustain the long-term welfare of the credit union.

For this reason the board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements.

The credit union accounts for dividends and loan interest rebates when members ratify such payments at the Annual General Meeting.

2.20 Regulatory reserve

The Credit Union Act, 1997 (Regulatory Requirements) Regulations 2016 requires credit unions to establish and maintain a minimum regulatory reserve requirement of at least 10 per cent of the assets of the credit union. This reserve is to be perpetual in nature, freely available to absorb losses, realised financial reserves that are unrestricted and non-distributable.

26 NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

2.21 Operational risk reserve

Section 45(5)(a) of the Credit Union Act, 1997 (as amended) requires each credit union to maintain an additional reserve that it has assessed is required for operational risk having regard to the nature, scale and complexity of the credit union. Credit unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business model.

The Directors have considered the requirements of the Act and have calculated the operational risk reserve requirement by reference to the predicted impact of operational risk events that may have a material impact on the credit unions' business.

2.22 Other reserves

Other reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members. The other reserves are subdivided into realised and unrealised. In accordance with the Central Bank guidance note for credit unions on matters relating to accounting for investments and distribution policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as "unrealised" and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. The directors have deemed it appropriate that interest on loans receivable at the balance sheet date is also classified as "unrealised" and is not distributable. All other income is classified as "realised".

2.23 Transfer of engagements

Transfer of engagements are accounted for using the acquisition method of accounting. This involves recognising identifiable assets and liabilities of the acquired credit union at fair value. In applying the acquisition method of accounting for these business combinations, the member interests transferred by the credit union represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the member interests in the Transferor Credit Union (the fair value of the Transferor Credit Union) at the date of the transfer, and is reflected as an adjustment in reserves.

3. Judgements in applying accounting policies and key source of estimation uncertainty

Preparation of the financial statements requires the directors to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Determination of depreciation, useful economic life and residual value of tangible assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. Management regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the year end was €3,656,134 (2017: €2,815,531).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

27

Provision for bad debts

Croí Laighean Credit Union Limited's accounting policy for impairment of loans is set out in the accounting policy in note 2.12. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements. The provision for bad debts in the financial statements at the year end was €2,435,330 (2017: €2,174,216) representing 4.35% (2017: 5.66%) of the total gross loan book.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have developed an approach to the calculation of the operational risk reserve. The operational risk reserve of the credit union at the year end was €709,900 (2017: €509,900).

Adoption of going concern basis for financial statements preparation

The directors have prepared projections and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the credit union's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the credit union was unable to continue as a going concern.

4. Transfer of engagements

On 5 April 2018 Croí Laighean Credit Union Limited ("CLCU") accepted the transfer of Leixlip & District Credit Union Limited ("LDCU"). The assets and liabilities of LDCU at the date of transfer were incorporated into the balance sheet of CLCU at that date.

CLCU did not pay any consideration in respect of the Transfer of Engagements. On the date of transfer, the members of the Transferor Credit Union became members of CLCU, and thereby became entitled to member interest associated with such membership. In applying the acquisition method of accounting for this business combination, the members' interests transferred by CLCU represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the member interests in the Transferor Credit Union (the fair value of the Transferor Credit Union) at the date of transfer, and is reflected as an adjustment in Reserves in note 16 on page 32.

28 NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

The fair values of the net assets acquired are detailed as follows:

Fair value of LDCU assets and liabilities acquired by CLCU	€
Tangible fixed assets	823,553
Cash on hand and at bank	2,750,377
Deposits and investments	33,228,630
Loans to members	7,890,349
Provision for bad debts	(521,718)
Members' savings	(37,993,641)
Other liabilities, creditors, accruals and charges	(399,500)
	5,778,050

5. Key management personnel compensation

The directors of Croí Laighean Credit Union Limited are all unpaid volunteers. The key management personnel compensation is as follows:

	2018	2017
	€	€
Short term employee benefits paid to key management	477,314	551,950
Payments to pension schemes	54,297	29,802
Total key management personnel compensation	531,611	581,752

6. Bad debts gains on loans to members

	2018	2017
	€	€
Bad debts recovered	(458,482)	(460,151)
Impairment of loan interest reclassified as bad debt recoveries	(130,284)	(112,924)
Movement in bad debts provision during the year	(260,604)	(4,084)
Loans written off during the year	412,027	4,084
Bad debts gains on loans to members	(437,343)	(573,075)

7. Cash and cash equivalents

	2018	2017
	€	€
Cash and balances at bank	2,216,563	4,296,637
Deposits and investments – cash equivalents	25,187,426	29,187,689
Total cash and cash equivalents	27,403,989	33,484,326

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

29

8. Deposits and investments

	2018 €	2017 €
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	23,777,967	28,167,209
Irish and EEA State Securities	909,459	-
Other	500,000	-
Collective investment schemes	-	1,020,480
Total deposits and investments – cash equivalents	25,187,426	29,187,689
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	67,681,492	41,145,950
Irish and EEA state securities	4,364,784	5,332,803
Bank bonds	28,272,806	18,530,995
Central Bank deposits	1,395,275	1,009,761
Other	10,086,569	2,035,600
Total deposits and investments – other	111,800,926	68,055,109
Total deposits and investments	136,988,352	97,242,798

9. Loans to members

	2018 €	2017 €
Loans to members	55,972,935	38,411,066
Less: provision for bad debts	(2,435,330)	(2,174,216)
Loans to members	53,537,605	36,236,850
As at 1 October	38,411,066	18,780,180
Loans arising on transfer of engagements	7,890,349	13,060,640
Loans granted during the year	34,213,669	21,753,987
Loans repaid during the year	(24,130,122)	(15,179,657)
Gross loans and advances	56,384,962	38,415,150
Bad debts		
Loans written off during the year	(412,027)	(4,084)
As at 30 September	55,972,935	38,411,066
Provision for bad debts		
As at 1 October	2,174,216	1,006,162
Provisions arising from transfer of engagements	521,718	1,172,138
Movement in bad debts provision during the year	(260,604)	(4,084)
As at 30 September	2,435,330	2,174,216
The provision for bad debts is analysed as follows:		
Grouped assessed loans	2,435,330	2,174,216
Provision for bad debts	2,435,330	2,174,216

Annual Report 2018

30 | NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

10. Tangible fixed assets

	Premises €	Fixtures and fittings €	Furniture and equipment €	Computers €	Motor vehicles €	Total €
Cost						
1 October 2017	2,814,246	190,555	216,614	712,729	18,761	3,952,905
On transfer of engagements	721,342	102,211	-	-	-	823,553
Additions	91,552	47,084	1,910	83,005	-	223,551
Disposals	(15,037)	-	-	-	-	(15,037)
At 30 September 2018	3,612,103	339,850	218,524	795,734	18,761	4,984,972
Depreciation						
1 October 2017	400,011	113,063	164,205	451,677	8,418	1,137,374
Charge for year	79,279	22,679	10,864	91,611	2,068	206,501
Disposals	(15,037)	-	-	-	-	(15,037)
At 30 September 2018	464,253	135,742	175,069	543,288	10,486	1,328,838
Net book value						
30 September 2018	3,147,850	204,108	43,455	252,446	8,275	3,656,134
30 September 2017	2,414,235	77,492	52,409	261,052	10,343	2,815,531

During the year, the Board of Directors reviewed the remaining useful lives of the tangible fixed assets and determined that it was appropriate to revise the depreciation calculation method from reducing balance to straight line in order to accurately reflect their remaining estimated lives and residual values. The effect of this change in accounting method from reducing balance to straight line had a €nil effect on the depreciation charge for the year ended 30 September 2018 as the new annual charge has been based on the net book value brought forward rather than the original historical cost. The impact in future year's financial statements in respect of these tangible fixed assets will result in a higher annual depreciation charge, the impact of same in the first year being €29,342. The impact in later years will be progressively higher as the annual charge using the reducing balance method would become progressively lower. The term of write off using straight line method will be shorter. This will be subject to annual review by the Board of Directors.

11. Debtors, prepayments and accrued income

	2018 €	2017 €
Loan interest receivable	118,437	69,650
Debtors	-	137,364
Prepayments	282,059	246,340
	400,496	453,354

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

31

12. Members' savings

	2018 €	2017 €
As at 1 October	116,735,067	61,772,398
Received during the year	111,736,359	76,104,671
Withdrawn during the year	(100,003,504)	(68,052,528)
Members' savings arising on transfer of engagements	37,993,641	46,910,526
As at 30 September	166,461,563	116,735,067

Members' savings are analysed as follows:

	2018 €	2017 €
Members' shares	160,692,407	113,303,440
Members' everyday accounts	5,769,156	3,431,627
Total members' savings	166,461,563	116,735,067

13. Other liabilities, creditors, accruals and charges

	2018 €	2017 €
Members' draw balance	-	75
Trade creditors	135,382	197,944
Other creditors and accruals	486,742	306,166
	622,124	504,185

14. Other provisions

	2018 €	2017 €
Holiday pay accrual	41,576	29,644
Pension provision	-	14,888
	41,576	44,532

32 | NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

15. Financial instruments

15a. Financial instruments – amortised cost

	2018 €	2017 €
Financial assets		
Financial assets measured at amortised cost	183,338,843	135,779,347

	2018 €	2017 €
Financial liabilities		
Financial liabilities measured at amortised cost	167,125,263	117,283,784

Financial assets measured at amortised cost comprise cash and balances at bank, deposits and investments, loans and debtors.

Financial liabilities measured at amortised cost comprise member savings, creditors and accruals and provisions.

15b. Financial instruments – fair value measurements

FRS 102 requires fair value measurements to be disclosed by the source of inputs, using a three level hierarchy:

- Quoted prices for identical instruments in active market (level 1);
- Prices of recent transactions for identical instruments and valuation techniques using observable market data (level 2), and
- Valuation techniques using unobservable market data (level 3).

The table below sets out fair value measurements using the fair value hierarchy:

	Total €	Level 1 €	Level 2 €	Level 3 €
At 30 September 2018				
Accounts in authorised credit institutions	1,252,438	-	1,252,438	-
Other	10,586,569	-	10,586,569	-
Total	11,839,007	-	11,839,007	-

	Total €	Level 1 €	Level 2 €	Level 3 €
At 30 September 2017				
Accounts in authorised credit institutions	1,252,438	-	1,252,438	-
Collective investment schemes	1,020,480	-	1,020,480	-
Other	2,035,600	-	2,035,600	-
Total	4,308,518	-	4,308,518	-

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2018 (2017: €nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

33

16. Reserves

	Balance 01/10/17 €	Arising on ToE €	Payment of dividends and loan interest rebates €	Movement on reserves €	Appropriation of current year surplus €	Transfers between reserves €	Balance 30/09/18 €
Regulatory reserve	14,853,797	4,765,258	-	-	49,049	500,000	20,168,104
Operational risk reserve	509,900	200,000	-	-	-	-	709,900
Other reserves							
Realised							
Special reserve: dividends and loan interest rebates	700,440	-	(698,283)	-	721,788	(2,157)	721,788
General reserve	3,870,922	-	-	(5,672)	-	(497,843)	3,367,407
Reserves arising on transfer of engagements	3,725,677	812,792	-	-	-	-	4,538,469
Total realised reserves	8,297,039	812,792	(698,283)	(5,672)	721,788	(500,000)	8,627,664
Unrealised							
Interest on loans reserve	69,650	-	-	-	48,787	-	118,437
Investment income reserve	31,000	-	-	-	18,782	-	49,782
Total unrealised reserves	100,650	-	-	-	67,569	-	168,219
Total reserves	23,761,386	5,778,050	(698,283)	(5,672)	838,406	-	29,673,887

34 | NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

17. Credit risk disclosures

The credit union complies with Section 12 of the Credit Union Act, 1997 (Regulatory Requirements) Regulations 2016. This regulation:

- restricts the concentration of lending by the credit union within certain sectors or to connected persons or groups (concentration limits);
- restricts the absolute amount of lending to certain sectors to a set percentages of the regulatory reserve (large exposure limit)
- restricts the loan duration of certain loans to specified limits (maturity limits)
- requires specified lending practices to be in place where loans are made to certain sectors such as commercial loans, community loans or loans to another credit union.

The carrying amount of the loans to members represents Croí Laighean Credit Union Limited's maximum exposure to credit risk. The following provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2018		2017	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	44,637,680	79.75%	29,396,473	76.53%
Impaired loans:				
Not past due	3,117,366	5.57%	2,912,859	7.58%
Up to 9 weeks past due	5,849,019	10.45%	3,535,033	9.20%
Between 10 and 18 weeks past due	512,696	0.92%	420,287	1.09%
Between 19 and 26 weeks past due	368,459	0.66%	269,943	0.70%
Between 27 and 39 weeks past due	250,558	0.45%	195,367	0.51%
Between 40 and 52 weeks past due	84,707	0.14%	165,780	0.43%
53 or more weeks past due	1,152,450	2.06%	1,515,324	3.96%
Total impaired loans	11,335,255	20.25%	9,014,593	23.47%
Total loans	55,972,935	100.00%	38,411,066	100.00%

18. Related party transactions

	2018		2017	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	11	110,100	16	306,800
Total loans outstanding to related parties at the year end	24	386,448	33	458,194
Total provision for loans outstanding to related parties		48,538		49,439

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

35

The related party loans stated above comprise of loans to members of the board of directors, the management team and members of the family of members of the board of directors and the management team of Croí Laighean Credit Union Limited.

Total loans outstanding to related parties represents 0.69% of the total loans outstanding at 30 September 2018 (2017: 1.19%).

The above loan provisions are made in line with our provisioning policy, however there were no provisions held against the loans due from the Directors and the Management Team at the year end.

19. Additional financial instruments disclosures

19a. Financial risk management

Croí Laighean Credit Union Limited manages its members' shares and loans so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from Croí Laighean Credit Union Limited's activities are credit risk, market risk, liquidity risk and interest rate risk. The board of directors reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves Croí Laighean Credit Union Limited's credit policies. All loan applications are assessed with reference to the credit policies in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Market risk: Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates. The board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

Liquidity risk: Liquidity risk is the risk that the credit union will not have sufficient cash resources to meet day to day running costs and repay members' savings when demanded. The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due.

Interest rate risk: Croí Laighean Credit Union Limited's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. Croí Laighean Credit Union Limited reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable.

19b. Liquidity risk disclosures

The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The credit union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in regulatory requirements.

36 NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

19c. Interest rate risk disclosures

The following shows the average interest rates applicable to relevant financial assets and financial liabilities.

	2018		2017	
	€	Average interest rate %	€	Average interest rate %
Gross loans to members	55,972,935	7.58%	38,411,066	7.83%

The dividend payable is at the discretion of the directors and is therefore not a financial liability of the credit union until declared and approved at the AGM.

20. Dividends and loan interest rebates

The following distributions were made during the year:

	2018		2017	
	%	€	%	€
Dividend on shares	0.40%	432,684	0.50%	279,765
Loan interest rebate	10.00%	265,599	10.00%	139,363

The directors are proposing a dividend in respect of the year ended 30 September 2018 of €339,335 (0.25%) (2017: €433,652 (0.40%)) and a loan interest rebate of €382,453 (10.00%) (2017: €266,788 (10.00%)).

21. Events after the end of the financial year

There have been no significant events affecting the credit union since the year end.

22. Insurance against fraud

The credit union has Insurance against fraud in the amount of €5,200,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

23. Capital commitments

There were no capital commitments at 30 September 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

37

24. Commitments under operating leases

The credit union entered into a 4 year and 9 month lease on 1 February 2014. At 30 September 2018 the credit union had future minimum lease payments under a non-cancellable operating lease as follows:

	2018 €	2017 €
Less than 1 year	1,200	7,200
1 to 5 years	-	1,200
At 30 September	1,200	8,400

25. The Irish League of Credit Unions Republic of Ireland Pension Scheme

Croí Laighean Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the scheme's trustees.

The scheme is a multi-employer scheme and due to the nature of the Scheme it is not possible for Croí Laighean Credit Union Limited to separately identify its share of the scheme's underlying assets and liabilities. Consequently, it accounts for the scheme as a defined contribution plan, in accordance with FRS 102.

The Pension's Act requires the trustees of the scheme to assess whether it could meet a certain prescribed standard, known as the Minimum Funding Standard. This assesses whether, if the scheme was wound up on a specified theoretical valuation date, it could satisfy the Funding Standard at that date. Following the scheme's actuary certifying a Minimum Funding Standard deficit in the scheme in 2009, Croí Laighean Credit Union Limited, the ILCU group and the other credit unions participating in the scheme entered into a funding agreement with the scheme that was designed to ensure that, the Scheme could be reasonably expected to satisfy the Minimum Funding Standard by a specified future date (1 March 2019). This funding plan runs up until 2019 and was approved by the Pensions Authority. Croí Laighean Credit Union Limited has paid the contributions payable under this funding agreement.

As part of the above solvency assessment process, the scheme actuary must carry out a separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent actuarial funding certificate was effective as at 1 March 2018 and it certified that the scheme satisfied the funding standard. Further, the actuary was reasonably satisfied that as at 28 February 2018 the scheme can be expected to satisfy the funding standard as specified in Section 44 of the Pensions Act, 1990, at 1 March 2019, being the date specified by the Pensions Authority under Section 49(2) (a) of the Act for the purpose of the existing funding proposal.

An actuarial review of the fund is normally carried out every three years by the scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 1 March 2017 using the projected unit valuation method. The principal actuarial assumption used in the valuation was the investment return would be 1.75% higher than the annual salary increases. The market value of the scheme's assets at 1 March 2017 was €216m. The actuarial

38 | NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

valuation disclosed a past service deficit of €6.4m at 1 March 2017 calculated under the ongoing actuarial valuation method. This valuation method assumes that the scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. This actuarial review recommended that the rate agreed under the funding proposal, 27.5% of pensionable salary, continues to be paid. The cost of risk benefits is paid in addition to this rate giving a total contribution rate of 30% of pensionable salary.

26. Contingent liabilities

In September 2018, the Registry of Credit Unions advised all credit unions of a potential matter in relation to accrued interest outstanding on certain top-up loans which may have led to a potential over-collection of interest. The credit union has commenced a review to ascertain whether any top-up loans made to members might be impacted by these circumstances, and if so, to determine what actions may need to be taken. Consequently it is impracticable at this time to estimate the impact, financial or otherwise, if any, of this matter and whether any net amounts will become payable or not in the future.

27. Comparative information

Comparative information has been reclassified where necessary to conform to current year presentation. Comparative information shows Croí Laighean Credit Union Limited only and does not include Leixlip & District Credit Union Limited, as the transfer of engagements did not occur until April 2018.

28. Approval of financial statements

The board of directors approved these financial statements for issue on 15 November 2018.

SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT

39

For the financial year ended 30 September 2018

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditors' report on pages 10 to 12.

SCHEDULE 1 – OTHER INTEREST INCOME AND SIMILAR INCOME

	2018 €	2017 €
Investment income and gains received/receivable within 1 year	1,375,975	1,228,095
Investment income receivable outside of 1 year	18,782	31,000
Total per income and expenditure account	1,394,757	1,259,095

SCHEDULE 2 – OTHER INCOME

	2018 €	2017 €
Entrance fees	1,137	1,002
Other income	30,042	25,234
Total per income and expenditure account	31,179	26,236

SCHEDULE 3 – OPERATIONAL EXPENSES

	2018 €	2017 €
LP/LS and DBI	641,462	449,274
General insurance	37,079	46,781
Rent and rates	30,453	29,460
Light, heat and cleaning	44,936	22,675
Maintenance and office repairs	47,806	16,966
Security	29,731	27,329
Printing, stationery, postage and telephone	101,309	106,350
Schools programmes and sponsorship	52,824	8,798
Community programmes and sponsorship	38,211	23,907
Marketing, advertising and branding	95,744	73,123
Professional fees	297,249	291,116
AGM and meetings	17,766	3,672
Bank and transaction charges	111,402	67,577
Audit fees	39,975	22,956
Computer and data transfer costs	218,310	115,445
DGS levy	138,932	95,450
Other regulatory charges	161,295	54,635
Training	22,146	18,844
Travel and subsistence	23,922	12,019
Other expenses	33,862	29,734
Legal fees	3,343	1,639
Internal audit	18,450	8,095
Total per income and expenditure account	2,206,207	1,525,845

40 | MODEL STANDING ORDERS

Reference: Recommendation 41 (b) of the Planning Committee;

Voting

- Each member shall be entitled to one vote irrespective of his/her shareholding, in accordance with Section 82 (2) of the Credit Union Act 1997 (as amended).

Election Procedure

- Elections to the Board of Directors, to the Board Oversight Committee and the position of Auditor shall be by majority vote and by secret ballot.
- A Ballot Paper for the election of the Board and Board Oversight Committee, where applicable, will be distributed to each member at the AGM.
- When nominations are announced tellers shall be appointed by the chair and ballot papers shall be distributed. Nominations shall be in the following order: (a) nominations for auditor; (b) nominations for members of the board oversight committee; (c) nominations for directors. When voting is completed, the votes shall be taken and tallied by the tellers.
- Any ballot paper which contains votes for more than the number required to be elected shall be void. All elections shall be by secret ballot and by majority vote.
- When the votes have been counted by the tellers, the results shall be announced by the chair. In the event that all vacancies are not filled by the first ballot further ballots shall be taken as required. In the event of an equality of votes between candidates for the remaining vacancies not filled in accordance with the above procedure one further ballot shall be taken and should that ballot fail to determine the issue, the vacancies
- shall be filled by lot from among such candidates having an equality of votes.

Motions

- All motions from the floor of the AGM must be proposed and seconded by members present at the AGM and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.
- A proposer of a motion may speak for such period as shall be at the discretion of the Chairman of the meeting and shall have the right of reply before the motion is put to the meeting for a vote.
- In exercising his/her right of reply, a proposer may not introduce new material.
- The seconder of a motion shall have such time as shall be allowed by the Chairman to second the motion.
- Members are entitled to speak on any such motion and must do so through the Chair. All speakers to any motion shall have such time as shall be at the discretion of the Chairman.
- The Chairman shall have the absolute right to decide at any time when a motion has been sufficiently discussed and may put the motion to the meeting giving the proposer the right of reply before doing so.

Miscellaneous

- The Chairman of the Board of Directors shall be the Chairman of any general meeting, except where he/she is not available, in which case it shall be the Vice-Chairman, except where he/she is not available, in which case the Board shall decide amongst themselves who shall act as Chairman of any general meeting.
- The Chairman may at his/her discretion, extend the privilege of the floor to any person who is not a member.

Model Standing Orders

- Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the Chairman.
- The Chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
- No member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the board of directors.
- Any matter to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.

Suspension of Standing Orders

- Any one of these Orders or all of these Standing Orders may be suspended on a motion to this effect receiving a two-thirds majority of those present and entitled to vote.

Alteration of Standing Orders

- Standing Orders may be amended or altered at a general meeting and only if a motion to this effect has received a two-thirds majority of those present and voting.

Adjournments

- Adjournments of the AGM shall take place only in accordance with section 81 (1) of the Credit Union Act, 1997 (as amended)

Issued by ILCU 30th September 2016

MEMBERS DRAW 2017 - 2018

Income & Expenditure Account			€	€		€
Opening Balance			76			
Fees from members	5,889	members	197,275			
Prizes to members	72	winners	-197,250	10,000	12	120,000
				2,000	12	24,000
Sundry draw expenses			-101	1,500	12	18,000
				1,000	35	35,000
Closing balance			-0	250	1	250
						197,250



Croí Laighean
CREDIT UNION



Christmas Opening Hours 2018

All offices open as normal until Saturday 22nd December

Closed 24th – 27th December

Open Friday 28th December as follows:

Clane, Coill Dubh, Edenderry, Leixlip

9:00am – 4:00pm

Allenwood

9:00am – 4:00pm (Closed 1-2)

Prosperous

9:00am – 4:00pm (Closed 1-2)

Open Saturday 29th December as follows:

Clane, Edenderry

9:00am – 4:00pm

Leixlip

9:00am – 1:00pm

Monday 31st December 2018 and Tuesday 1st January 2019 All offices closed

Wednesday 2nd January Normal office hours apply

Freephone: 1800 23 24 25 | welcome@clcu.ie | www.clcu.ie