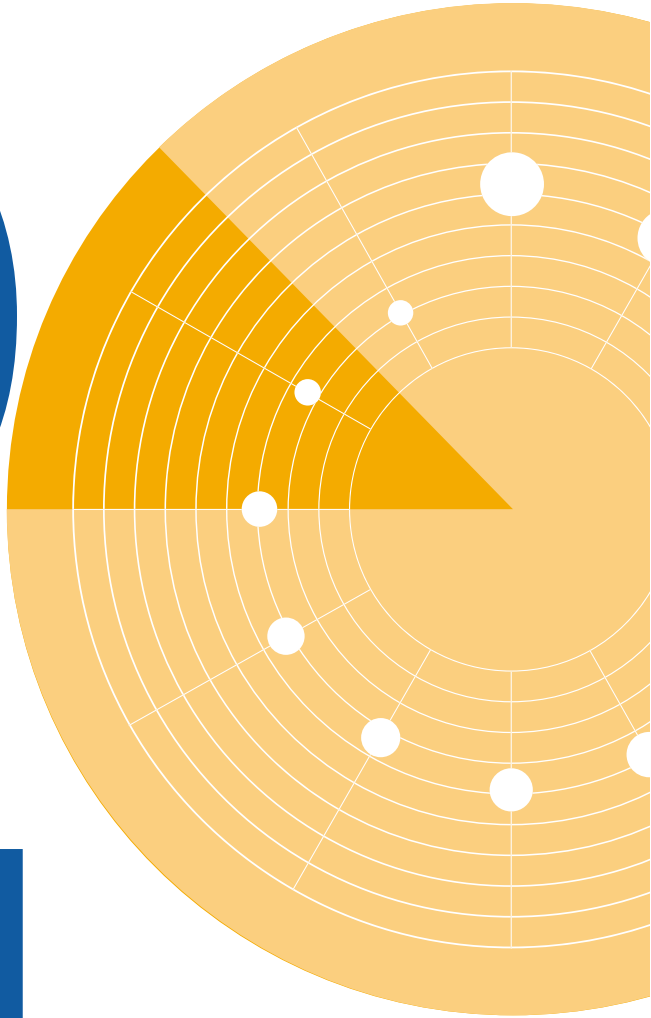




Limerick & District
Credit Union Ltd.



ANNUAL
REPORT

Date 18th December 2019

Time 8.00pm

Location The Strand Hotel,
Ennis Road, Limerick.

☎ 061 455 831 ✉ info@lcu.ie

www.mylimerickcu.ie   

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Notice of Annual General Meeting 2019

Notice is hereby given that the Annual General Meeting of Limerick & District Credit Union Ltd. will be held in the Strand Hotel, Ennis Road, Limerick on Wednesday the 18th December 2019 at 8.00 p.m. sharp. Parking will be free to members attending the A.G.M.

Signed; Carmel Cronin, Hon. Secretary

**MEMBERS MUST BRING THEIR PASSBOOKS
TO GAIN ENTRY TO THE AGM.**

Notice of Elections

Elections will be held to fill five vacancies on the Board of Directors and two vacancies on the Board Oversight Committee. In accordance with Fitness and Probity requirements per the Central Bank Reform Act 2010 nominations for position of Director or member of Board Oversight Committee must have been received by the Nomination Committee before November 22nd, 2019 in order for due diligence to be carried out on the candidates. Please note that due to these requirements no nominations may be accepted from the floor.

Registered Office: Limerick and District Credit Union Ltd., Credit Union House, Redgate, Limerick

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Agenda

- 1 The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons.
- 2 Ascertainment that a quorum is present.
- 3 A welcome to our new members.
- 4 Adoption of Standing Orders.
- 5 Reading and approval (or correction) of the minutes of the last Annual General Meeting and any intervening Special General Meeting.
- 6 Report of the Chairman
- 7 Appointment of tellers
- 8 Report of the CEO
- 9 Report of the Auditor and consideration of accounts and related matters
- 10 Declaration of Dividend
- 11 Report of the Board Oversight Committee
- 12 Report of the Credit Committee
- 13 Report of the Credit Control Committee
- 14 Membership Report
- 15 Report of the Insurance Officer
- 16 Report of the Nominating Committee
- 17 Election of Auditor
- 18 Election to fill vacancies on the Board Oversight Committee
- 19 Election to fill vacancies on the Board of Directors
- 20 Motions for Approval
- 21 Any other Business
- 22 Announcement of Election Results
- 23 Adjournment or close of Meeting

Any Committee Reports not included in this Annual Report will be available from any of our offices and on our website (www.mylimerickcu.ie) prior to the date of the AGM and will be made available to members attending the AGM.

Amendments to the Standard Rules for Credit Unions (Republic of Ireland) arising from the Irish League of Credit Unions (League) AGM 2019

Resolution 21 from League AGM 2019 provided that:

That this Annual General Meeting agrees to insert a new 84A into the Standard Rules for Credit Unions (Republic of Ireland), to read as follows:

Rule 84A. Membership Officer

(1) The board of directors may approve the appointment of a person by the manager as a membership officer to assist the membership committee and work under its supervision and control.

(2) A record of each application for membership which has or has not been approved shall be furnished by the membership officer to the membership committee no later than seven days of receipt of the application.

Resolution 22 from League AGM 2019 provided that:

That this Annual General Meeting agrees to amend Rule 13(1)(ii) of the Standard Rules for Credit Unions (Republic of Ireland) by the insertion of "or by a duly appointed and authorised Membership Officer", to read as follows:

Rule 13. Qualifications for membership

- (1) An applicant shall be admitted to membership only when:
 - (i) it shall have been determined that he is eligible for membership in accordance with rule 11; and
 - (ii) his application for membership shall have been approved by the affirmative vote of a majority of the board of directors or by a duly appointed and authorised membership committee present at a meeting at which the application is considered, or by a duly appointed and authorised Membership Officer; and

Resolution 23 from League AGM 2019 provided that:

That this Annual General Meeting agrees to amend Rule 83 of the Standard Rules for Credit Unions (Republic of Ireland) by the insertion of "and/or membership officer", to read as follows:

Rule 83. Duties of membership committee and/or membership officer

Subject to these rules and the Act, the membership committee and/or membership officer shall:.....

Resolution 24 from League AGM 2019 provided that:

That this Annual General Meeting agrees to amend Rule 1(a) of the Standard Rules for Credit Unions (Republic of Ireland) by the insertion of "membership officer", to read as follows:

Rule 1. Interpretation

'officer' includes:

- (a) the chair, the secretary or any other member of the board of directors, a member of a principal committee, a member of the board oversight committee, risk management officer, compliance officer, credit officer, membership officer or credit control officer of the credit union,
- (b) an employee of the credit union to whom paragraph (a) does not apply, and
- (c) a voluntary assistant of the credit union,

but does not include an auditor appointed by the credit union in accordance with the requirements of the Act;

Standing Orders

Model Standing Orders for Credit Unions (Republic of Ireland) Reference: Recommendation 41(b) of the Planning Committee

1. 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).

2 - 3. ELECTION PROCEDURE

2 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. In the case of election for Directors, the three highest polling candidates shall serve a three year term, the fourth highest shall serve a two year term and the fifth highest shall serve a one year term. In the case of elections for the Board Oversight Committee, the highest polling candidate shall serve a 3 year term and the second highest polling candidate shall serve a 2 year term.

3 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.

4 - 9. MOTIONS

4 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.

5 A proposer of a motion may speak for such period as shall be at the discretion of the chair of the meeting and shall have the right of reply before the motion is put to the meeting for a vote.

6 In exercising his/her right of reply, a proposer may not introduce new material.

7 The seconder of a motion shall have such time as shall be allowed by the chair to second the motion.

8 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 chair.

9 The chair 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.

10 - 15. MISCELLANEOUS

10 The chair of the board of directors shall be the chair of any general meeting, except where he/she is not available, in which case it shall be the vice-chair, except where he/she is not available, in which case the board shall decide amongst themselves who shall act as chair on any general meeting.

11 The chair may at his/her discretion, extend the privilege of the floor to any person who is not a member.

12 Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the chair.

13 The chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.

14 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.

15 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.

16. 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.

17. 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.

18. ADJOURNMENTS

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

19. MEMBER RESPECT

Members are requested to show respect when they are asking or replying to questions during the meeting. This includes the tone and content of the words used.

MEMBERS' INFORMATION

NOTICE REGARDING THE VERIFICATION OF MEMBERS' CREDIT UNION ACCOUNT TRANSACTIONS BY PHONE



As part of their annual fraud prevention and detection work programmes, the Internal Auditor, the Compliance Officer and the Risk Management Officer in Limerick & District Credit Union Ltd., are required to phone a sample of members during the year, to confirm the authenticity of transactions on their credit union account. During any such phone conversation, the member will only ever be requested to answer a question as "yes or no" and the member will not be requested to provide any specific personal or account details. If you receive any such phone call from a person claiming to be the Internal Auditor, the Compliance Officer or the Risk Management Officer from Limerick & District Credit Union Ltd. and the caller requests you to provide specific personal or account details, then please do not provide the caller with any such personal or account details and instead contact the credit union on (061) 455831.

PRIZE DRAW - INCOME AND EXPENDITURE ACCOUNT

Opening balance as at 1st October

Member Money Received

Member money Paid out in Prizes

Closing Balance as at 30th September

2019	2018
€	€
-	1,522.50
18,810	18,827.50
(18,810)	(20,350.00)
<u>-</u>	<u>-</u>

IMPORTANT INFORMATION RE ACCOUNT STATEMENTS

You should have received a statement for the period ended October 31st, 2019 for your Credit Union Accounts with this AGM notification. If you have any questions on your statement, please initially call Limerick & District Credit Union Limited on 061 455831. If after speaking directly to the Credit Union your query is not satisfactorily resolved, please contact the Credit Union's Internal Audit function MOET Accountants at 061 335574.

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,
and 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.



Got a Question?

If you have a question arising from the content of the 2019 Annual Report, or a general Credit Union question, we would be delighted to discuss same with you in any of our 5 offices. If you have a question you intend asking at the A.G.M., it would be preferable for you to provide us with the question in advance of the A.G.M. in order for us to have the information to hand to enable us provide you with the fullest answer possible.

The latest date for receipt of questions in writing will be Friday the 13th December 2019. Please email your question to c.long@lcu.ie.

Report of the Chairperson

Dear Members

On behalf of the Board of Directors, I would like to welcome all of you to the 44th Annual General Meeting of Limerick & District Credit Union Limited.

Firstly, we can all be very proud of our new inclusive credit union name, Limerick & District Credit Union Ltd, which was the name approved at the 2018 AGM. This name is a truer representation of our common bond and is a more inclusive name for all our members.

The financial reports are set out in this annual report booklet and will be presented in full at the AGM. Limerick & District Credit Union Limited continues to serve its membership with competitive lending products and a team who provide a quality and caring service to all our members. The Credit Union is managed in a prudent and competent manner and has very strong reserves. There are challenges to the viability of all credit unions due to the low rate of return on investments and higher IT and regulatory costs. We also operate in an increasingly competitive environment.

The Board of Directors as representatives of the membership are charged with putting in place strategies that will ensure that the credit union remains viable and strong into the future. In this regard, we continually review our loan product range. Limerick & District Credit Union Ltd. currently offers a full range of unsecured loan products up to €50,000, as well as secured mortgage loans up to €250,000. During 2019 a new Re-Connect Loan product was introduced targeting members who had not borrowed from us for over 12 months and new members who had never borrowed from the credit union. The Re-connect loan contributed to the success of increasing the number of borrowing members during 2019. Thank you to all our members who collectively borrowed €13.447m in 2019. Our loan book now stands at €24.764m, a 5.7% increase on the previous year.

During the year, we relaunched our Website, www.mylimerickcu.ie, and improved the range of services offered via the online channel. In September 2019, in order to comply with the Payment Services Directive, we upgraded online access to multi factor authentication (MFA) which allows for greater security for our members when accessing their credit union accounts online.



Report of the Chairperson (continued)

The shadow of Brexit continues to hang over the Irish economy and the uncertainty of various Brexit scenarios is impacting negatively on the local economy. Strong employment growth gains in the mid-west region has slowed in recent months as businesses and consumers are delaying investment decisions as they wait for more certainty on the Brexit outcome. Members are also postponing decisions to spend, dampening loan demand and opting instead to save during these uncertain times. We will continue to monitor and assess this risk to our business, and we will take whatever measures are available to us to lessen the potential impact of Brexit.

The Credit Union has to date invested in several strategic alliance projects. Metamo is a joint venture approach between FEXCO and 16 credit unions with the aim of enhancing the business model through the development of new products, shared services and greater cost efficiencies. It is too early to report on any material developments to this project, but several promising initiatives will be developed further into 2020. The Board will continue to engage and monitor these projects in the year ahead. I want to acknowledge the work of the CEO in driving these projects forward.

As well as alliances, we remain open to meeting with other like-minded credit unions to develop closer working relationships which will enhance the service offered to our members. We are also open to any potential to lower costs through sharing of certain services.

During 2019, a few Limerick credit unions transferred to new ownership - some to larger credit unions based elsewhere in the country. Your credit union will continue to consider any strategic alliances that will benefit all members and contribute to our ongoing viability. Your Board remains committed to our local community here in Limerick. Limerick & District Credit Union Limited will remain a Limerick based credit union. Our Limerick Board of Directors come from our Limerick community and will always seek to make decisions that promote the best credit union services for all its Limerick members.

We deeply regret the loss of our members who died during the year and we offer our deepest sympathy to their families.

I wish to thank my fellow Directors, Board Oversight Committee and other volunteers for their tireless work and commitment to the Credit Union. I would especially like to thank our retiring Directors Paddy Delaney and Antoinette Barry, who retired during the year, and also Billy Galvin who has given over two decades of service to the credit union on both the Board of Directors and the Board Oversight Committee. I also wish to thank our CEO, Caroline Long and her staff for their excellent work and service to our members during 2019.

Finally, and most importantly I want to thank you our members for your continued loyalty and support. You are the reason that our Credit Union remains strong.

May I wish you and your families a happy and healthy Christmas.



Mary Larkin
Chairperson of the Board of Directors:

Report of the Board Oversight Committee

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 other matter prescribed by the Central Bank in respect of which they are to have regard to in relation to the Board of Directors.

In general the functions of the Board Oversight Committee relate to the assessment, evaluation and reporting on whether the Board of Directors has operated in accordance with Part IV and IV(A) of the Credit Union Act 1997. The Board Oversight Committee is not directly involved in the operation of the Credit Union.

The members of the Board Oversight Committee in 2019 were Brendan Healy (chair), Teresa Dundon (secretary), and William Galvin.

BOARD OF DIRECTORS AND COMMITTEES

We attend every meeting of the board of Directors. We review the various reports submitted by the committees to the Board of Directors and we have quarterly meetings with the Board of Directors. We also attend committee meetings on an ad-hoc basis.

COURSES AND SEMINARS

The Board Oversight Committee attended various seminars and courses. These included courses on Anti-Money Laundering, Data Protection, Anti-Fraud and the Role of Board Oversight Committee. We also participated in training courses with the National Supervisors Forum.

COMPLIANCE, RISK AND INTERNAL AUDIT

We had quarterly meetings with the Internal Auditor James Mounsey of MOET Accountants (Internal Auditors) and we also met with the Risk Management Officer and the Compliance Officer during the year. We reviewed the reports of these officers which were submitted to meetings of the Board of Directors. These reports and our own review work completed confirmed that high standards of governance are in place and we are satisfied that your Credit Union is being run in a very satisfactory manner and that the Board of Directors has operated in accordance with Part IV and IV(A) of the 1997 Act.

CEO AND STAFF

We would like to thank the Board of Directors, the CEO Caroline Long and all her staff for their co-operation and assistance during the year. We also wish to thank William Galvin on his retirement for his many years of service as an officer of the Board Oversight Committee.

Brendan Healy

Chair of the Board Oversight Committee

Financial Statements

For the Financial Year Ended 30 September 2019

Directors' Report

For the Financial Year Ended 30 September 2019

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2019.

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.
- Investment Intermediaries (Restricted Activity Investment Product Intermediary) pursuant to Section 26 of the Investment Intermediaries Act, 1995 (as amended).
- Entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.

Business review

The directors are satisfied with 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

The surplus for the financial year is set out in the income and expenditure account on page 15. The directors are proposing a dividend in respect of the year ended 30 September 2019 of €21,734 (0.025%) (2018: €83,980 (0.10%)).

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 principle 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.

Directors' report (continued)

For the Financial Year ended 30 September 2019

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 policy. All loan applications are assessed with reference to the credit policy 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.

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 Credit Union House, Redgate, Limerick.

Events after the end of the financial year

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

Auditors

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

This report was approved by the board on 31st October 2019 and signed on its behalf by:

On behalf of the Credit Union:



Mary Larkin
Chairperson of the Board of Directors:
Date: 31st October 2019



Carmel Cronin
Member of the Board of Directors:
Date: 31st October 2019

Directors' Responsibility Statement

For the Financial Year Ended 30 September 2019

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 31st October 2019 and signed on its behalf by:

On behalf of the Credit Union:

Mary Larkin
Chairperson of the Board of Directors
Date: 31st October 2019



Carmel Cronin
Member of the Board of Directors
Date: 31st October 2019



Board oversight committee's responsibilities statement

For the Financial Year ended 30 September 2019

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 31st October 2019 and signed on its behalf by:

Brendan Healy
Chairperson of the Board Oversight Committee
Date: 31st October 2019



Independent Auditors' Report

to the members of Limerick and District Credit Union Limited

Opinion

We have audited the financial statements of Limerick & District 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 2019, 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, Limerick & District 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 2019 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 (continued)

to the members of Limerick and District Credit Union Limited

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) 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 a going concern and using the going concern basis of accounting unless management 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 Auditors' Report (continued)

to the members of Limerick and District Credit Union Limited

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment 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
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Audit Firm
Mill House, Henry Street, Limerick

Date: 31st October 2019

Income and Expenditure Account

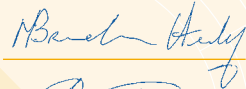
For the Financial Year Ended 30 September 2019

		2019	2018
Income	Schedule	€	€
Interest on members' loans		2,212,678	2,146,105
Other interest and similar income	1	<u>1,044,242</u>	<u>1,016,126</u>
Net interest income		3,256,920	3,162,231
Other income	2	<u>13,414</u>	<u>20,669</u>
Total income		<u>3,270,334</u>	<u>3,182,900</u>
Expenditure			
Employment costs		946,858	963,222
Other management expenses	3	2,035,336	2,216,469
Depreciation		191,897	178,388
Net impairment losses/(gains) on loans to members (note 5)		<u>(239,491)</u>	<u>(294,966)</u>
Total expenditure		<u>2,934,600</u>	<u>3,063,113</u>
Surplus for the financial year		<u>335,734</u>	<u>119,787</u>

The financial statements were approved and authorised for issue by the board on 31st October 2019 and signed on behalf of the credit union by:

Member of the Board Oversight Committee: Brendan Healy

Date: 31st October 2019



Member of the Board of Directors: Mary Larkin

Date: 31st October 2019



Chief Executive Officer: Caroline Long

Date: 31st October 2019



The notes on pages 20 to 34 form part of these financial statements.

Statement of Other Comprehensive Income

For the Financial Year Ended 30 September 2019

Surplus for the financial year
Other comprehensive income

Total comprehensive income for the financial year

2019	2018
€	€
335,734	119,787
-	-
335,734	119,787

The financial statements were approved and authorised for issue by the board on 31st October 2019 and signed on behalf of the credit union by:

Member of the Board Oversight Committee: Brendan Healy
Date: 31st October 2019



Member of the Board of Directors: Mary Larkin
Date: 31st October 2019



Chief Executive Officer: Caroline Long
Date: 31st October 2019




The notes on pages 20 to 34 form part of these financial statements.

Balance Sheet

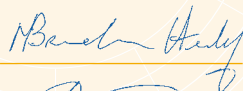
As at 30 September 2019

	Notes	2019 €	2018 €
Assets			
Cash and balances at bank		2,422,334	4,369,186
Deposits and investments – cash equivalents	7	13,479,436	5,074,805
Deposits and investments – other	7	72,513,561	76,007,993
Loans to members	8	24,764,463	23,433,175
Provision for bad debts	9	(1,852,424)	(1,848,036)
Tangible fixed assets	10	1,373,062	1,503,353
Investments in associates	11	265,000	-
Prepayments and accrued income	12	131,219	133,097
Total assets		113,096,651	108,673,573
Liabilities			
Members' shares	13	89,217,265	85,081,930
Other liabilities, creditors, accruals and charges	14	721,896	689,943
Other provisions	15	8,397	4,887
Total liabilities		89,947,558	85,776,760
Reserves			
Regulatory reserve	17	12,471,147	12,471,147
Operational risk reserve	17	619,352	519,352
Other reserves			
- Realised reserves	17	9,994,702	9,810,791
- Unrealised reserves	17	63,892	95,523
Total reserves		23,149,093	22,896,813
Total liabilities and reserves		113,096,651	108,673,573

The financial statements were approved and authorised for issue by the board on 31st October 2019 and signed on behalf of the credit union by:

Member of the Board Oversight Committee: Brendan Healy

Date: 31st October 2019



Member of the Board of Directors: Mary Larkin

Date: 31st October 2019



Chief Executive Officer: Caroline Long

Date: 31st October 2019



Statement of Changes in Reserves

For the Financial Year Ended 30 September 2019

	Regulatory reserve	Operational risk reserve	Realised reserves	Unrealised reserves	Total
	€	€	€	€	€
As at 1 October 2017	12,471,147	469,352	9,850,007	73,491	22,863,997
Surplus for the financial year	-	-	94,288	25,499	119,787
Dividends paid	-	-	(86,971)	-	(86,971)
Transfers between reserves	-	50,000	(46,533)	(3,467)	-
As at 1 October 2018	12,471,147	519,352	9,810,791	95,523	22,896,813
Surplus for the financial year	-	100,000	235,304	430	335,734
Dividends paid	-	-	(83,454)	-	(83,454)
Transfers between reserves	-	-	32,061	(32,061)	-
As at 30 September 2019	12,471,147	619,352	9,994,702	63,892	23,149,093

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2019 was 11.03% (2018: 11.48%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2019 was 0.55% (2018: 0.48%).

The notes on pages 20 to 34 form part of these financial statements.

Statement of Cash Flows

For the Financial Year Ended 30 September 2019

		2019 €	2018 €
Opening cash and cash equivalents		9,443,991	19,256,591
Cash flows from operating activities			
Loans repaid by members	8	12,005,017	11,274,277
Loans granted to members	8	(13,447,536)	(12,133,478)
Loan interest		2,212,678	2,146,105
Investment income		1,044,242	1,016,126
Bad debts recovered and recoveries		355,110	364,956
Other receipts		13,414	20,669
Dividends paid		(83,454)	(86,971)
Operating expenses		(2,982,194)	(3,179,691)
Movement in other assets and liabilities		37,341	120,800
Net cash flows from operating activities		(845,382)	(457,207)
Cash flows from investing activities			
Fixed asset (purchases)/disposals		(61,606)	(643,670)
Net cash flow from other investing activities		3,494,432	(11,062,277)
Investments in associates		(265,000)	-
Net cash flows from investing activities		3,167,826	(11,705,947)
Cash flows from financing activities			
Members' shares received	13	133,680,122	90,459,282
Members' shares withdrawn	13	(129,544,787)	(88,108,728)
Net cash flow from financing activities		4,135,335	2,350,554
Net (decrease)/increase in cash and cash equivalents		6,457,779	(9,812,600)
Closing cash and cash equivalents	6	15,901,770	9,443,991

The notes on pages 20 to 34 form part of these financial statements.

Notes to the Financial Statements

For the Financial Year Ended 30 September 2019

1. Legal and regulatory framework

Limerick & District 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 Credit Union House, Redgate, Limerick.

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 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 held for trading and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category. Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They 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.

Notes to the Financial Statements (continued)

For the Financial Year Ended 30 September 2019

2. Accounting policies (continued)

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 active market these assets will be carried at cost 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 the right to receive cash flows from the asset has expired, usually when all amounts outstanding have been repaid by the member.

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.

The credit union adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the credit union. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income and expenditure account during the period in which they are incurred.

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:

Freehold Premises
2% straight line per annum

Leasehold improvements
Over the lesser of the useful economic life and the remaining term of the lease

Fixtures and fittings
20% straight line per annum

Office equipment
33.33% straight line 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.

2.10 Investments in associates

Investments in associates are accounted for at cost less impairment.

Notes to the Financial Statements (continued)

For the Financial Year Ended 30 September 2019

2. Accounting policies (continued)

2.11 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 carry 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.

2.12 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.

2.13 Financial liabilities – members' shares

Members' shares in Limerick & District 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.

2.14 Other payables

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

2.15 Pension costs

Limerick & District 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 Limerick & District 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 plan for certain employees. A defined contribution plan is a pension plan under which the credit union pays fixed contributions into a separate entity. Once the contributions have been paid the credit union has no further payments obligations.

The contributions are recognised as an expense in the income and expenditure account when they fall due. Amounts not paid are shown in accruals as a liability on the balance sheet. The assets of the plan are held separately from the credit union in independently administered funds.

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 Derecognition of financial liabilities

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

2.18 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.

Notes to the Financial Statements (continued)

For the Financial Year Ended 30 September 2019

2. Accounting policies (continued)

2.19 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 considered an approach to the calculation of the operational risk reserve. Limerick & District Credit Union Limited uses the Basic Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the operational risk reserve. Therefore Limerick & District Credit Union Limited will hold an operational risk reserve which will at a minimum equal 15% of the average positive gross income for the previous three years. For any year in which there was a deficit, this will be excluded from the calculation.

2.20 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".

2.21 Distribution policy

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

The rate of dividends 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 rebate 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 when members ratify such payments at the Annual General Meeting.

2.22 Taxation

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

Notes to the Financial Statements (continued)

For the Financial Year Ended 30 September 2019

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments 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. The directors 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 €1,373,062 (2018: €1,503,353).

Provision for bad debts

Limerick & District Credit Union Limited'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 €1,852,424 (2018: €1,848,036) representing 7.48% (2018: 7.89%) of the total gross loan book.

Investments in associates

The investments in associates represents Limerick & District Credit Union Limited's investment in Metacu Management Designated Activity Company. This investment was made for operational purposes. The credit union holds 6.25% Redeemable A Ordinary shares in the company and through the terms of the shareholders agreement agreed between each of the participating credit unions, Limerick & District Credit Union Limited is deemed to have influence over the operations of this company. Therefore the investment has been accounted for as an investment in an associate.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have considered an approach to the calculation of the operational risk reserve. Limerick & District Credit Union Limited uses the basic indicator approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the minimum operational risk reserve. The operational risk reserve of the credit union at the year end was €619,352 (2018: €519,352).

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.

Notes to the Financial Statements (continued)

For the Financial Year Ended 30 September 2019

4. Key management personnel compensation

The directors of Limerick & District Credit Union Limited are all unpaid volunteers. The key management personnel compensation is as follows.

	2019	2018
	€	€
Short term employee benefits paid to key management	311,840	306,431
Payments to pension schemes	47,623	47,412
Total key management personnel compensation	<u>359,463</u>	<u>353,843</u>

5. Net impairment losses/ (gains) on loans to members

	2019	2018
	€	€
Bad debts recovered	(252,990)	(264,360)
Impairment of loan interest reclassified as bad debt recoveries	(102,120)	(100,596)
Movement in bad debts provision during the year	4,388	(22,674)
Loans written off	111,231	92,664
Net impairment losses/(gains) on loans to members	<u>(239,491)</u>	<u>(294,966)</u>

6. Cash and cash equivalents

	2019	2018
	€	€
Cash and balances at bank	2,422,334	4,369,186
Deposits & investments (note 7)	85,992,997	81,082,798
Less: Deposit & investment amounts maturing after three months	(72,513,561)	(76,007,993)
Total cash and cash equivalents	<u>15,901,770</u>	<u>9,443,991</u>

7. Deposits and investments

	2019	2018
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	<u>13,479,436</u>	<u>5,074,805</u>
Total deposits and investments – cash equivalents	<u>13,479,436</u>	<u>5,074,805</u>
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	37,480,139	32,900,420
Bank bonds	29,632,552	37,702,838
Irish and EEA state securities	4,592,090	4,595,764
Central Bank deposits	<u>808,780</u>	<u>808,971</u>
Total deposits and investments – other	<u>72,513,561</u>	<u>76,007,993</u>
Total deposits and investments	<u>85,992,997</u>	<u>81,082,798</u>

Notes to the Financial Statements (continued)

For the Financial Year Ended 30 September 2019

8. Financial assets - loans to members

	2019	2018
	€	€
As at 1 October	23,433,175	22,666,638
Loans granted during the year	13,447,536	12,133,478
Loans repaid during the year	(12,005,017)	(11,274,277)
Gross loans and advances	<u>24,875,694</u>	<u>23,525,839</u>
Bad debts		
Loans written off during the year	(111,231)	(92,664)
As at 30 September	<u>24,764,463</u>	<u>23,433,175</u>

9. Provision for bad debts

	2019	2018
	€	€
As at 1 October	1,848,036	1,870,710
Movement in bad debts provision during the year	4,388	(22,674)
As at 30 September	<u>1,852,424</u>	<u>1,848,036</u>

The provision for bad debts is analysed as follows:

	2019	2018
	€	€
Grouped assessed loans	1,852,424	1,848,036
Provision for bad debts	<u>1,852,424</u>	<u>1,848,036</u>

10. Tangible fixed assets

	Premises	Leasehold improvements	Fixtures & fittings	Office equipment	Total
	€	€	€	€	€
COST					
1 October 2018	888,850	721,511	760,264	824,310	3,194,935
Additions	-	-	2,508	59,098	61,606
At 30 September 2019	<u>888,850</u>	<u>721,511</u>	<u>762,772</u>	<u>883,408</u>	<u>3,256,541</u>
Depreciation					
1 October 2018	241,566	111,548	689,642	648,826	1,691,582
Charge for year	17,777	65,118	20,825	88,177	191,897
At 30 September 2019	<u>259,343</u>	<u>176,666</u>	<u>710,467</u>	<u>737,003</u>	<u>1,883,479</u>
Net book value					
30 September 2019	<u>629,507</u>	<u>544,845</u>	<u>52,305</u>	<u>146,405</u>	<u>1,373,062</u>
30 September 2018	647,284	609,963	70,622	175,484	1,503,353

II. Investments in associates

	€
Cost	
At 1 October 2018	-
Additions in the year	<u>265,000</u>
At 30 September 2019	<u>265,000</u>
Accumulated impairment	
At 1 October 2018	-
Impairment loss	<u>-</u>
At 30 September 2019	<u>-</u>
Net book value	
30 September 2019	<u>265,000</u>
30 September 2018	<u>-</u>

Interests in associate

The credit union has interests in the following associate:

Associate	Type of shares held	Proportion held (%)	Net Assets €	Profit or loss €
Metacu Management Designated Activity Company	Redeemable A Ordinary	6.25%	-*	-*

The effect of including this investment as if it had been accounted for using the equity method would be as follows:

	Share of net assets
	€
At 1 October 2018	-
Investment during the year	265,000
Share of profit/(loss) for the financial year after tax	-*
Share of other comprehensive income	<u>-*</u>
At 30 September 2019	<u>265,000</u>

*Metacu Management Designated Activity Company commenced trading during 2019 and has not yet prepared its first year financial statements. Consequently the net assets or profit/loss of the company is not yet available.

Notes to the Financial Statements (continued)

For the Financial Year Ended 30 September 2019

12. Prepayments and accrued income

	2019	2018
	€	€
Loan interest receivable	62,213	67,811
Prepayments	<u>69,006</u>	<u>65,286</u>
	<u>131,219</u>	<u>133,097</u>

13. Members' shares

	2019	2018
	€	€
As at 1 October	85,081,930	82,731,376
Received during the year	133,680,122	90,459,282
Withdrawn during the year	(129,544,787)	(88,108,728)
As at 30 September	<u>89,217,265</u>	<u>85,081,930</u>

14. Other liabilities, creditors, accruals and charges

	2019	2018
	€	€
Accruals	712,344	677,398
PAYE/PRSI	<u>9,552</u>	<u>12,545</u>
	<u>721,896</u>	<u>689,943</u>

15. Other provisions

	2019	2018
	€	€
Holiday Pay Accrual		
At 1 October	4,887	5,143
Charged to the income and expenditure account	<u>3,510</u>	<u>(256)</u>
At 30 September	<u>8,397</u>	<u>4,887</u>
Pension Provision		
At 1 October	-	12,726
Charged to the income and expenditure account	<u>-</u>	<u>(12,726)</u>
At 30 September	<u>-</u>	<u>-</u>
Total other provisions		
At 1 October	4,887	17,869
Charged to the income and expenditure account	<u>3,510</u>	<u>(12,982)</u>
At 30 September	<u>8,397</u>	<u>4,887</u>

Notes to the Financial Statements (continued)

For the Financial Year Ended 30 September 2019

16. Financial instruments

16a. Financial instruments

Financial assets	2019	2018
	€	€
Financial assets measured at amortised cost	<u>112,444,794</u>	<u>107,885,159</u>
Financial liabilities	2019	2018
	€	€
Financial liabilities measured at amortised cost	<u>89,947,558</u>	<u>85,776,760</u>

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

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

16b. 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:

At 30 September 2019	Total	Level 1	Level 2	Level 3
	€	€	€	€
Bank bonds	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Total	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
At 30 September 2018	Total	Level 1	Level 2	Level 3
	€	€	€	€
Bank bonds	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Total	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2019 (2018: €nil).

Notes to the Financial Statements (continued)

For the Financial Year Ended 30 September 2019

17. Reserves

	Balance 01/10/18 €	Payment of dividends €	Appropriation of current year surplus €	Transfers between reserves €	Balance 30/09/19 €
Regulatory reserve	12,471,147	-	-	-	12,471,147
Operational risk reserve	519,352	-	100,000	-	619,352
Other reserves					
Realised					
Undistributed surplus	37,703	-	-	(37,703)	-
Reserves arising on the transfers of engagements	1,306,095	-	-	(1,306,095)	-
General reserve	6,883,013	-	213,570	2,776,385	9,872,968
Future dividend reserve	1,500,000	-	-	(1,400,000)	100,000
Special reserve: proposed dividends	83,980	(83,454)	21,734	(526)	21,734
Total realised reserves	9,810,791	(83,454)	235,304	32,061	9,994,702
Unrealised					
Interest on loans reserve	67,811	-	-	(5,598)	62,213
Investment income reserve	27,712	-	430	(26,463)	1,679
Total unrealised reserves	95,523	-	430	(32,061)	63,892
Total reserves	22,896,813	(83,454)	335,734	-	23,149,093

Notes to the Financial Statements (continued)

For the Financial Year Ended 30 September 2019

18. 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 Limerick & District 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.

	2019		2018	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	<u>20,367,662</u>	82.25%	<u>17,598,224</u>	75.10%
Impaired loans:				
Not past due	161,308	0.65%	504,551	2.15%
Up to 9 weeks past due	2,946,777	11.90%	3,915,699	16.71%
Between 10 and 18 weeks past due	252,818	1.02%	327,357	1.40%
Between 19 and 26 weeks past due	99,592	0.40%	150,360	0.64%
Between 27 and 39 weeks past due	146,228	0.59%	157,777	0.67%
Between 40 and 52 weeks past due	100,799	0.41%	161,452	0.69%
53 or more weeks past due	<u>689,279</u>	<u>2.78%</u>	<u>617,755</u>	<u>2.64%</u>
Total impaired loans	<u>4,396,801</u>	<u>17.75%</u>	<u>5,834,951</u>	<u>24.90%</u>
Total loans	<u>24,764,463</u>	<u>100.00%</u>	<u>23,433,175</u>	<u>100.00%</u>

19. Related party transactions

19a. Loans

	2019		2018	
	No. of Loans	€	No. of Loans	€
Loans advanced to related parties during the year	2	13,500	4	39,727
Total loans outstanding to related parties at the year end	4	50,996	5	47,619
Total provision for loans outstanding to related parties		2,016		2,389

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 0.21% of the total loans outstanding at 30 September 2019 (2018: 0.20%).

Notes to the Financial Statements (continued)

For the Financial Year Ended 30 September 2019

19b. Shares

The total amount of shares held by related parties at the year end was €168,808 (2018: €199,053).

20. Additional financial instruments disclosures

20a. Financial risk management

Limerick & District 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 Limerick & District 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 Limerick & District Credit Union Limited's credit policy. All loan applications are assessed with reference to the credit policy 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: Limerick & District Credit Union Limited's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. Limerick & District 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.

20b. 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.

20c. Interest rate risk disclosures

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

	2019		2018	
	€	%	€	%
Gross loans to members	24,764,463	9.70%	23,433,175	9.80%

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.

Notes to the Financial Statements (continued)

For the Financial Year Ended 30 September 2019

21. Dividends

The following distributions were paid during the year:

	2019		2018	
	%	€	%	€
Dividend on shares	0.10%	83,454	0.10%	86,971

The Directors propose the following distributions in respect of the year:

	2019		2018	
	%	€	%	€
Dividend on shares	0.025%	21,734	0.10%	83,980

22. Events after the end of the financial year

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

23. 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).

24. Capital commitments

There were no capital commitments at 30 September 2019.

25. 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.

26. Comparative information

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

Notes to the Financial Statements (continued)

For the Financial Year Ended 30 September 2019

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

Limerick & District 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 Limerick & District 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, Limerick & District 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. Limerick & District 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 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.

28. Approval of financial statements

The board of directors approved these financial statements for issue on 31st October 2019

Schedules to the Income and Expenditure Account

For the Financial Year Ended 30 September 2019

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditors Report on pages 12 to 14.

Schedule 1 - Other interest income and similar income

	2019	2018
	€	€
Investment income and gains received/receivable within 1 year	1,043,812	1,007,802
Investment income receivable outside of 1 year	430	8,324
Total per income and expenditure account	<u>1,044,242</u>	<u>1,016,126</u>

Schedule 2 - Other income

	2019	2018
	€	€
Entrance fees	1,105	1,146
Commissions and other income	12,309	19,523
Total per income and expenditure account	<u>13,414</u>	<u>20,669</u>

Schedule 3 - Other management expenses

	2019	2018
	€	€
Rent and rates	36,962	40,251
Lease payments	100,000	100,000
Light, heat and cleaning	57,256	53,787
Repairs and maintenance	57,905	64,385
Security costs	24,066	23,413
Printing and stationery	37,174	32,293
Postage and telephone	60,418	59,416
Advertising, donations and sponsorship	5,813	9,436
Training costs	6,844	11,440
League and chapter dues	51,977	60,442
AGM expenses	39,367	42,227
Travel and subsistence	9,627	11,405
Audit fee	17,835	17,835
General insurance	51,063	50,108
Pension	127,148	122,490
Legal and professional fees	237,314	528,519
Computer maintenance	234,727	183,104
Miscellaneous expenses	10,507	21,025
Regulatory levies and charges	176,755	153,480
Share and loan insurance and DBI	478,917	458,485
Marketing	148,393	107,854
Staff uniforms	4,452	2,682
Compliance costs	24,087	25,582
Bank charges	36,729	36,810
Total per income and expenditure account	<u>2,035,336</u>	<u>2,216,469</u>

Data Protection

As Members will be aware the General Data Protection Regulation came into force on 25th May 2018. Limerick & District Credit Union Limited take very seriously the requirement to hold our members' personal data safe and secure. Limerick & District Credit Union Limited's Privacy Notice is available on our website (www.mylimerickcu.ie) and provides full details of how we treat member's personal data.



Criminal Justice (Anti Money Laundering and Counter Terrorist Financing) Acts, 2010 - 2018.

The Criminal Justice (Anti Money Laundering and Counter Terrorist Financing) Acts, 2010 to 2018 require Credit Unions to adopt policies and procedures, in relation to their business, to prevent and detect the commission of money laundering and terrorist financing. In order for Limerick & District Credit Union Limited to comply with this legislation and Central Bank of Ireland Sectoral Guidance, we must apply "customer due diligence" steps to all members prior to the establishment of a business relationship with the member and on an ongoing basis thereafter. This requires the following steps:-

- Identification and verification of member's identity and residency
- Identification of beneficial owners/controllers of funds
- Obtaining information as to the purpose and intended nature of the account
- Enhanced due diligence where required
- Conducting on-going monitoring

Payment Services Directive (PSD2)

The Payment Services Directive (PSD2) is a new law within the European Union that was introduced in January 2018 designed to benefit customers by enhancing transparency, giving you greater control over your data and will further protect your banking and purchases online. The directive came into force on 14th September 2019.

What is Strong Customer Authentication (SCA)

Strong customer authentication (SCA) is the process that validates the identity of you the user when you log in to access online and mobile banking, and for further services such as making payments or changing your address.

From September 2019 you will be asked for additional security credentials. We will be sending you notifications to ask you to confirm that you have authorised payments, logged in or wish to make changes to your accounts. We will also implement additional fraud prevention measures. Our online terms and conditions have been updated to take account of these changes.

More information on PSD2 and SCA is included on our website www.mylimerickcu.ie/psd2-payment-services-directive/

Credit Union Information

Directors

Mary Larkin
James Stewart
Carmel Cronin
Antoinette Barry
(resigned August 2019)
Paddy Delaney
Gerry O'Malley
Brian Keating
Marie Slattery
Fergus Murphy
(co-opted September 2019)
Michael O'Neill

Chairperson
Vice Chairperson
Secretary

Board Oversight Committee

William Galvin, Teresa Dundon and Brendan Healy

Credit Committee

Danny Vaughan, Michael O'Neill, Mary Tuite,
Michael Houlihan, Stephanie McKeon

Credit Control Committee

Paddy Delaney, Barry-John Hannan, Margie Storan

Investment Committee

Brian Keating, James Stewart, Caroline Long, Declan Benson,
Barry-John Hannan

Membership Committee

Mary Casey, Lorraine Russell, Gerardine Egan,
Cormac Fay, Stephanie McKeon, Margie Storan

Insurance Officer

Mary Casey

CEO

Caroline Long

Deputy CEO

Declan Benson

Senior Loans and Operations Officer

Marie O'Shea

Finance Officer

Barry-John Hannan

Business Development Manager

Fiona Cox

Credit Control Officers

Kay O'Reilly, Eileen Lavery

Staff

Mary Casey, Eilish Downes, Mary McGrath, Liz Harris,
Lorraine Russell, Julian Grehan, Sarah Barry, Tanya Bowen,
Michael Houlihan, Mary McCarthy, Gerardine Egan,
Karen O'Brien, Cormac Fay, Margie Storan, Stephanie McKeon,
Paulina Brominska, Eileen Reddan, Sarah Scales,
Bernadette O'Riordan, Lorna Madden and Mark Long.

Principal Bankers

Allied Irish Bank, 106 O'Connell Street, Limerick

Solicitors


Tynan O'Donovan Solicitors, 78 O'Connell St., Limerick.
Michael Powell Solicitors, 5 Lapps Quay, Cork
Keating Connolly Sellors, 6-7 Glentworth St, Limerick
D.G. O'Malley & Co., 9-10 Glentworth St. Limerick

Investment Advisors

Goodbody

Opening Hours



	MONDAY		TUESDAY		WEDNESDAY		THURSDAY		FRIDAY		SATURDAY	
	Open	Close	Open	Close	Open	Close	Open	Close	Open	Close	Open	Close
Caherdavin Branch	9.30am	5pm	9.30am	5pm	11am	5pm	9.30am	5pm	9.30am	7pm	Closed	
	Open throughout Lunch											
William St. Branch	10.00am	5pm	9.30am	5.15pm	11am	5.15pm	9.30am	5.15pm	9.30am	5.30pm	10am	4pm
	Open throughout Lunch											
St. Patrick's Road Branch*	Closed		10am	5pm	11am	5pm	10am	5pm	10am	7pm	Closed	
	*Closed for Lunch between 1pm & 2pm											
South Hill Branch*	Closed		Closed		Closed		9.30am	12.00pm*	Closed		Closed	
	*Effective from 2 nd January 2020											
Moyross Branch*	Closed		Closed		Closed		Closed		2.00pm	5.15pm*	Closed	
	*Effective from 3 rd January 2020											

Christmas Opening Hours

Tuesday, 24th December to Friday December 27th inclusive

All branches CLOSED

Saturday, December 28th

William St branch Open 10.00 am to 4 pm

Monday, December 30th

Caherdavin branch Open 9.30 am to 5.00pm
 William St branch Open 10.00am to 5.00 pm
 St Patrick's branch Closed

Tuesday, December 31st

Caherdavin branch Open 9.30 am to 5.00pm
 William St branch Open 9.30am to 5.15 pm
 St. Patrick's branch Open 10.00 am to 5.00 pm

All branches are Closed on Wednesday January 1st, 2020
 Normal opening hours for all branches resume from Thursday,
 January 2nd, 2020

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www.mylimerickcu.ie