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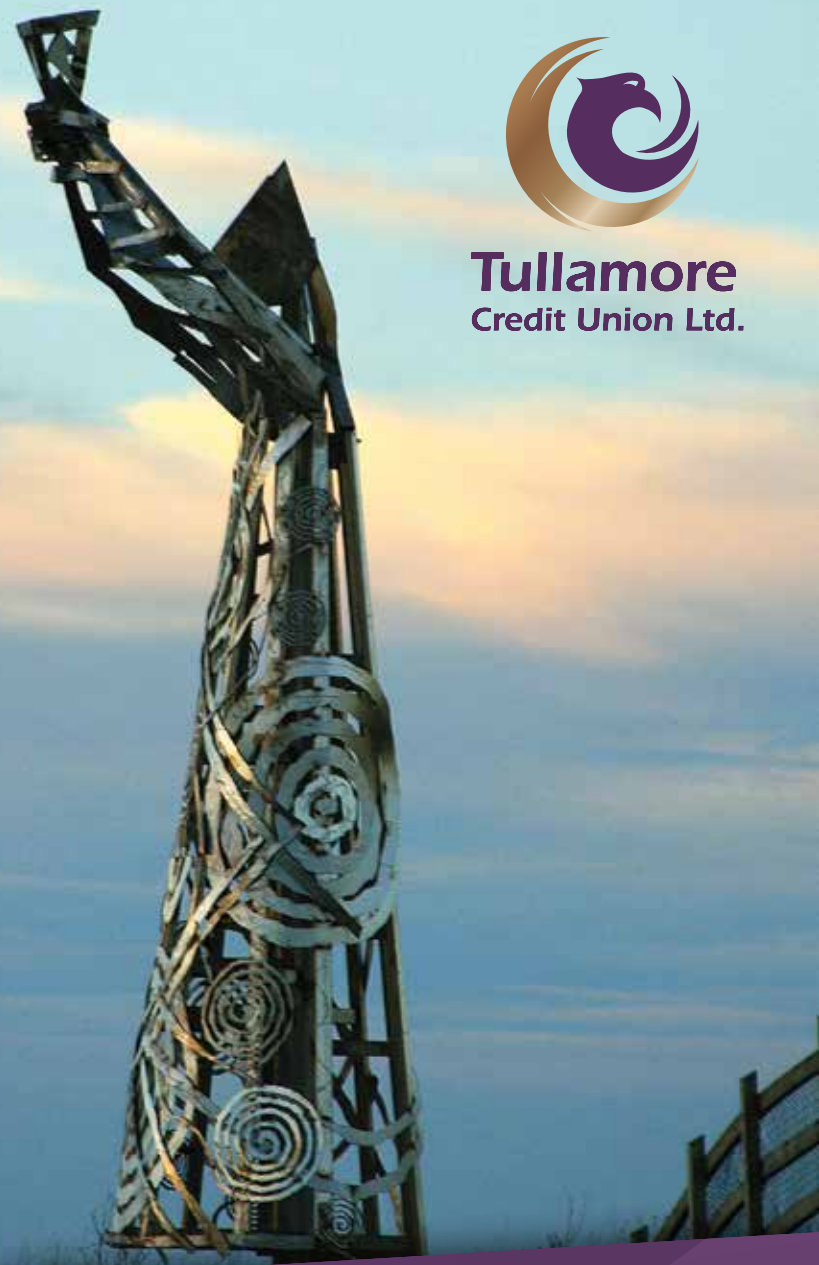
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Tullamore
Credit Union Ltd.



ANNUAL REPORT

2019



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Notice of Annual General Meeting

The annual general meeting of the members of Tullamore Credit Union Ltd will take place in Tullamore Court Hotel on Monday 2nd of December 2019 at 8pm. All members are welcome to attend.

Tullamore Credit Union Ltd - Board Of Directors:

Fra Mollen (Chairperson)
Ray Spain (Vice Chairperson)
Eileen Brophy (Hon Secretary)
Declan McDonnell
Liam O'Callaghan
Brian Gunning
Tony Flanagan
Alice Campbell
Patrick Doheny
Peter Hensey
Brian McRedmond

Tullamore Credit Union Ltd - Board Oversight Committee:

Ciara Flanagan (Chairperson)
Mary Droogan (Secretary)
Noel McManamy
Dennis Daly (CEO)

Agenda

- A. Acceptance of proxies
- B. Ascertainment that a quorum is present
- C. Adoption of standing orders
- D. Reading and approval of the minutes of last Annual General Meeting
- E. Report of the Board of Directors
- F. Financial Report
- G. Report of the CEO
- H. Report of the Auditor
- I. Report of Board Oversight Committee
- J. Declaration of Dividend
- K. Report of the Credit Committee
- L. Report of the Credit Control Committee
- M. Report of the Membership Committee
- N. Community Involvement
- O. Report of the Nomination Committee
- P. Appointment of Tellers
- Q. Election of Auditor
- R. Appointment of Auditor
- S. Election to fill vacancies on the Board Oversight Committee
- T. Election to fill vacancies on the Board of Directors
- U. Rule amendments
- V. Any other business
- W. Announcement of election results
- X. Adjournment or close of meeting

BOARD OF DIRECTORS REPORT



I am very pleased to present the report of the Board of Directors for the year to September 30th, 2019. While the results are set out in detail in the Financial Report, overall this year's outcome has seen growth in several areas, with savings, loans and investments all coming in ahead of budget. This is particularly pleasing considering the current economic climate and all the uncertainty regarding Brexit.

In addition, we also have the ongoing low interest rate environment which shows no sign of changing for the next few years. This continues to make it very difficult to get a reasonable return when we invest our members savings. In many instances the rates on offer on our investments are close to or in some cases below zero. This has directly led to a drop in our surplus for the current year.

Considering all this uncertainty and the need for the organisation to plan for growth and development the Board of Directors in conjunction with management has recently undertaken a comprehensive Strategy review and have developed a five-year Strategy plan to take us to 2024. An outline of the Strategy plan can be viewed on our website if anyone would like more detail.

The focus of the Board continues to be to provide a quality service to our members. This year we launched several new services. The Credit Union Current Account, new Mortgage product, the Cultivate loan product for the agricultural sector, Pro Energy and EHome loans have all been added to our list of options for members.

We are also delighted to report that following on from our success in Midlands 103 service awards in 2018 we retained the award for the second year in a row in 2019. We are also very proud to announce that at the Irish Credit Management awards, we won the award for Financial services team of the year. This is a great recognition for our team who are providing a top-quality service to our members.

Having taken on board the views expressed by the members at our 2018 AGM we are delighted to inform you that we have commenced a process of a merger between Kilcormac Credit Union and Tullamore Credit Union. An update in this regard is provided in the annual report booklet.

The success of Tullamore Credit Union is built on the efforts of our members volunteering their time freely. If you would like to learn more about participating in the running of our credit union, please contact our CEO - Dennis Daly, or any member of the Board of Directors and we will provide additional information.

I wish to thank our Management and Staff for their efforts in the past year. In addition, I want to pay tribute to my fellow Board Directors, the Board Oversight Committee and Volunteers of Tullamore Credit Union for their dedication and support. The responsibility of managing a credit union of our size is immense and involves great dedication and commitment.

I would like to wish each and every Tullamore Credit Union member a happy and peaceful Christmas and best wishes for the New Year. Please remember that Tullamore Credit Union is your Credit Union and I encourage all members to make full use of our services.

Fra Mollen, Chairperson



FINANCIAL REPORT



On behalf of the Board of Directors, I am delighted to report on our credit union's performance in the year to September 2019. Economic conditions, particularly the ongoing low interest rate environment, made trading difficult, and contributed to an ongoing reduction in the surplus generated in recent years. Regrettably, it is likely that low interest rates will be a factor for several years to come and we must plan accordingly. Nonetheless, in many areas, performance was strong and exceeded expectations. Growth in savings and total assets has been exceptionally strong, and this year has also seen a return to growth in loans.

Overall, the excess of income over expenditure for the year amounted to €2.5 million. This was significantly below last year's figure of €4.8 million. However the corresponding figure for last year had been substantially boosted by a "one off" investment gain of €1.9 million. The reduction arises primarily as a result of reduced investment income of €2.2 million, down from a total figure of €3.9 million last year.

Strong growth in Members' Savings was again a feature in 2019. This continues the trend of recent years, with savings growing by €11.7 million to €209 million in total. This marks a milestone for our credit union with our members' savings now over the €200 million level for the first time. However, in a period of reduced income, this growth in savings does pose a problem for our credit union, in that additional reserves of c11% of the growth in savings must be set aside from surplus as additional reserves each year.

This year our Loan Portfolio has grown by €1.4 million, finishing the year at €65 million from an opening position of €63.6 million. This was boosted, particularly in the latter part of the year by the introduction of a range of new lending options including our mortgage package for members.

The investment portfolio generated income of €2.2m in the financial year ending 30 September 2019. This represented a solid return against the backdrop of an increasingly adverse investment environment. Return on Investments continues to drop with deposit rates close to zero, and in some cases negative rates are on offer. Our investment portfolio of €212.6 million remains well diversified and comprises mainly Bank Deposits and Bonds, almost all of which are fully capital guaranteed. The portfolio is fully compliant with all investment limits specified under regulations in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

As a result of the surplus generated, our Reserves, which are a real measure of the strength of the credit union, have increased from €66.1 million to €68.1 million at year end. In addition, Members' Savings, Loans Issued, and Total Assets have all shown good growth in the year.

One particular milestone of note is that fact that our members savings have now passed the €200 million mark and stand at just under €210 million. This is indeed a great tribute to all our members and to the many Directors, Volunteers and Staff who have worked so hard over the years to make our credit union such a strong, vibrant organisation.

In light of the above performance, and bearing in mind the uncertainties of Financial Markets, the Board is recommending payment to members of a dividend of 0.1% this year.

Declan Mc Donnell, Finance Officer

CEO REPORT



As CEO of Tullamore Credit Union my areas of responsibility include Management of the Operations side of our credit Union as well as advising the Board of Directors on Strategy development and implementation of the Credit Union Strategy, once decided upon by the Board.

The past year has posed many challenges for our credit union, particularly from the low interest environment and the uncertainties surrounding the whole Brexit process. Credit unions are rightly regarded as a safe home for members' savings that provides a fair rate of interest. In recent years we have seen significant growth in savings as more and more people recognize this and entrust their savings to our credit union. We are finding it ever more difficult to obtain a reasonable return on these funds when we seek to invest them on behalf of the credit union. Many banks now offer a rate of return close to zero percent, and in many cases a negative rate is applied. This trend has been evident in our annual accounts in recent years and, unfortunately, looks set to continue into the future.

At last year's AGM I outlined how this impacted on the rate of dividend that we could offer on your savings. This I also outlined our intention to investigate possible options in developing a broader range of savings alternatives to provide a fair rate of return while avoiding undue risk to our credit union. This is a complex process, possibly requiring changes to existing regulations. However, we are continuing to work on this, and are encouraged by some developments in this area in recent months.

More and more members are using our services, and more frequently than ever before with an average of 7,500 transactions at the counter per week. We believe this reflects the quality of service that we provide to our members and the trust our members have in our credit union.

On a more positive note, these are exciting times for our credit union. Several projects, some of which we have been working on for several years, have now come to fruition. The recent implementation of our current account, and the introduction of our mortgage product represent major milestones for our credit union in terms of our ability to service the financial needs of our members. The development of the current account will see the withdrawal of our ATM card. This card was first launched in 1996 and the service has served our members well for almost 24 years. Time moves on and this card is no longer compatible with modern technology. It will be replaced by our new Debit Card service which has much more functionality in line with the demands of members in the 21st century.

In 2020, we will continue to work at improving our service offering to members even further. In particular, we are working on introducing a range of improved insurance products for members and hope to have an announcement about this shortly.

Credit unions are rightly regarded as a safe home for members' savings that provide a fair rate of interest. In recent years we have seen significant growth in savings as more and more people recognize this and entrust their savings to our credit union.



We have further increased the range of borrowing options for members with the introduction of our Cultivate Product for farmers, and our Pro Energy Option. The latter, provided in conjunction with REIS, provides members with a mechanism to borrow from the credit union for home renovations and incorporates grant application, supplier selection and project supervision in one package. We are working continuously on enhancing the services provided to members and hope to have further exciting announcements in this regard in 2020.

In speaking of service to members, I must mention the awards for service quality that our credit union received in 2019. These are major achievements and recognise the efforts of our staff in all areas to high levels of service to members. Without their commitment these awards would not have been possible. I would also like to thank those credit union members who recommended us for these awards in the first instance. We are delighted that you appreciate our efforts to serve you and look forward to continuing this relationship in 2020 and beyond.

I hope that this report gives an insight into the work that is going on behind the scenes to meet your financial needs. I believe that you will begin to experience the benefits over the coming year and for many years to come.

Dennis Daly, CEO

Not only were we winners of the Midlands 103 Award for customer service in the Finance Category for the second year in a row, but our team were also voted Financial Services Team of the Year in the Irish Credit Management Awards. These are both major achievements and recognise the efforts of our staff in all areas of our credit.

REPORT OF CREDIT COMMITTEE

It is my pleasure to report on the activities of the Credit Committee for the year ended 30th of September 2019.

Loans

1. 7368 loans were granted during the year
2. The Value of loans granted in 2019 was €32,359,301
3. The value of loans issued in 2019 was €30,884,109 equating to 7262 loans.
4. Overall the loan book grew by €1,390,477 to €64,984,699 an overall increase of 2.2%.
5. Loan interest for 2019 equated to €5,109,395

The provision of loans to members is a primary service of our Credit Union. All loan applications are individually assessed and whilst every effort is made to approve each application, the process has to ensure that this is no undue risk to the individual borrower or to the Credit Union as a whole.

When evaluating loan applications, we are always conscious of the fact that we are lending members' savings. We are therefore obliged to establish that the member has the ability to repay the loan. There are times when we unfortunately have to refuse a loan and the most common reasons for such an outcome are either a members overall indebtedness and/or their inability to repay. It should however be noted that in the last year our Credit Union granted 7368 loans which is a tremendous achievement. Over 80% of loans applied for are approved.

We have completed a lot of work on improving our lending processes. We endeavour to ensure that the process of applying for and receiving approval for a loan is as quick, easy and user friendly as possible. We would hope that all standard personal loans including car loans will get a same day decision, where the application is received before 12 noon, with a next day response for applications received after 12 noon. In the event that your loan is refused, it is reviewed by the credit committee in an effort to see if your request can be accommodated.

We have introduced ways of making it easier for our members to make online applications either through our website page or Facebook on a 24/7 basis. The facility also includes a loan calculator, which allows the member to understand how much they can afford to borrow, before the application process begins.

The loans team of Tullamore Credit Union Ltd recently won the ICM (Irish Credit Management) finance team of the year 2019 for their professionalism, ability to identify member's needs, commitment to high level member service as well as the introduction of new products.

New Loan Products:

The Board approved a new product during the year:

1. Enhanced Asset Loan Product "Mortgages The Credit Union Way", Tullamore Credit Union Ltd are now offering a term of 25 years. This offering was made as a direct result of the Board of Directors identifying the need of its member through surveys completed with members, non-members, local auctioneers and market research.

Committee Meetings

The Committee continues to meet weekly and to provide regular updates to the Board on its activities. I would like to take this opportunity to thank fellow committee members, the CEO and the loan officials of Tullamore Credit Union for their support during the year.

Liam O'Callaghan, Chairperson Tullamore Credit Union, Credit Committee.

Don't forget to take part in our BIN & WIN DRAW.
Simply fill in and return the form on the back of the letter accompanying this booklet to the office before 31st January 2020.
All members who return the form will be entered into a free draw to win **one of 4 €250 Vouchers** to kick start 2020.



REPORT OF MEMBERSHIP COMMITTEE

During the year, 1346 new members joined our credit union. We are delighted that the number of new members continues to grow – this reflects the fact that many people are recognising the benefits of credit union membership!

Of this 1346, 320 were juvenile members – members under the age of 16 years – these are the members of the future and we welcome them to our credit union.

We have also seen a large number of members who have re-activated their accounts – we welcome them back on board and assure them of our support and assistance.

We would like to remind people that membership is open to people who live, work or study in our ‘common bond’ area – and if you know someone who may qualify for membership, please encourage them to join us!

REPORT OF THE CREDIT CONTROL COMMITTEE

The Credit Control Committee is responsible for ensuring that loans are repaid in accordance with the terms and conditions of loan agreements. The committee monitor outstanding loans on an ongoing basis so that prompt and effective action can be taken where loans fall into arrears. In taking this action, the interests of the credit union take first priority. In keeping with the ethos of the credit union movement, members will at all times be treated with respect. Members who are struggling to repay their loans will be dealt with in a supportive manner by the Credit Control team.

It is important to ensure that a distinction is drawn between those members who are genuinely struggling to repay a loan balance due to altered circumstances (e.g. illness, unemployment, etc.) and those members who can repay but are choosing not to. Regrettably, there always remain a number of borrowers who, for whatever reason, refuse to engage with the credit union to address their outstanding debts. In such cases, with all other options exhausted, we will not hesitate to instigate legal proceedings for the recovery of monies owed.

We have a very experienced credit control team in place and they invest a huge amount of time in communicating with, and assisting members who are experiencing difficulties meeting their loan repayments. The vast majority of cases are resolved relatively easily, and we would urge any member that is experiencing financial difficulties or difficulties in paying their debts, to engage with the credit union early. Early action is vital to ensure that the financial pressure does not become an unbearable burden.

Overall in the past year the sum of €458,148 has been “charged off”. The committee follow-up these loans very actively and will take every available measure to ensure repayment. This commitment is evidenced by the fact that €545,474 of loans previously charged off has been recovered this year.

In conclusion, the committee would like to thank our credit control team for their assistance during the year.

DIRECTORS' REPORT

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

Principal Activities

The principal activity of Tullamore Credit Union Limited is the provision of savings and loans to members in its common bond. The Credit Union manages its members' shares, capital and loans to members so that it earns income from the margin between interest receivable and interest payable.

Authorisations

The credit union is authorised as follows:

- Insurance, reinsurance or ancillary insurance intermediary under the European Union (Insurance Distribution) Regulations, 2018.
- Firms deemed to be authorised as Investment Intermediaries (Restricted Activity Investment Product Intermediary) pursuant to Section 26 of the Investment Intermediaries Act, 1995 (as amended)
- A Credit Union entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.

Business Review

The directors expect to develop and expand the current activities of the Credit Union and they are confident of its ability to operate successfully in the future. Both the level of business and the year-end financial position were satisfactory.

Results And Distributions To Members

The excess income over expenditure for the year is set out in the Income & Expenditure account on page 13.

The Board proposes to the membership the payment of a 0.1% dividend for the current year in line with note 8 in the financial statements, subject to agreement by the membership at the Annual General Meeting.

Principal Risks and Uncertainties

The main financial risks arising from the activities of Tullamore Credit Union Limited are credit risk, liquidity risk, interest rate risk and continuous compliance with regulatory and legislative requirements. The Board reviews and agrees policies for managing each of these risks which are summarised at Note 26.

Post Balance Sheet Events

There were no significant events affecting the Credit Union since the balance sheet date.

Directors

The present membership of the Board is as set out on page 1.

Strong growth in Members' Savings was again a feature in 2019. This continues the trend of recent years, with savings growing by €11.7 million to €209 million in total. This marks a milestone for our credit union with our members' savings now over the €200 million level for the first time.





In accordance with Section 53 of the Credit Union Act 1997 (as amended), two directors of the Credit Union are required to retire from the Board at this year's Annual General Meeting. Both of these directors are seeking re-election. One new Board Oversight Committee member is proposed by the Nominations Committee and will go forward for election at this year's Annual General Meeting.

Accounting Records

The measures taken by the directors to ensure compliance with the requirements of Section 108 of the Credit Union Act 1997 (as amended), regarding proper books of account are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The books of account of the Credit Union are maintained at the Credit Union's premises at Patrick Street, and Main Street, Tullamore, Co. Offaly.

Auditors

The auditors, BCA, have indicated their willingness to continue in office in accordance with the provisions of Section 115 of the Credit Union Act 1997 (as amended).

This report was approved by the Board on 24 October 2019 and signed on its behalf by:

Francis Mollen, Director *Eileen Brophy, Director*

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and generally accepted accounting practice in Ireland including the accounting standards issued by the Financial Reporting Council and published by the Institute of Chartered Accountants in Ireland.

The Credit Union Act 1997 (as amended) require 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;
- 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 keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Credit Union and to enable them to ensure that the financial statements comply with the Credit Union Act 1997 (as amended). 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Credit Union's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board of Directors

Francis Mollen, Director *Eileen Brophy, Director*

STATEMENT OF BOARD OVERSIGHT COMMITTEE RESPONSIBILITIES

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.

Ciara Flanagan, Chairperson of the Board Oversight Committee

REPORT OF THE BOARD OVERSIGHT COMMITTEE

The Board Oversight Committee (BOC) has the responsibility of overseeing members of the Board of Directors of our Credit Union and reporting to the membership at the AGM. The BOC is a separate and wholly independent entity to the board of directors.

This year has seen the departure of Stephen Malone in the second quarter and we would like to take this opportunity to thank Stephen for his valuable input during his time on the committee. Mary Droogan was elected at the 2018 AGM and Noel McManamy was co-opted during the year.

Under Section 63 (1) of the Credit Union Act, the BOC chaired a meeting immediately following the 2018 AGM where the principal posts of chair, vice-chair and secretary were elected by secret ballot.

As per regulatory requirements, a member of the Board Oversight Committee has attended every board meeting and special meeting held by the Directors of Tullamore Credit Union. In addition, the BOC has held 4 special meetings with the board of directors so that the committee can carry out an assessment on whether the board has operated in accordance with Parts IV and IV(a) of the CUCORA Act 2012. The Directors are observed and assessed by the BOC to ensure their actions and decisions are at all times in compliance with regulatory and legislative requirements and the rules of Tullamore Credit Union Ltd. The Board Oversight Committee is satisfied that all Directors have acted in accordance with these requirements at all times.

The BOC has attended all mandatory (Ethics, Data Protection and Anti Money Laundering) training as well as a number of other relevant training courses during the year.

Since last year's AGM, the opportunity for a potential transfer of engagement with Kilcormac Credit Union has arisen. The BOC would like to assure the membership of Tullamore Credit Union that due diligence is of utmost importance in a situation such as this and that your interests are at the core of any decisions made by the board of directors of Tullamore Credit Union.

The Board Oversight Committee would like to extend thanks to the Board of Directors, the CEO, management and all staff at Tullamore Credit Union for their assistance to the BOC during the financial year 2018/2019.

Ciara Flanagan, Ray Spain, Eileen Brophy

Please remember that Tullamore Credit Union is your Credit Union and we encourage all members to make full use of our services.



INDEPENDENT AUDITOR'S REPORT to the Members of Tullamore Credit Union Limited

Opinion

We have audited the financial statements of Tullamore Credit Union Limited for the financial year ended 30 September 2019 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30 September 2019 and of its income and expenditure for the year then ended;
- have been prepared in accordance with Generally Accepted Accounting Practice in Ireland; 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 described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard, and 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 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

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

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, 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.

Other matters prescribed by the Credit Union Act 1997 (as amended)

In our opinion, based on the work undertaken in the course of the audit:

- We have obtained all the information and explanations which we considered were necessary for the purposes of our audit;
- In our opinion proper accounting records have been kept by the Credit Union; and
- The financial statements are in agreement with the accounting records.

RESPECTIVE RESPONSIBILITIES

Responsibilities of Directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is 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 management intends to cease operations, or has no realistic alternative but to do so.

Responsibilities of Auditors for the financial statements

Our 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 our 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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

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

Our 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.

BCA Chartered Accountants Statutory Auditors

Clonminch House, Clonminch Hi-Technology Park Tullamore, Co. Offaly.

Date: 24 October 2019



**Income & Expenditure Account**

For the financial year ended ended 30 September 2019

Notes	2019 €	2018 €
INCOME		
Interest on Loans Schedule 1	5,159,509	5,176,462
Other Interest Income and Similar Income Schedule 2	2,193,931	1,882,083
Net Interest Income	7,353,440	7,058,545
Other Income Schedule 3	144,668	156,014
Other Gains Schedule 4	46,184	1,970,496
TOTAL INCOME	7,544,292	9,185,055
EXPENDITURE		
Salaries	1,943,437	1,799,990
Other Management Expenses Schedule 5	3,031,022	2,581,878
Depreciation	318,044	287,900
Other Losses Schedule 6	133,942	166,149
Bad Debts Provision	(266,390)	(270,484)
Bad Debts Recovered	(545,474)	(504,035)
Bad Debts Written Off	458,148	356,123
TOTAL EXPENDITURE	5,072,729	4,417,521
Excess of Income over Expenditure for the year	2,471,563	4,767,534
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	2,471,563	4,767,534

These Financial Statements were approved by the Board on: 24 October 2019.

Signed on behalf of Tullamore Credit Union Limited:

CEO:	Dennis Daly	Date: 24 October 2019.
Member of Board Oversight Committee:	Ciara Flanagan	Date: 24 October 2019.
Member of the Board of Directors:	Francis Mollen	Date: 24 October 2019.

The notes on pages 17-29 form part of these financial statements.

**Balance Sheet**

As at 30th September 2019

Notes	2019 €	2018 €
ASSETS		
Cash and Balances at Bank 11	3,330,602	2,498,372
Deposits and Investments - Cash Equivalents 12	34,501,286	33,738,465
Deposits and Investments - Other 12	178,108,428	167,396,532
Loans 13	64,984,699	63,594,222
Less: Provision for Bad Debts 14	(6,753,434)	(7,019,824)
Tangible Fixed Assets 15	2,166,817	2,185,783
Debtors, Prepayments and Accrued Income 16	1,292,847	1,281,686
TOTAL ASSETS	277,631,245	263,675,236
LIABILITIES		
Members' Shares 17	208,979,641	197,287,217
Other Liabilities, Creditors, Accruals and Charges 18	491,356	180,054
Retirement Benefit Liability 18	21,334	63,616
TOTAL LIABILITIES	(209,492,331)	(197,530,887)
NET WORTH	68,138,914	66,144,349
RESERVES		
Regulatory Reserve	31,365,405	29,788,725
Operational Risk Reserve	1,600,000	1,400,000
Other Reserves		
Realised Reserves	35,173,509	34,955,624
Unrealised Reserves	-	-
TOTAL RESERVES	68,138,914	66,144,349

Represented By:

These Financial Statements were approved by the Board on: 24 October 2019.

Signed on behalf of Tullamore Credit Union Limited:

CEO:	Dennis Daly	Date: 24 October 2019.
Member of Board Oversight Committee:	Ciara Flanagan	Date: 24 October 2019.
Member of the Board of Directors:	Francis Mollen	Date: 24 October 2019.

The notes on pages 17-29 form part of these financial statements.

**Statement of Changes In Reserves**

For the financial year ended 30 September 2019

	Regulatory Reserve	Operational Risk Reserve	Undistributed Surplus	Other Realised Reserves	Unrealised Reserves	Total Reserves
	€	€	€	€	€	€
Balance 1 October 2017	28,038,725	1,400,000	10,319,257	22,068,796	-	61,826,778
Surplus for the year	-	-	4,767,534	-	-	4,767,534
Payment of dividend	-	-	(449,963)	-	-	(449,963)
Transfer between reserves	1,750,000	-	(1,750,000)	-	-	-
Balance 1 October 2018	29,788,725	1,400,000	12,886,828	22,068,796	-	66,144,349
Surplus for the year	-	-	2,471,563	-	-	2,471,563
Payment of dividend	-	-	(476,998)	-	-	(476,998)
Transfer between reserves	1,576,680	200,000	(1,776,670)	-	-	-
Balance 30 September 2019	31,365,405	1,600,000	14,881,393	20,292,116	-	68,138,914

- 1 The Regulatory reserve of the Credit Union as % of total assets as at 30 September 2019 was 11.3%. (2018: 11.3%).
- 2 In accordance with S45 of the Credit Union Act 1997 (as amended) Tullamore Credit Union Limited has an Operational Risk reserve in place. The Board has transferred €200,000 additional funds to the Operational Risk reserve in the current year, following the completion of an internal process of assessing the level of the reserve required to cover the operational risk within the Credit Union.
- 3 The Board of Tullamore Credit Union Limited has transferred €1,576,680 from Realised reserves to its Regulatory reserves so that the reserve would stand at 11.3% at current year end, in excess of the required limit of 10%.

Signed on behalf of Tullamore Credit Union Limited:
 CEO: Dennis Daly
 Member of Board Oversight Committee: Ciara Flanagan
 Member of the Board of Directors: Francis Mollen

Date: 24 October 2019.
 Date: 24 October 2019.
 Date: 24 October 2019.

**Cash Flow Statement**

For the financial year ended 30th September 2019

	2019 €	2018 €
Opening Cash and Cash Equivalents	36,236,837	56,717,556
CASH FLOWS FROM OPERATING ACTIVITIES		
Loans Repaid	28,995,486	28,261,222
Loans Granted	(30,844,110)	(28,483,814)
Loan Interest Received	5,109,393	5,167,377
Investment Interest Received	2,111,418	4,082,723
Bad Debts Recovered	545,474	504,035
Dividends Paid	(336,140)	(302,506)
Taxation Paid	(140,858)	(147,457)
Other Receipts	144,668	156,014
Member current account lodgements	3,225	-
Member current account withdrawals	(2,427)	-
Operating Expenses	(4,672,523)	(4,773,439)
NET CASH FLOWS FROM OPERATING ACTIVITIES	913,606	4,464,155
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed Asset (Purchases) Disposals	(299,083)	(383,336)
Net Cash Flow From Managing Cash Equivalents	(10,711,896)	(35,735,943)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(11,010,979)	(36,119,279)
CASH FLOWS FROM FINANCING ACTIVITIES		
Members Shares Received	233,697,344	218,691,987
Members Shares Withdrawn	(222,004,920)	(207,517,582)
NET CASH FLOWS FROM FINANCING ACTIVITIES	11,692,424	11,174,405
Net increase in cash and cash equivalents	1,595,051	20,480,719
CLOSING CASH AND CASH EQUIVALENTS	37,831,888	36,236,837

Signed on behalf of Tullamore Credit Union Limited:
 CEO: Dennis Daly
 Member of Board Oversight Committee: Ciara Flanagan
 Member of the Board of Directors: Francis Mollen

Date: 24 October 2019.
 Date: 24 October 2019.
 Date: 24 October 2019.



Notes to the financial statements financial year ended 30 September 2019.

1. Legal and regulatory framework

Tullamore Credit Union Limited is established under the Credit Union Act 1997 (as amended). The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is Patrick Street, Tullamore, Co. Offaly.

2. Accounting Policies

2.1. BASIS OF PREPARATION

The financial statements have been prepared on the going-concern basis and in accordance with accounting standards generally accepted in the UK and Republic of Ireland (as issued by the Financial Reporting Council) and the Credit Union Act 1997 (as amended). The financial statements are prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

2.2. STATEMENT OF COMPLIANCE

These 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. CURRENCY

The financial statements are prepared in Euro, which is the functional currency of the Credit Union. Monetary amounts in these financial statements are rounded to the nearest Euro.

2.4. GOING CONCERN

The financial statements are prepared on the going concern basis. The directors of Tullamore Credit Union Limited believe this is appropriate as the Credit Union:

- Is generating annual surpluses;
- Maintains an appropriate level of liquidity; and
- Has reserves that are currently above the minimum requirements of the Central Bank of Ireland.

2.5. DISTRIBUTION POLICY

In respect of each financial year, the Credit Union will allocate surplus funds to the Regulatory Reserve and other reserves in accordance with the provisions of the Credit Union Act 1997 (as amended) and guidance issued by the Central Bank of Ireland. The Board of Directors may also decide to hold reserves in excess of minimum statutory requirements, taking prudent account of the scale and complexity of the Credit Union's business, its risk profile and prevailing market conditions. The dividend payment is based on the distributable income of the Credit Union after meeting its reserve requirements. Dividends to the Credit Union's members are recognised as a liability of the Credit Union when approved by the Credit Union's shareholders at the annual general meeting.

2.6. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following criteria must also be met before revenue is recognised:

Interest on Members' Loans

Interest on Members Loans is recognised on an accruals basis using the effective interest rate method in accordance with FRS 102 and Section 110(1)(D) of the Credit Union Act 1997 (as amended). An approximation of the effective interest rate method is calculated by taking the interest accrual at the reporting period adjusted for any accrual relating to impaired loans.

Investment Income

The Credit Union currently only has investments that are valued at amortised cost, and uses the effective interest rate method to recognise investment income.

Other Income

Other income such as commissions receivable on insurance products and foreign exchange services arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

2.7. TAXATION

The Credit Union is not subject to income tax or corporation tax on its activities as a Credit Union.

2.8. TANGIBLE FIXED ASSETS

Tangible Fixed Assets are initially stated at cost or at valuation, less accumulated depreciation. The charge for depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Freehold Premises	- 2% Straight line
Leasehold properties	- Over the period of the lease
Computer Equipment	- 25% Straight line
Fixtures & fittings	- 10% Reducing balance
Office Equipment	- 20% Reducing balance

Tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the net recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of tangible assets, property, plant and equipment is the greater of open market value and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined by the income generating unit to which the asset belongs. When the recoverable amount of the income generating unit is less than the carrying amount, an impairment loss is recognised.

2.9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise operating cash on hand and cash deposited with banks with original maturity of less than or equal to three months.

2.10. FINANCIAL INSTRUMENTS

The Credit Union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

2.11. BASIC FINANCIAL ASSETS

Basic financial assets are initially measured at the transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method. Basic financial instruments include the following:

Loans to members

Loans to members 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.

Investments 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. This effectively spreads out the return on such investments over time, but does take account immediately of any impairment in the value of the investment.

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 or incur 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 less interest incurred and are not subject to impairment reviews.

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. DE-RECOGNITION OF FINANCIAL ASSETS

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. Tullamore Credit Union Limited does not transfer loans to third parties.

2.14. IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the expected cash flows discounted at the asset's original effective interest rate.

Any 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.

Bad and Doubtful Debts

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans which are assessed on a loan by loan basis for impairment.

Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions ("IBNR") are based on the historical experiences of the Credit Union allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of time, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

2.15. BASIC FINANCIAL LIABILITIES

Basic financial liabilities are initially recognised at the transaction price, including transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value

of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial liabilities members' shares

Members' shares, money management accounts and deposits 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.

Other payables

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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.

2.16. DE-RECOGNITION OF FINANCIAL LIABILITIES

Financial liabilities are derecognised when the obligations of the Credit Union specified in the contract are discharged, cancelled or expire.

2.17. PENSIONS

Pension benefits are funded over the employees' period of service by way of defined contributions paid to an approved fund held with Irish Life Assurance PLC. Contributions are based on a fixed percentage of an employee's annual salary and the charge to the Income and Expenditure Account reflects contributions paid and payable in respect of the year ended 30 September 2019.

2.18. RESERVES

Regulatory reserve

The Credit Union is required to maintain and establish a minimum Regulatory reserve of at least 10% of the assets of the Credit Union in accordance with Credit Union Act 1997 (Regulatory Requirements) Regulations 2018.

Operational Risk reserve

The Credit Union has established an Operational Risk reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its Regulatory reserve. The amount held in the Operational Risk reserve is the predicted impact of operational risk events that may have a material impact on the Credit Union's business.

Dividend reserve

Dividend reserves are the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the Regulatory or Operational Risk reserves.

Non-Distributable Investment Income reserve

Investment income that has been recognised in the financial statements but will not be received within 12 months of the Balance Sheet date is classified as "non-distributable" and is not distributable as a dividend in accordance with Section 31 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2018. A reclassification between non-distributable and distributable is made as investments come to within 12 months of maturity date.

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

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying Tullamore Credit Union Limited's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

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.

Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in the accounting policy in Note 2.14. 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.

Impairment of buildings

The carrying value of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. In the event, an impairment loss is recognised as the difference between the carrying amount and the assets market value. The impairment charge, if applicable is charged to the Income and Expenditure Account in the period in which the related events or changes in circumstances occur.

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. Tullamore 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.

4. Credit Union Owned Service Providers (CUSP)

CUSP Name	Outsourced Service	Funding/Investment 2019 €
Solution Centre	Underwriting and banking services	76,575
Payac Services CLG	Current account services	47,920
		124,495

5. Staff Costs

The average number of persons employed by the Credit Union during the financial year, was as follows:

	2019 Number	2018 Number
Management and staff	53	48

The aggregate payroll costs incurred during the financial year were:

	2019 €	2018 €
Wages and salaries	1,943,437	1,799,990
Other retirement benefit costs	194,367	185,006
	2,137,804	1,984,996

6. Key Management Personnel Compensation

The directors of Tullamore Credit Union Limited are all unpaid volunteers. The remuneration of key management was as follows;

	2019 €	2018 €
Remuneration	502,833	435,103
Pension contributions	49,371	34,448
	552,204	469,551

7. Pensions

Defined contribution plans

Contributions to the Irish Life Assurance Company PLC and Zurich Group Life pension schemes are charged to the Income and Expenditure Account for the period to which they relate. The pension charge represents contributions due from the Credit Union and amounted to €194,367 (2018: €185,006). €21,334 of contributions remain outstanding at 30 September 2019 (2018: €63,616).

8. Dividends and Loan Interest Rebate

The Directors recommend the following distributions:

	2019		2018	
	Rate %	€	Rate %	€
Gross Dividend on Shares	0.1%	203,431	0.25%	479,557

9. Rates of Interest Paid on Members' Deposits

	PER MONTH	APR
The Credit Union has no members' deposits and consequently no interest was paid.	N/A	N/A

10. Rates of Interest Charged on Members' Loans

The Credit Union charges rates of interest as follows:	PER MONTH	APR
Members Loan Rate 9.50% per annum	0.792%	9.96%
Business Pay Loan Rate 7.50% per annum	0.625%	7.76%
Unsecured Business Loan Rate 7.00% per annum	0.583%	7.23%
Unsecured Community Loan Rate 7.00% per annum	0.583%	7.23%
Special Car Loan Rate 6.99% per annum	0.583%	7.18%
Cultivate Loan Rate 6.5% per annum	0.563%	6.78%
Student Loan Rate 6.50% per annum	0.542%	6.70%
Asset Loan Rate 6.50% per annum	0.542%	6.70%
Home Improvement Loan Rate 6.50% per annum	0.542%	6.70%
SME Loan Rate 6.50% per annum	0.542%	6.70%
Secured Business Loan Rate 6.00% per annum	0.500%	6.17%
Secured Community Loan Rate 6.00% per annum	0.500%	6.17%
Loans within Shares Rate 5.95% per annum	0.496%	6.12%
Secured Home Improvement Loan Rate 5.00% per annum	0.417%	5.12%
Mortgage Loan Rate 4.2% per annum	0.388%	4.28%
Secured Tenant Purchase Loan Rate 4.00% per annum	0.333%	4.08%

11. Cash and cash equivalents

The directors of Tullamore Credit Union Limited are all unpaid volunteers. The remuneration of key management was as follows;

	2019 €	2018 €
Cash at bank and in hand	3,330,602	2,498,372
Short-term deposits	34,501,286	33,738,465
	37,831,888	36,236,837



12. Deposits and Investments

	2019 €	2018 €
Deposits and investments - cash and cash equivalents	34,501,286	33,738,465
Deposits and investments - other	178,108,428	167,396,532
	212,609,714	201,134,997

Investments at the current and prior Balance Sheet date were all measured at amortised cost as appropriate and comprised of the following:

	2019 €	2018 €
Irish & EEA State Securities	10,931,774	9,851,061
Accounts in Authorised Credit Institutions	164,033,231	155,461,571
Bank Bonds	29,583,551	27,592,402
Corporate Bonds	2,725,659	-
Collective Investment Schemes	25,195	29,395
Investments in Societies	3,809	3,809
Central Bank Deposits	1,799,295	1,688,116
Other*	3,507,200	6,508,643
TOTAL PER BALANCE SHEET	212,609,714	201,134,997

*Investments classified above as Other include investments that are currently outside the authorised list of Investment categories following the introduction of Credit Union Act 1997 (Regulatory Requirements) Regulations 2018 on 1 March 2018. The above investments were authorised under regulation pertaining at the time of purchase.

The rating category of counterparties with whom the investments were held was as follows:

	2019 €	2018 €
A1	40,892,343	24,021,965
A2	33,723,818	31,429,691
A3	17,490,127	35,207,560
Aa3	23,420,836	21,455,612
Ba1	12,016,698	27,753,943
Ba2	-	22,006,237
Baa1	12,534,686	39,256,180
Baa2	36,017,173	-
Baa3	36,510,224	-
Non Listed	3,809	3,809
TOTAL INVESTMENTS	212,609,714	201,134,997

*Above ratings based on Moody's rating scale at 30 September 2019.

13. Movement in Loans During the Year

	2019 €	2018 €
Opening Loan Balance 1 October 2018	63,594,222	63,727,753
Loans Granted During the Year	30,844,110	28,483,814
Loans Repaid During the Year	(29,017,922)	(28,261,222)
Loans Written Off During the Year	(435,711)	(356,123)
CLOSING LOAN BALANCE 30 SEPTEMBER 2019	64,984,699	63,594,222

13.1. ANALYSIS OF GROSS LOANS OUTSTANDING AS AT 30 SEPTEMBER 2019

By Time Period	2019 Number of Loans	Amount €	2018 Number of Loans	Amount €
Less than 1 year	1,840	3,758,621	1,895	4,070,902
>1 year and <3 years	3,430	22,179,990	3,669	23,999,710
>3 years and <5 years	2,045	25,893,950	1,812	23,513,457
>5 years and <10 years	314	8,669,794	211	6,788,883
>10 years and <25 years	66	4,482,344	73	5,221,270
>25 years	-	-	-	-
TOTAL	7,695	64,984,699	7,660	63,594,222

14. Movement in Bad Debt Provisions During the Year

	2019 €	2018 €
Opening Provision Balance 1 October 2018	7,019,824	7,290,308
Net Movement in Bad Debt Provision During the Year for Loans Currently Outstanding	(266,390)	(270,484)
CLOSING PROVISION BALANCE 30 SEPTEMBER 2019	6,753,434	7,019,824

Breakdown of Closing Provision Balance 30 September 2019

	2019 €	2018 €
Individually Significant Loans	541,014	366,458
Collectively Assessed Loans	3,162,966	3,864,377
Other Impaired Loans	3,049,454	2,788,989
CLOSING PROVISION BALANCE 30 SEPTEMBER 2019	6,753,434	7,019,824



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15. Tangible Fixed Assets

For the year ended 30th September 2019

	Freehold Premises	Long Leasehold Property	Office Equipment	Fixtures & Fittings	Computer Equipment	Total
COST:	€	€	€	€	€	€
At 1 October, 2018	1,477,038	39,639	143,465	571,387	1,223,593	3,455,122
Additions	-	-	71,899	3,377	223,808	299,084
Disposals	-	-	(24,689)	-	(219,223)	(243,912)
At 30 September, 2019	1,477,038	39,639	190,675	574,764	1,228,178	3,510,294
DEPRECIATION:						
At 1 October, 2018	99,935	39,639	89,163	277,954	762,648	1,269,339
Charge for the financial year	29,541	-	23,325	29,679	235,505	318,050
Disposals	-	-	(24,689)	-	(219,223)	(243,912)
At 30 September 2019	129,476	39,639	87,799	307,633	778,930	1,343,477
NET BOOK VALUE At 30 September 2019	1,347,562	-	102,876	267,131	449,248	2,166,817
NET BOOK VALUE At 30 September 2018	1,377,103	-	54,302	293,433	460,945	2,185,783

Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that their carrying value may be impaired. During the year ended 30 September 2019, the Credit Union carried out an impairment review of the carrying value of its freehold premises. This review indicated that the recoverable amount is more than the carrying value of the freehold premises, and therefore no impairment is recognised.

16. Debtors, Prepayments and Accrued Income

	2019 €	2018 €
Loan Interest Income Receivable	162,768	112,652
Investment Income Receivable	986,333	991,578
Other Debtors and Receivables	143,746	177,456
TOTAL PER BALANCE SHEET	1,292,847	1,281,686

17. Members Shares

	2019 €	2018 €
Regular Share Accounts	208,979,641	197,287,217
TOTAL PER BALANCE SHEET	208,979,641	197,287,217

We are a credit union for our members and strive to help members with their finances at all times.

18. Other Liabilities, Creditors, Accruals & Charges

	2019 €	2018 €
Audit Fee	19,065	19,065
Quarterly prize Draw	6,313	6,533
Uncashed cheques	128,799	-
Member current accounts	798	-
Other accrued expenses	296,414	140,932
Pension contributions	21,334	63,616

Taxation creditors

PAYE/PRSI	39,967	13,524
	512,690	243,670

MEMBER CURRENT ACCOUNTS ANALYSED AS FOLLOWS;

	2019		2018	
Payment Accounts	No.	€	No.	€
Credit	30	798	-	-
Debit	-	-	-	-
	30	798	-	-
PERMITTED OVERDRAFTS	6	3,100	-	-

19. Post Balance Sheet Events

There were no significant events affecting the Credit Union since the balance sheet date.

20. Insurance Against Fraud

The Credit Union has insurance against fraud in compliance with Section 47 of the Credit Union Act, 1997 (as amended) in the amount of €2.5 million.



21. Capital commitments

There were no known capital commitments or contingent liabilities that would require disclosure in the financial statements.

22. Contingent Liabilities

Tullamore Credit Union Limited had no contingent liabilities at the current or prior Balance Sheet date.

23. Prior Year Adjustments

There have been no known events affecting the Credit Union since the prior year end which would require adjustment or disclosure in the financial statements.

24. 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 Tullamore 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	
	Amount €	%	Amount €	%
Loans Not Impaired				
Not Past Due	41,816,209	64.35%	38,689,372	60.84%
Up to 9 Weeks Past Due	12,969,373	19.96%	14,032,810	22.07%
Between 10 and 18 Weeks Past Due	64,853	0.09%	110,771	0.17%
Between 19 and 26 Weeks Past Due	2,494	0.00%	20,410	0.03%
Between 27 and 39 Weeks Past Due	2,657	0.00%	26,908	0.04%
Between 40 and 52 Weeks Past Due	2,179	0.00%	12,819	0.02%
53 or More Weeks Past Due	43,915	0.07%	45,448	0.07%
TOTAL LOANS NOT IMPAIRED	54,901,680	84.47%	52,938,538	83.24%
Impaired Loans				
Not Past Due	1,598,272	2.46%	1,630,785	2.56%
Up to 9 Weeks Past Due	5,451,677	8.39%	5,539,817	8.71%
Between 10 and 18 Weeks Past Due	809,146	1.25%	880,426	1.38%
Between 19 and 26 Weeks Past Due	324,377	0.50%	308,763	0.49%
Between 27 and 39 Weeks Past Due	399,032	0.61%	677,779	1.07%
Between 40 and 52 Weeks Past Due	195,423	0.30%	224,972	0.35%
53 or More Weeks Past Due	1,305,092	2.02%	1,393,142	2.20%
TOTAL IMPAIRED LOANS	10,083,019	15.53%	10,655,684	16.76%
TOTAL LOANS	64,984,699	100.00%	63,594,222	100.00%

25. Related Party Disclosures

	2019		2018	
	No. of Loans	Amount €	No. of Loans	Amount €
Loans Advanced to Related Parties During the Year	15	157,252	14	120,354
Total Loans Outstanding to Related Parties at 30 September 2019	29	346,575	26	347,172
Total Provisions for Loans Outstanding to Related Parties at 30 September 2019	1	1,897	-	-
Total Provision Charge During the Year for Loans Outstanding to Related Parties	1	1,897	1	(3,084)

Related parties comprise the directors and the management team of the Credit Union, their family members or any business in which the directors or management team had a significant shareholding. Total loans to Related Parties represent 0.53% (2018 - 0.55%) of the total loan book at 30 September 2019.

26. Additional Credit Risk Disclosures

26a. FINANCIAL RISK MANAGEMENT

Tullamore Credit Union Limited is a provider of personal and business loans and also provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

The main financial risks arising from Tullamore Credit Union Limited's activities are credit risk, liquidity risk and interest rate risk. The Board 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 approves the Credit Union's Lending policy, and all amendments thereto. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently, loans are regularly reviewed for any factors that may indicate impairment on loans advanced. The Board approves the Credit Union's Credit Control policy which lays down the procedures for the collection of loans in arrears together with the basis for recording impairments on loans. The credit risk on members' loans is disclosed in Note 24.

The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the Central Bank of Ireland. The credit risk on investments is disclosed in Note 12.

Liquidity Risk:

Tullamore Credit Union Limited'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 objective of the liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Members' shares which are available on demand are identified as liabilities, other shares which are held as members' resources, are not available for withdrawal in accordance with the Credit Union Act 1997 (as amended). The Credit Union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2018.



**Interest Rate Risk:**

Tullamore Credit Union Limited's main interest rate risk arises from differences between the interest rate exposures on loans and investments receivable, as offset by its cost of capital, which is typically that of distributions to members payable in the form of dividends and interest rebates. Tullamore Credit Union Limited considers rates of interest receivable when deciding on the appropriation of income and its returns to members. The Board monitors such policy in line with the Credit Union Act 1997 (as amended) and guidance notes issued by the Central Bank of Ireland.

Market Risk:

Market risk is generally comprised of interest rate risk, currency risk and other price risk. Tullamore Credit Union Limited conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore, the Credit Union is not exposed to any form of currency risk or other price risk.

26b. INTEREST RATE RISK DISCLOSURES

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

	2019		2018	
	Amount €	Average Interest Rate	Amount €	Average Interest Rate
Financial assets				
Gross Loans	64,984,699	8.21%	63,594,222	8.14%
Financial liabilities				
Members' shares	208,979,641	0.1%	197,287,217	0.25%

The interest rates applicable to loans to members are fixed at a range from 4% to 9.5%. The dividend on shares is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and dividend on shares. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

26c. LIQUIDITY RISK DISCLOSURES

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans.

26d. FAIR VALUE OF FINANCIAL INSTRUMENTS

Tullamore Credit Union Limited does not hold any financial instruments at fair value.

26e. CAPITAL

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current Regulatory Reserve is in excess of the minimum requirement set down by the Central Bank of Ireland, and stand at 11.3% of the total assets of the Credit Union at the Balance Sheet date.

27. Approval of financial statements

The financial statements were approved, and authorised for issue by the Board of Directors on 24 October 2019.

The following pages do not form part of the statutory Financial Statements which are the subject of the Independent Auditor's report on pages 11-12.

Schedule 1 - Interest On Loans

For the year ended 30th September 2019	2019 €	2018 €
Loan Interest Income Received	4,996,741	5,063,810
Loan Interest Income Receivable	162,768	112,652
TOTAL PER INCOME AND EXPENDITURE ACCOUNT	5,159,509	5,176,462

Schedule 2 - Other Interest Income And Similar Income

For the year ended 30th September 2019	2019 €	2018 €
Investment Income Received	1,978,821	1,597,756
Investment Income Receivable within 12 months	215,110	284,327
TOTAL PER INCOME AND EXPENDITURE ACCOUNT	2,193,931	1,882,083

Schedule 3 - Other Income

For the year ended 30th September 2019	2019 €	2018 €
Commission	95,541	97,277
Fees	35,350	37,590
Current account income	267	-
Other Income	13,510	21,147
TOTAL PER INCOME AND EXPENDITURE ACCOUNT	144,668	156,014

Schedule 4 - Other Gains

For the year ended 30th September 2019	2019 €	2018 €
Gains on Maturity of Investments	46,184	1,970,496
TOTAL PER INCOME AND EXPENDITURE ACCOUNT	46,184	1,970,496

Don't forget to take part in our MEMBERS' QUARTERLY PRIZE DRAW!

Download an entry form on www.tullamorecu.ie or call to the office to sign up. Cost of entry is €10 per draw.



Schedule 5 - Other Management Expenses

For the year ended 30th September 2019

	2019 €	2018 €
Rent and Rates	40,784	40,433
Lighting, Heating & Cleaning	72,169	56,318
Repairs & Renewals	33,586	7,562
Security	34,962	36,847
Printing and Stationery	37,562	30,492
Postage and Telephone	81,443	88,319
Donations and Sponsorship	98,774	44,569
Promotion and Advertising	182,109	158,333
Training Costs	36,226	31,420
Convention Expenses	10,420	6,880
AGM Expenses	41,001	37,337
Travel and Subsistence	30,575	20,227
Bank Charges	116,051	102,211
Overdraft Interest	94	1,859
Audit Fee	34,440	34,440
General Insurance	81,269	69,823
Share and Loan Insurance (Gross)	404,913	413,614
Pension	194,367	185,006
Legal and Professional Fees	399,732	274,260
Computer Maintenance	414,968	275,004
Miscellaneous Expenses	72,748	65,984
Affiliation Fees	43,500	49,288
Regulatory Levy	263,200	202,577
Deposit Protection Account Charges & CBCIRFL	155,565	144,869
ATM and debit card Expenses	150,564	204,206
TOTAL PER INCOME AND EXPENDITURE ACCOUNT	3,031,022	2,581,878

Schedule 6 - Other Losses

	2019 €	2018 €
Losses on Investments	133,942	166,149
TOTAL PER INCOME AND EXPENDITURE ACCOUNT	133,942	166,149

Proposed Merger Announcement

Having taken on Board the views of our members at our AGM in 2018, we are delighted to inform you that we have commenced a process of a merger between Kilcormac Credit Union and Tullamore Credit Union. Both Credit Unions are of the view that the combined Credit Union will build on our proud record to ensure we continue making a distinct and positive contribution to the challenges and opportunities facing our members and our community.

In summary this initiative provides assurance on the continuation of services locally in Kilcormac and ensures that the Credit Union will have the combined strength to meet the very challenging times ahead for credit unions.

This announcement is made in the spirit in which our credit unions intend to move forward with this process – honesty and transparency so that you the member, can be sure that at all times you are fully informed. As the process evolves each member will be provided with an information pack, which will give details outlining the financial position of each credit union and the benefits of this initiative. Please be assured that the members will have the final say on the approval of the merger. The Credit Unions must firstly secure the permission to proceed from the Central Bank.

It is also very important to note that throughout this proposed process, it will be business as usual with no impact on day to day activities for members, and your Board of Directors will keep members informed along the way.

Rule Amendments

Rule 5 setting out the objects for which the Credit Union is formed shall be amended by the insertion of the following additional Rule as Rule 5 (ix):

“provision or arrangement for the provision of insurance intermediation services whether on a tied or multi-agency, referral, introduction or advisory basis but in each case subject always to such regulatory approval and compliance as may be prescribed from time to time by the Central Bank of Ireland.”

Cover photograph by Marie Kearns - 1st Place winner in Tullamore Credit Union Photography Competition.

Christmas Opening Hours

Tuesday 24th December10am to 2pm
 Wednesday 25th December.....Closed
 Thursday 26th DecemberClosed
 Friday 27th DecemberClosed
 Saturday 28th December....10am to 5pm

Sunday 29th DecemberClosed
 Monday 30th December10am to 5pm
 Tuesday 31st December.....10am to 5pm
 Wednesday 1st JanuaryClosed
 Thursday 2nd January.....10am to 5pm



Members' Prize Draw Income and Expenditure

For the year ended 30th September 2019	2019 €	2018 €
Surplus Brought Forward	6,533	6,201
INCOME		
Income from Members	245,510	243,100
TOTAL	252,043	249,301
EXPENDITURE		
Car Prizes	93,947	91,995
Cash Prizes	145,000	149,000
Other Prizes	2,000	-
Car Draw Expenses	4,483	1,773
TOTAL	245,430	242,768
SURPLUS CARRIED FORWARD	6,613	6,533

Members' Quarterly Prize Draw Winners

Our quarterly Members' Prize Draw remains very popular and typically attracts around 5500 participants. The draw takes place in public in the Credit Union office with members drawing the winning numbers and representatives from the Board Oversight Committee monitoring proceedings. Cost of entry is €10 per draw. Download an entry form on www.tullamorecu.ie or call to the office to sign up.

December 2018

1st prize: Nissan Pulsar 1.2 petrol.

Winner: Joseph Bourke, Elm Lawn, Portlaoise, Co Laois, plus 1 winner of €2000 holiday voucher and 35 winners of €1000.

March 2019

1st prize: Renault Megane.

Winner: Olive Arnold, Killurne, Tullamore, Co Offaly and there were 40 winners of €1000.

June 2019

1st prize: Hyundai 1.0 Turbo.

Winner: Dolores Rigney, Meelaghans, Tullamore, Co Offaly and there were 35 winners of €1000.

September 2019

1st prize: Toyota Corolla Hatchback Hybrid Luna.

Winner: Louella Cummins, Screggan, Tullamore, Co Offaly and there were 35 winners of €1,000 cash.

Well done to all our Prize Draw Winners!!



December 2018



March 2019



June 2019



September 2019

Don't forget to sign up for our
Members' Quarterly Prize Draw.



Today. Tomorrow. Together.

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