

2020

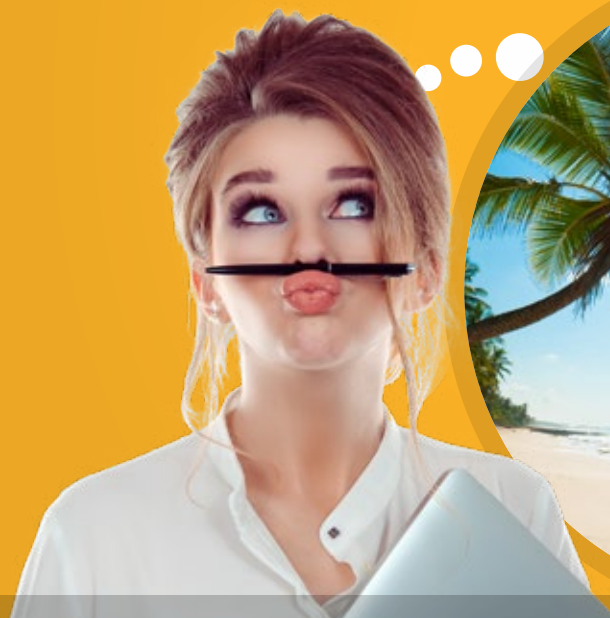
Annual Report



€20,000

Prize Pot

How would *you* spend *yours*?



Be sure to join our monthly
Members Draw for your
chance to win



Croí Laighean
CREDIT UNION

Croí Laighean Credit Union is Regulated by the Central Bank of Ireland

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2 | AGM NOTICE & AGENDA

Notice is hereby given that the AGM of Croí Laighean Credit Union will take place remotely via the Zoom webinar platform on Thursday, April 22nd, 2021 at 7pm.

The agenda for the AGM is as follows:

- Acceptance by the Board of Directors of the authorised representatives of members that are not natural persons (clubs/organisations)
- Ascertainment that a quorum is present
- Adoption of Standing Orders
- Reading & approval (or correction) of the Minutes of the last AGM
- Resolution – Adoption of Croí Laighean Credit Union Rules
- Report of the Chair
- Report of the CEO and Consideration of the Accounts
- Report of the Auditor
- Declaration of Dividend and Loan Interest Rebate
- Report of the Board Oversight Committee
- Report of the Risk and Compliance Committee
- Report of the Audit and Finance Committee
- Report of the Nominations Committee
- Election of Auditors
- Election to fill vacancies on the Board Oversight Committee
- Election to fill vacancies on the Board of Directors
- AOB
- Adjournment or close of meeting

Yours sincerely,

Board of Directors

Croí Laighean Credit Union

GENERAL INFORMATION

Directors

Eugene Kearney
Chair

Brian Manning
Vice Chair

Josephine O'Neill
Secretary

Michael Devine
Eamonn O' Farrell
Donal Daly
Aida Best
Aine Osborne
Padraic O'Neill

Board Oversight Committee

Michael Whelan
Sheila Flynn
Tom Reilly

CEO

Paul Kennedy



4 CHAIR'S REPORT

This is my first year as Chair of Croí Laighean Credit Union, and what a first year it has been. Little did I realise back in December 2019, after our AGM when I was appointed, what Croí Laighean Credit Union would be facing in 2020.

In mid-March 2020, Ireland's economy and healthcare system was thrown into chaos with a worldwide pandemic. There is no doubt that the impact on Croí Laighean during the first lockdown, like all industries, was severe as people were unsure what was happening.

We used all methods possible to continue to engage with our members and communities, and I hope you will have seen the fruits of our efforts during the last year.

Thankfully, when restrictions were lifted, the economy started to improve somewhat, and our members started to borrow again. Our CEO will show the impacts of the crisis on us in his report, and I want to commend him on his leadership and work ethic during this difficult time.

This annual report reflects the unbelievable amount of work which has been carried out for all members by our teams in our offices across all departments, our Board of Directors and Board Oversight Committee.

While no-one set out this year to report a loss, the effects of the recent crisis are obvious. We have taken every precaution possible by providing for potential future bad debts, which may not have occurred yet, however with the uncertainty over people's jobs and lockdowns, we believe this is the safest and most prudent approach.

I would like to thank our Board, our Board Oversight, and our staff for their efforts this year, keeping Croí Laighean Credit Union at the Heart of our Community.



Eugene Kearney
Chair

Loans are approved on
your ability to repay
and not on your savings

Let's Talk



Croí Laighean
CREDIT UNION

1800 23 24 25
welcome@clcu.ie

Loans are subject to approval. Terms & conditions apply. If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating which may affect your ability to access credit in the future. Croí Laighean credit union is regulated by the Central Bank of Ireland.



OUR YEAR IN REVIEW

€0.76 million
Operating Deficit

€66 million
Loan Book

€232 million
Assets

€157 million
Investments

40,934
Total Members



1,771
New Members



7 branches
Across Common Bond

€201 million
Member Savings

1.69 million
Automated Transactions

Transactions

4%
Increase in Loan Book

334,296
In-branch Transactions



Digital adverts launched in May 2020,
driving awareness of our products and
services to new audiences



We gave back almost
€170,000
to local Community Clubs and Schools

6 CEO'S REPORT

2020 has been one of the most unusual years in the history of the Credit Union world, and certainly presented challenges for Croí Laighean Credit Union, but also opportunities.

As CEO, it is my responsibility to oversee the entire Croí Laighean operation under the guidance of the Board and ultimately for the benefit of all members. The team under me in CLCU is committed and dedicated across member services, lending, regulation, finance, marketing, and our member service centre.

I have seen these teams perform to an unbelievable standard this year in the most trying of circumstances, and as CEO I am proud of our ability to continue to provide services to members six days per week in branch, over the phone and online.

What do our results represent this year?

You will see from our Income & Expenditure Account that our overall result for the year was a loss of €0.76m. This certainly was not forecast this year, however I would like to bring some clarity and transparency to the impact

of COVID-19 on our results this year, so you understand the decisions we have made for your protection.

Lending

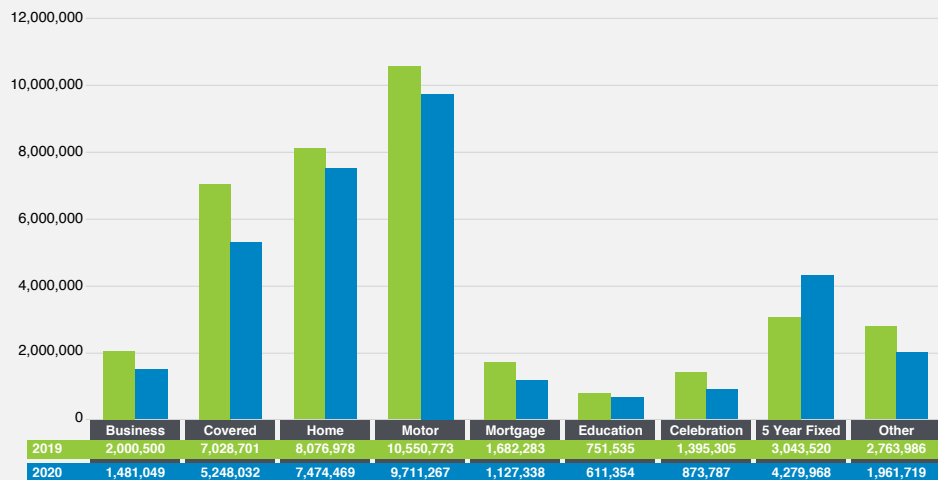
The graph below shows the result in lending overall and is a significant achievement for Croí Laighean this year in particular.

These results are obviously behind our targets. The period from March to July saw a 37.3% drop in lending. We were extremely grateful to see members borrowing again in the Summer and the period from July to September 2020 were back at normal lending levels, which left our year in a better position.

Investments

Our overall investment portfolio is now €157m. 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 are basically being charged by other financial institutions for holding our money. Unfortunately, given the

New Loans Issued



global economic uncertainty, this is unlikely to change in the near future.

Credit Control

The levels of loans in arrears, which reflects the hard work of our credit control team, is shown on page 39.

The level of loans in the impaired category grew from 2019 by over €4m, as our members struggled with loan repayments due to COVID 19 lockdown and businesses closing. We worked with all of our members during this difficult time and made various arrangements with them where possible. This has led to an increase of almost €900k on our bad debt provision, leading to the loss situation this year.

This is not an actual loss, rather we have been prudent in leaving these provisions in

place at year end, to provide a buffer should situations like 2020 arise again. We are pleased that many of our members are now back in employment and repayments on members loans have begun to normalise again.

Collections on charged off accounts this year have been very strong, with an average of over €40k per month.

Membership

Our membership is an area where we have put a lot of work into in 2019 / 2020 and I am pleased to say the results of everyone's efforts mean over 1,771 new members joined Croí Laighean in this time, which is almost 34 new members each week, with a large proportion of these being younger members, which is a positive sign for the future of Croí Laighean.

Expenditure

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

	Explanations
Current account and other costs	These are costs associated with the operation and management of the current account and provision for some other related costs, they will not be recurring and are only provided for prudence this year
Salary costs	We ran a voluntary exit scheme in 2020 which a number of longer serving team members opted for, salary costs will reduce in future years
Regulatory fees	These costs are outside our control and are based on the size of our assets
Legal costs	Legal costs have increased this year due to the introduction of our exit scheme, IT legal advices and some ongoing legal matters that we are working through.
Community, schools and marketing	We continue to promote our community fund with new sponsorships and gave sponsorship through our COVID-19 fund to charities and local organisations, hosting our Community Fund and Bursary events virtually in 2020.
Bank Costs	Bank costs are increasing daily as we face negative rates on all short-term liquid and operational accounts. This is unlikely to change for the foreseeable future.

Member Services Centre

Our team were extremely busy in 2020 helping all members transact during lockdown. Calls are now averaging 2,500 to 3,000 per month, as members look for different ways to interact with us, without being able to visit branches. We will be further enhancing our phone services in the coming year.

Community Work

Our community work has always been strong; however, this year has been one of the most challenging to still interact with our members and community organisations. We had to think outside the box to be able to run virtual and digital interactions so that our communities felt supported at even the most difficult times.

All of our initiatives were incredibly well received, and you will see the results of them on the pages of this annual report. Some of them related to:

- Community Hub – display of local talents from businesses in common bond
- COVID Fund – support for most vulnerable members at the start of lockdown
- Community Talks Podcast – conversations with members involved in sport to keep members entertained during lockdown
- Virtual Bursary Bash – a virtual celebration of our annual bursary for all participants
- Remote Community Fund – Community Fund maintained during 2020 giving €42,500 to community groups and organisations
- Sponsorships – continued the phenomenal work in this area, announcing several key new sponsorships with Kildare GAA, Leixlip GAA and Maynooth University

2021

In 2020 we took the opportunity to re-write our Strategic Plan. This is an ambitious plan with some exciting plans which centre around a shift to a modern banking platform. While this is a significant project, and will require a lot of internal and external resources, it is necessary for our future growth and development.

This platform will allow us to have more efficiencies for our members and allow faster onboarding for new members, more varied range of products and significant speed improvements in lending.

2021 will also see the launch of Peopl. Insurance, an insurance offering to compete with all insurers in the market. It is a significant step for Credit Unions and members, with competitive rates across multiple products and channels, while earning the Credit Union much needed commission and profit share on converted policies.

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

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.

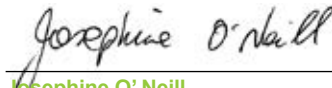
The directors are responsible for ensuring that the credit union keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the credit union, enable at any time the assets, liabilities, financial position and income and expenditure of the credit union 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 12 November 2020 and signed on its behalf by:



Eugene Kearney

Chair of the Board of Directors



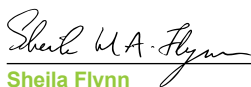
Josephine O'Neill

Secretary 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 and any regulations made for the purposes of part IV 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 12 November 2020 and signed on its behalf by:



Sheila Flynn

Secretary of the Board Oversight Committee

10 | BOARD OVERSIGHT COMMITTEE REPORT

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 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, including this year for the first time virtually. 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, and we commend them for keeping governance strong and maintained in these highly unusual times.

We extend our thanks to the directors, the management team and staff for their courtesy, assistance and co-operation during the year. I would also like to thank my fellow committee members, Tom Reilly and Sheila Flynn for their commitment and dedication during the year.

Michael Whelan

Michael Whelan
Chair

Board Oversight Committee



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROÍ LAIGHEAN CREDIT UNION LIMITED

11

Opinion

We have audited the financial statements of Croí Laighean Credit Union Limited, which comprise the income and expenditure account, the statement of other comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2020, 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 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 2020 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 auditor's 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.

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

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; and
- 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 auditor's 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 auditor's 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.

INDEPENDENT AUDITOR'S 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 auditor's 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 auditor's 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 auditor's 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

12 November 2020

14 AUDIT & FINANCE COMMITTEE REPORT

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

This committee, who meet each month, is responsible for the audit function, both internal and external. This involves liaising with the external auditors, Grant Thornton, in relation to the financial statements and the findings of their audit testing.

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 Ireland, who visit quarterly for detailed testing in relation to several areas. The themes selected this year were:

- Lending
- COVID – 19 Arrears Management
- Strong Customer Authentication
- Strategy (Content)

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.

I want to commend the work of our Head of Finance, Shane Corcoran, 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 fellow committee members for all their hard work during the year, Aine Osborne and Aida Best.



Brian Manning
Chair

Audit & Finance Committee

New members can apply
for a loan **straight away!**

Let's Talk



Croí Laighean
CREDIT UNION

1800 23 24 25
welcome@clcu.ie

Loans are subject to approval. Terms & conditions apply. If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating which may affect your ability to access credit in the future. Croí Laighean credit union is regulated by the Central Bank of Ireland.



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

- Risk Management
- Compliance

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 reviews and updates the risk register annually, which details all risks that we are exposed to. It receives reports 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. A Risk management culture is also well embedded across our branch network since our mergers which is testament to everyone involved.

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 2019 / 2020.

I want to commend the work of our staff, board of directors and board oversight committee for creating a strong regulation culture in Croí Laighean Credit Union.



Donal Daly
Chair

Risk & Compliance Committee



16 MARKETING & COMMUNITY UPDATE



Did You Know

We tackled the most common myths about Credit Unions.



Over €50,000 was donated to primary and secondary schools



Pat Jones Student Bursary

In the past 8 years, our Bursary has contributed over €70,000 to students in the common bond.

€16,000 awarded in 2020 to prospective undergraduate students.

Official Sponsors of
Maynooth University
GAA Scholarship



Takeaway Loans

Our digital capabilities enable members to borrow from us without ever having to leave their own home.



Peopl. Insurance

Bringing Members insurance which actually works in their favour and at the fairest price.

eCampaigns

Members' 2nd most preferred way to hear from us.



In 2020, we reimagined many of our services and how we participate in the community.

We launched the Covid-19 fund to provide support & funding:

- Ryevale Nursing Home
- Ofalia House
- Meals on Wheels
- Hazel Hall Nursing Home
- Irish Wheelchair Association
- Child and Adolescent Mental Health Services



Community Hub

Members and businesses shared tips on their area of expertise for our members to enjoy.



Community Talks Podcast

We launched a podcast series where we discuss life, sport and business in the community.



Community & Sponsorship

We gave back almost €170,000 to our community and schools.

Community & Sponsorship

We have key sponsorships with 13 clubs and organisations.



In 2020, we supported over 90 organisations and clubs across our Common Bond.

18 MEMBER SERVICES

The past year has seen more of our members opting to access our products and services online and over the phone. Our Member Service Centre has been working hard to ensure our members can contact the credit union quickly and efficiently to access services, loans or to have queries answered.



31,719

calls taken by Member Service Centre
average of 2,643 per month



100%

of calls answered or
called back within 1 hour



2,332

loan applications handled by our Member
Service Centre



€268,000

won in prizes by 88 Lucky
Members



334,296

In-branch Transactions
(19% decrease in previous year)



1,698,674

Automated Transactions via online and
mobile banking services
(27% increase in previous year)

SOCIAL MEDIA

19

Total Followers
on all channels

8,181

↑ 16%
YoY increase

Number of Social Media
Competitions

9



FACEBOOK
Followers

5,750

↑ 7.6%
YoY increase



TWITTER
Followers

970

↑ 17%
YoY increase



INSTAGRAM
Followers

1,461

↑ 75%
YoY increase

Page Views

↑ YoY increase: 99%



Website users
109,590



408,799

Website sessions
184,029



↑ YoY increase: 188%

WEBSITE

↑ YoY increase: 73%

Croí Laighean
Peopl.

Fair Life Insurance

- Excellent cover at a fantastic price, for Term Life, your Mortgage or Serious Illness cover, at market leading prices.
- We offer the longest terms available, up to 51 years, and can provide cover up to the age of 91.
- Immediate Quote and if you like our rates, we can provide cover on the same day.
- Select from our Term Life, Mortgage Protection or Serious Illness covers.

clcu.ie
0818 293 446



Croí Laighean
CREDIT UNION

Croí Laighean Credit Union Ltd is regulated by the Central Bank of Ireland. Reg No. 163CU
CUIS Financial Services DAC, t/a Peopl is regulated by the Central Bank of Ireland. Ref No. C182485

NOMINATIONS COMMITTEE REPORT

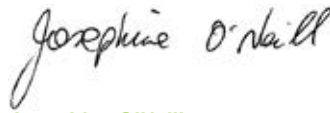
The role of the Nominations Committee is to ensure that the Board of Directors and related committees have the necessary skills and knowledge to direct the course of Croí Laighean Credit Union on behalf of members. It also has the following functions as outlined in its terms of reference:

- 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

The work of the committee would not be possible without the involvement of all our committee members. We are constantly looking for people to join our Board as Directors. If you are interested in joining a group of committed individuals and having the benefits as follows:





- Obtain Education and training in a highly professional industry.
- Receive skills and experience at director level.
- Be part of Teams and Committees working on business and community projects.

If you wish to express your interest in volunteering with us please email welcome@clcu.ie or call 1800 23 24 25.



Josephine O'Neill
Chair

Nominations Committee

Director	Board Meetings	Audit & Finance	Risk & Compliance	Nominations
Eugene Kearney				
Josephine O'Neill				
Brian Manning				
Eamonn O'Farrell				
Donal Daly				
Aida Best				
Michael Devine				
Áine Osbourne				
Padraic O'Neil				

22 DIRECTORS' REPORT

For the financial year ended 30 September 2020

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2020.

Principal activity

The principal activity of the business continues to be the operation of a credit union.

Authorisation

The credit union is authorised as follows:

- Insurance/reinsurance or ancillary insurance intermediary under the European Union (Insurance Distribution) Regulations, 2018.
- Entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.

Business review

The directors acknowledge the results for the year and the year-end financial position of the credit union. The directors expect to develop and expand the credit union's current activities and they are confident of its ability to continue to operate successfully in the future.

Dividends and loan interest rebates

The directors are not proposing a dividend or loan interest rebate in respect of the year ended 30 September 2020 (2019: proposed dividend of €83,199 (0.05%) and a proposed loan interest rebate of €453,916 (10.00%)).

Principal risks and uncertainties

The principal risks and uncertainties faced by the credit union are:

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.

Lack of loan demand

Lending is the principal activity of the credit union and the credit union is reliant on it for generating income to cover costs and generate a surplus.

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.

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.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems of the credit union, any failure by persons connected with the credit union or from external events.

These risks are managed by the board of directors as follows:

Credit risk

In order to manage this risk, the board of directors regularly reviews and approves the credit union'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.

Lack of loan demand

The credit union provide lending products to its members and promote these products through various marketing initiatives.

Market risk

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

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.

DIRECTORS' REPORT (CONTINUED)

For the financial year ended 30 September 2020

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Operational risk

The operational risk of the credit union is managed through the employment of suitably qualified staff to ensure appropriate processes, procedures and systems are implemented and are further supported with a robust reporting structure.

Accounting records

The directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the credit union are maintained at the credit union's premises at O'Connell Square, Edenderry, Co. Offaly.

Events after the end of the financial year

Since the year end the COVID-19 pandemic has continued to have a direct effect on the credit union, the economy and the general population. The directors and management are closely monitoring the evolution of the pandemic, and while there is no clear indication as to when the impact will be curtailed or eliminated, they will continue to take appropriate actions to mitigate any possible adverse effects on the credit union, on its officers and on its members.

Auditors

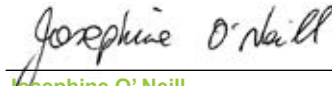
In accordance with Section 115 of the Credit Union Act, 1997 (as amended), the auditors Grant Thornton offer themselves for re-election.

This statement was approved by the Board on 12 November 2020 and signed on its behalf by:



Eugene Kearney

Chair of the Board of Directors



Josephine O'Neill

Secretary of the Board of Directors

They do mortgages too!

And they'll respond
quicker than the banks

Let's Talk



Croí Laighean
CREDIT UNION

1800 23 24 25
welcome@clcu.ie

Loans are subject to approval. Terms & conditions apply. If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating which may affect your ability to access credit in the future. Croí Laighean credit union is regulated by the Central Bank of Ireland. Turnaround times based on member feedback.



24 INCOME AND EXPENDITURE ACCOUNT

For the financial year ended 30 September 2020

Income	Schedule	2020 €	2019 €
Interest on members' loans		4,930,550	4,421,046
Other interest income and similar income	1	1,355,103	1,566,375
Net interest income		6,285,653	5,987,421
Other income	2	72,365	37,301
Total income		6,358,018	6,024,722
Expenditure			
Employment costs		2,734,935	2,227,352
Operational expenses	3	3,092,989	2,781,009
Depreciation		277,345	213,998
Bad debt losses on loans to members (note 5)		905,324	174,533
Impairment of assets		110,113	-
Total expenditure		7,120,706	5,396,892
(Deficit)/surplus for the financial year		(762,688)	627,830

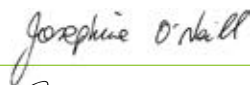
STATEMENT OF OTHER COMPREHENSIVE INCOME

For the financial year ended 30 September 2020

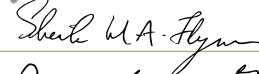
	2020 €	2019 €
(Deficit)/surplus for the financial year	(762,688)	627,830
Other comprehensive income	-	-
Total comprehensive (loss) income for the financial year	(762,688)	627,830

The financial statements were approved and authorised for issue by the Board on 12 November 2020 and signed on behalf of the credit union by:

Josephine O'Neill
Secretary of the Board of Directors



Sheila Flynn
Secretary of the Board Oversight Committee



Paul Kennedy
CEO



The notes on pages 28 to 43 form part of these financial statements.

BALANCE SHEET

As at 30 September 2020

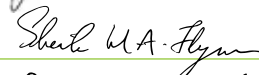
	Notes	2020 €	2019 €
Assets			
Cash and balances at bank		5,706,073	2,597,393
Deposits and investments – cash equivalents	7	31,143,662	27,925,634
Deposits and investments – other	7	125,794,137	113,593,836
Loans to members	8	66,040,015	63,258,810
Members' current accounts	12	2,482	10
Tangible fixed assets	9	3,341,949	3,562,938
Prepayments and accrued income	10	361,663	480,821
Total assets		232,389,981	211,419,442
Liabilities			
Members' savings	11	201,669,529	180,392,485
Members' current accounts	12	1,410,364	618,777
Other liabilities, creditors, accruals and charges	13	991,380	809,208
Other provisions	14	57,645	50,950
Total liabilities		204,128,918	181,871,420
Reserves			
Regulatory reserve	16	24,168,104	22,168,104
Operational risk reserve	16	741,825	709,900
Other reserves			
- Realised reserves	16	3,091,390	6,468,408
- Unrealised reserves	16	259,744	201,610
Total reserves		28,261,063	29,548,022
Total liabilities and reserves		232,389,981	211,419,442

The financial statements were approved and authorised for issue by the Board on 12 November 2020 and signed on behalf of the credit union by:

Josephine O'Neill
Secretary of the Board of Directors



Sheila Flynn
Secretary of the Board Oversight Committee



Paul Kennedy
CEO



The notes on pages 28 to 43 form part of these financial statements.

26 STATEMENT OF CHANGES IN RESERVES

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Regulatory reserve €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Total €
As at 1 October 2018	20,168,104	709,900	8,627,664	168,219	29,673,887
Surplus for the year	-	-	594,439	33,391	627,830
Dividends and loan interest rebates paid	-	-	(752,616)	-	(752,616)
Movement on reserves			(1,079)		(1,079)
Transfers between reserves	2,000,000	-	(2,000,000)	-	-
As at 1 October 2019	22,168,104	709,900	6,468,408	201,610	29,548,022
Deficit for the year	-	-	(820,822)	58,134	(762,688)
Dividends and loan interest rebates paid	-	-	(524,271)	-	(524,271)
Transfers between reserves	2,000,000	31,925	(2,031,925)	-	-
As at 30 September 2020	24,168,104	741,825	3,091,390	259,744	28,261,063

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2020 was 10.40% (2019: 10.49%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2020 was 0.32% (2019: 0.34%).



The notes on pages 28 to 43 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

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	Notes	2020 €	2019 €
Opening cash and cash equivalents		30,523,027	27,403,989
Cash flows from operating activities			
Loans repaid by members	8	28,633,661	26,927,775
Loans granted to members	8	(32,908,042)	(37,428,152)
Interest on members' loans		4,930,550	4,421,046
Other interest income and similar income		1,355,103	1,566,375
Bad debts recovered and recoveries		587,852	604,639
Other income		72,365	37,301
Dividends and loan interest rebates paid		(524,271)	(752,616)
Members' current account lodgements	12	15,699,338	1,239,910
Members' current account withdrawals	12	(14,910,223)	(621,143)
Operating expenses		(5,827,051)	(5,009,440)
Movement in other assets including impairment		9,045	(80,324)
Movement in other liabilities		188,867	196,457
Net cash flows from operating activities		(2,692,806)	(8,898,172)
Cash flows from investing activities			
Fixed assets (purchases)/disposals		(57,229)	(120,802)
Net cash flow from other investing activities		(12,200,301)	(1,792,910)
Net cash flows from investing activities		(12,257,530)	(1,913,712)
Cash flows from financing activities			
Members' savings received	11	122,131,621	123,860,585
Members' savings withdrawn	11	(100,854,577)	(109,929,663)
Net cash flow from financing activities		21,277,044	13,930,922
Net increase in cash and cash equivalents		6,326,708	3,119,038
Closing cash and cash equivalents	6	36,849,735	30,523,027

The notes on pages 28 to 43 form part of these financial statements.

28 | NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

Deposit and 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 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.

2.6 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.

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 plus accrued income less impairment.

2.7 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.

2.8 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.

2.9 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	4% straight line per annum
Fixtures and fittings	10% straight line per annum
Furniture and equipment	20% straight line per annum
Computers	25% straight line per annum
Motor vehicles	20% straight line per annum

30 | NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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 in the income and expenditure account.

2.10 Impairment of assets

At each reporting date 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.

2.11 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.

2.12 Financial liabilities – members' savings

Members' savings 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.

2.13 Members' current accounts

The credit union provides Member Personal Current Account Services in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended).

2.14 Other payables

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

2.15 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.

The credit union also operates a defined contribution pension scheme for some employees. The assets of this scheme 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.

2.16 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.

2.17 Termination benefits

Termination benefits are included in employment costs where applicable and are expensed to the income and expenditure account on an accruals basis.

2.18 Operating leases

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

2.19 Derecognition of financial liabilities

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

2.20 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.

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 union's business.

In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended).

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".

32 | NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

2.23 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.

2.24 Taxation

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

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 €3,341,949 (2019: €3,562,938).

Provision for bad debts

The credit union's accounting policy for impairment of loans is set out in the accounting policy in note 2.8. 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 €3,525,787 (2019: €2,632,123) representing 5.07% (2019: 3.99%) of the total gross loan book.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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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. In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended). The operational risk reserve of the credit union at the year end was €741,825 (2019: €709,900).

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. Key management personnel compensation

The directors of the credit union are all unpaid volunteers. The key management personnel compensation is as follows:

	2020 €	2019 €
Short term employee benefits paid to key management	465,301	404,875
Payments to pension schemes	45,697	51,033
Total key management personnel compensation	510,998	455,908

5. Bad debts losses on loans to members

	2020 €	2019 €
Bad debts recovered	(492,775)	(486,522)
Impairment of loan interest reclassified as bad debt recoveries	(95,077)	(118,117)
Movement in bad debts provision during the year	893,664	196,793
Loans written off during the year	599,512	582,379
Bad debt losses on loans to members	905,324	174,533

6. Cash and cash equivalents

	2020 €	2019 €
Cash and balances at bank	5,706,073	2,597,393
Deposits and investments – cash equivalents (note 7)	31,143,662	27,925,634
Total cash and cash equivalents	36,849,735	30,523,027

34 | NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

7. Deposits and investments

	2020 €	2019 €
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	25,996,962	25,438,799
Irish and EEA state securities	1,492,233	1,478,962
Other investments	3,654,467	1,007,873
Total deposits and investments – cash equivalents	31,143,662	27,925,634
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	61,953,028	63,634,245
Irish and EEA state securities	1,517,737	2,933,297
Bank bonds	41,368,487	28,612,235
Central bank deposits	10,736,293	1,524,093
Other investments	10,218,592	16,889,966
Total deposits and investments – other	125,794,137	113,593,836
Total deposits and investments	156,937,799	141,519,470

8. Loans to members

	2020 €	2019 €
Loans to members	69,565,802	65,890,933
Less: provision for bad debts	(3,525,787)	(2,632,123)
Loans to members (net of provision for bad debts)	66,040,015	63,258,810
As at 1 October	65,890,933	55,972,935
Loans granted during the year	32,908,042	37,428,152
Loans repaid during the year	(28,633,661)	(26,927,775)
Gross loans and advances	70,165,314	66,473,312
Bad debts		
Loans written off during the year	(599,512)	(582,379)
As at 30 September	69,565,802	65,890,933
Provision for bad debts		
As at 1 October	2,632,123	2,435,330
Movement in bad debts provision during the year	893,664	196,793
As at 30 September	3,525,787	2,632,123
The provision for bad debts is analysed as follows:		
Grouped assessed loans	3,525,787	2,632,123
Provision for bad debts	3,525,787	2,632,123

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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9. Tangible fixed assets

	Premises €	Fixtures and fittings €	Furniture and equipment €	Computers €	Motor vehicles €	Total €
Cost						
1 October 2019	3,621,923	368,390	223,170	855,635	36,656	5,105,774
Additions	-	2,503	3,014	46,547	5,165	57,229
Disposals	-	-	-	(82,969)	(1,870)	(84,839)
At 30 September 2020	3,621,923	370,893	226,184	819,213	39,951	5,078,164
Depreciation						
1 October 2019	528,692	161,275	186,862	649,874	16,133	1,542,836
Charge for year	128,877	25,783	12,396	103,399	6,890	277,345
Disposals	-	-	-	(82,969)	(997)	(83,966)
At 30 September 2020	657,569	187,058	199,258	670,304	22,026	1,736,215
Net book value						
30 September 2020	2,964,354	183,835	26,926	148,909	17,925	3,341,949
30 September 2019	3,093,231	207,115	36,308	205,761	20,523	3,562,938

10. Prepayments and accrued income

	2020 €	2019 €
Loan interest receivable	164,057	132,658
Prepayments	197,606	348,163
As at 30 September	361,663	480,821

11. Members' savings

	2020 €	2019 €
As at 1 October	180,392,485	166,461,563
Received during the year	122,131,621	123,860,585
Withdrawn during the year	(100,854,577)	(109,929,663)
As at 30 September	201,669,529	180,392,485

Members' savings are analysed as follows:

	2020 €	2019 €
Members' shares	192,211,019	173,296,280
Members' everyday accounts	9,458,510	7,096,205
Total members' savings	201,669,529	180,392,485

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For the financial year ended 30 September 2020

12. Members' current accounts

	2020 €	2019 €
As at 1 October	618,767	-
Lodgements	15,699,338	1,239,910
Withdrawals	(14,910,223)	(621,143)
As at 30 September	1,407,882	618,767

	No. of Accounts	Balance of Accounts €
Debit Balances	113	2,482
Credit Balances	1,346	1,410,364
Permitted overdrafts	-	-

13. Other liabilities, creditors, accruals and charges

	2020 €	2019 €
Trade creditors	156,578	306,444
Prize draw	54,083	48,277
Other creditors and accruals	780,719	454,487
As at 30 September	991,380	809,208

14. Other provisions

	2020 €	2019 €
Holiday pay accrual	57,645	50,950

15. Financial instruments

15a. Financial instruments – measured at amortised cost

Financial assets	2020 €	2019 €
Financial assets measured at amortised cost	208,663,461	189,966,479

Financial liabilities	2020 €	2019 €
Financial liabilities measured at amortised cost	204,128,918	181,871,420

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments, loans and members' current accounts (debit balances).

Financial liabilities measured at amortised cost comprise of members' savings, members' current accounts (credit balances), other liabilities, creditors, accruals and charges and other provisions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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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 2020				
Accounts in authorised credit institutions	19,091,455	-	19,091,455	-
Other investments	4,457,240	-	4,457,240	-
Total	23,548,695	-	23,548,695	-
At 30 September 2019				
Accounts in authorised credit institutions	11,566,984	-	11,566,984	-
Other investments	8,474,343	-	8,474,343	-
Total	20,041,327	-	20,041,327	-

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2020 (2019: €nil).



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For the financial year ended 30 September 2020

16. Reserves

	Balance 01/10/19 €	Payment of dividends and loan interest rebates €	Appropriation of current year deficit €	Transfers between reserves	Balance 30/09/20 €
Regulatory reserve	22,168,104	-	-	2,000,000	24,168,104
Operational risk reserve	709,900	-	-	31,925	741,825
Other reserves					
Realised					
Special reserve: dividends and loan interest rebates	537,115	(524,271)	-	(12,844)	-
General reserve	5,931,293	-	(820,822)	(2,019,081)	3,091,390
Total realised reserves	6,468,408	(524,271)	(820,822)	(2,031,925)	3,091,390
Unrealised					
Interest on loans reserve	132,658	-	31,399	-	164,057
Investment income reserve	68,952	-	26,735	-	95,687
Total unrealised reserves	201,610	-	58,134	-	259,744
Total reserves	29,548,022	(524,271)	(762,688)	-	28,261,063

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17. Credit risk disclosures

In line with regulatory requirements, the credit union:

- 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 business loans, community loans or loans to another credit union.

The carrying amount of the loans to members represents the credit union'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.

	2020		2019	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	57,449,357	82.58%	58,018,899	88.05%
Impaired loans:				
Not past due	2,189,345	3.16%	206,629	0.32%
Up to 9 weeks past due	6,944,454	9.98%	5,559,789	8.44%
Between 10 and 18 weeks past due	822,827	1.18%	732,000	1.11%
Between 19 and 26 weeks past due	738,324	1.06%	224,484	0.34%
Between 27 and 39 weeks past due	613,302	0.88%	306,079	0.46%
Between 40 and 52 weeks past due	245,623	0.35%	78,190	0.12%
53 or more weeks past due	562,570	0.81%	764,863	1.16%
Total impaired loans	12,116,445	17.42%	7,872,034	11.95%
Total loans	69,565,802	100.00%	65,890,933	100.00%

18. Related party transactions

18a. Loans

	2020		2019	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	5	103,000	7	53,600
Total loans outstanding to related parties at the year end	13	309,914	18	320,039
Total provision for loans outstanding to related parties		9,007		14,998

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For the financial year ended 30 September 2020

The related party loans stated above comprise of loans outstanding to directors and the management team (to include their family members or any business in which the directors or management team had a significant shareholding).

Total loans outstanding to related parties represents 0.45% of the total loans outstanding at 30 September 2020 (2019: 0.49%).

The above loan provisions are made in line with the credit union's provisioning policy. At 30 September 2020, all loans outstanding to related parties are performing in accordance with the contractual repayment terms of their credit agreements.

18b. Savings

The total amount of savings held by related parties at the year end was €536,071 (2019: €371,135).

19. Additional financial instruments disclosures

19a. Financial risk management

The credit union manages its members' savings and loans so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from the credit union'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 the credit union'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: The credit union's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. The credit union 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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19c. Interest rate risk disclosures

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

	2020		2019	
	€	Average interest rate %	€	Average interest rate %
Gross loans to members	69,565,802	7.39%	65,890,933	7.44%

Any 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:

	2020		2019	
	%	€	%	€
Dividend on shares	0.05%	82,042	0.25%	381,116
Loan interest rebate	10.00%	442,229	10.00%	371,500

The directors are not proposing a dividend or loan interest rebate in respect of the year ended 30 September 2020 (2019: proposed dividend of €83,199 (0.05%) and a proposed loan interest rebate of €453,916 (10.00%)).

21. Events after the end of the financial year

Since the year end the COVID-19 pandemic has continued to have a direct effect on the credit union, the economy and the general population. The directors and management are closely monitoring the evolution of the pandemic, and while there is no clear indication as to when the impact will be curtailed or eliminated, they will continue to take appropriate actions to mitigate any possible adverse effects on the credit union, on its officers and on its members.

22. Insurance against fraud

The credit union has Insurance against fraud in the amount of €3,000,000 (2019: €3,000,000) in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

23. Capital commitments

There were no capital commitments at 30 September 2020.

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For the financial year ended 30 September 2020

24. Contingent liabilities

24a 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 is progressing a review of this matter 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. It is expected that the credit union will finalise its review over the coming months. 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.

24b On 30 January 2020, members of the Irish League of Credit Unions ("ILCU") issued High Court summary proceedings against Croí Laighean Credit Union Limited in relation to certain matters. Croí Laighean Credit Union Limited disputes the claims being maintained by the ILCU and intends to defend these proceedings. Furthermore, Croí Laighean Credit Union Limited are in legal correspondence with The Trustees of the Irish League of Credit Unions Republic of Ireland Pension Scheme on certain matters. In accordance with Section 21.17 of FRS 102, the credit union has not disclosed the information required by Section 21.15 of FRS 102 as disclosure of the information can be expected to prejudice seriously the credit union's position on the above matters.

25. Comparative information

Comparative information has been reclassified where necessary to conform to current year presentation.

26. 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 was approved by the Pensions Authority. The Scheme exited the funding plan as scheduled on 1 March 2019 meeting its statutory funding obligations on that date.

As part of the 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

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For the financial year ended 30 September 2020

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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.

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 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 FRS 102. 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. The 2020 actuarial review is underway and is expected to be concluded by 30 November 2020.

Refer also to note 24b.

27. Approval of financial statements

The board of directors approved these financial statements for issue on 12 November 2020.

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44 SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT

For the financial year ended 30 September 2020

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's report on pages 11 to 13.

SCHEDULE 1 – OTHER INTEREST INCOME AND SIMILAR INCOME

	2020 €	2019 €
Investment income and gains received/receivable within 1 year	1,328,368	1,547,205
Investment income receivable outside of 1 year	26,735	19,170
Total per income and expenditure account	1,355,103	1,566,375

SCHEDULE 2 – OTHER INCOME

	2020 €	2019 €
Entrance fees	1,247	1,359
Other income	71,118	35,942
Total per income and expenditure account	72,365	37,301

SCHEDULE 3 – OPERATIONAL EXPENSES

	2020 €	2019 €
LP/LS and DBI	595,649	771,078
General insurance	63,555	54,300
Rent and rates	33,623	32,917
Light, heat and cleaning	62,236	53,859
Maintenance and office repairs	59,740	43,810
Security	32,192	31,765
Printing, stationery, postage and telephone	142,345	132,209
Community and schools programmes and sponsorship	162,190	106,343
Marketing, advertising and branding	154,014	105,038
Professional fees	343,816	329,541
Current account related expenses and other costs	311,784	176,131
I.T. and organisational review	81,582	37,605
AGM and meetings	29,695	19,628
Bank and transaction charges	186,904	127,292
Audit fees	39,325	39,975
Computer and data transfer costs	276,650	248,845
DGS levy	184,599	183,760
Other regulatory levies and charges	187,051	182,549
Training	7,504	18,757
Travel and subsistence	20,352	18,358
Other expenses	30,592	35,424
Legal fees	68,494	8,759
Internal audit	19,097	23,066
Total per income and expenditure account	3,092,989	2,781,009

MEMBERS DRAW 2019 - 2020

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Income & Expenditure Account				€	€	Winners	€
Opening Balance				48,276			
Fees from members	7,966	members		274,082			
Prizes to members	88	winners	(268,000)		10,000	12	120,000
					4,000	12	48,000
Promotional & stationary expenses			(276)		3,000	12	36,000
					2,000	12	24,000
Closing balance			54,082		1,000	40	40,000
							268,000

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