

# Annual Reports 2020 and Section 130 Pack

In relation to the proposed transfer of engagements of  
Kilcormac Credit Union Limited to Tullamore Credit Union Limited



**Tullamore**  
Credit Union Ltd.



**Kilcormac**  
Credit Union

Notice is hereby given that the 2020 Virtual Annual General Meeting of the members of Tullamore Credit Union Limited will take place via Zoom Webinar on Monday 26th April 2021 @ 8.00pm.

Notice is hereby given that the 2020 Virtual Annual General Meeting of the members of Kilcormac Credit Union Limited will take place via Zoom Webinar on Tuesday 27th April 2021 @ 8.00pm.



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- C. Adoption of standing orders
- D. Reading and approval of the minutes of last Annual General Meeting
- E. Report of the Board of Directors
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### Tullamore Credit Union Ltd - Board Of Directors:

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

- \* Elected Chair on January 6th 2021
- \*\* Stepped down from position of Chair on January 6th 2021
- \*\*\* Elected Hon Secretary on January 6th 2021
- \*\*\*\* Stepped down from position of Hon. Secretary on January 6th 2021
- \*\*\*\*\* Appointed to Board of Directors on February 18th 2021
- \*\*\*\*\* Resigned from position of Director on January 21st 2021

### Tullamore Credit Union Ltd - Board Oversight Committee:

Ciara Flanagan (Chairperson)  
Mary Droogan (Secretary)  
Noel McManamly

Dennis Daly (CEO)

## DEAR MEMBERS,

We are pleased to inform you, that the Board of Directors of Tullamore Credit Union Limited and Kilcormac Credit Union Limited are in a position to ask our members to approve the transfer of engagements, of Kilcormac Credit Union Limited to Tullamore Credit Union Limited.

The proposed transfer arises from the belief of the Boards of our Credit Unions that our members can be better served together and we consider it an ideal opportunity to grow and develop our services to members locally. On completion of the proposed transfer of engagements, the common bond and services of Tullamore Credit Union Limited will be extended to include all current members of Kilcormac Credit Union Limited.

The Boards of both Credit Unions are confident that our decision to combine our Credit Unions will strengthen our position to be the most trusted, respected and preferred financial services provider for our members, providing good value, modern, accessible and tailored services. The advantages for members are that the enlarged Credit Union will protect the provision of Credit Union services in our community and allow for more investment in our community. It will allow access to a broader range of savings and loan services at competitive and sustainable rates. The combined Credit Union will be a stronger, more viable Credit Union with healthy financial reserves and provide greater efficiencies through sharing costs resulting in better value for members.

We would like to take this opportunity to thank you the members for your continued loyalty to your Credit Union. In particular, we would like to acknowledge the voluntary contribution of the members of the Board of Directors, Board Oversight Committee, and volunteers of Kilcormac Credit Union Limited over the years.

The Special Resolutions to approve the Transfer of Engagements will be voted on at the forthcoming Annual General Meetings. Included in this booklet, for your information are the statements required under Section 130 of the Credit Union Act, 1997 (as amended). We would like to take this opportunity to thank you the members for your continued loyalty to your Credit Union and look forward to your support at the Annual General Meetings.

*Ray Spain, Chairperson, Tullamore Credit Union Limited*

*James Gorman, Chairperson, Kilcormac Credit Union Limited*

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## Standing Orders For AGM Held Virtually

### Holding a Virtual AGM

#### 1. MANNER IN WHICH THE AGM WILL BE CONDUCTED

The AGM shall be facilitated through the following electronic platform only: ZOOM. The functionalities on ZOOM shall be utilised in order to ensure expedience and proper conduct of the AGM: These functionalities include:

- i. the Raised Hand” facility
- ii. the “Q&A” facility
- iii. Voting facility

And, any other manner or technology deemed appropriate by the Chair.

#### 2. VOTING

Each member shall be entitled to one vote irrespective of his/her shareholding, in accordance with Rule 5(7). Voting will be electronic means. When the voting is complete and confirmed, the results shall be announced by the Chair.

Where a proposer or seconder is required this will be achieved through one of the allotted functionalities on ZOOM.

#### 3-5 ELECTION PROCEDURE

3. 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.
4. A list a candidates for the election of the Board, Board Oversight Committee, and the position of Auditor, where applicable, will appear on each member’s screen at the AGM.
5. Each member will select/approve the candidate(s) for election from the list provided.

#### 6-12 MOTIONS

6. All motions from a member must be received by the Credit Union not less than 5 days in advance of the AGM in order for the Credit Union to facilitate the voting process as required.
7. The proposer must acknowledge his/her presence and propose the motion when asked to do so at the AGM by the Chair. The motion must be seconded by a member at the AGM. This will be achieved through one of the allotted functionalities on ZOOM. If the proposer is not present when the motion is called, the motion shall be deemed to have failed.
8. A proposer of a motion may speak for such period as shall be at the discretion of the Chair at the meeting and shall have the right of reply before the motion is put to the meeting for a vote, when called upon to do so by the Chair and for such time as the Chair deems appropriate. The proposer will be prompted by the “Count Down” facility on ZOOM which can be seen on his/her screen.
9. In exercising his/her right of reply, a proposer may not introduce new material.
10. The Chair reserves the right of response to all motions and to present a countermotion.
11. Members are entitled to propose questions or comments on any such motion and must do so through the “Q&A” facility on ZOOM. Such questions or comments shall be read aloud by the Chair and at the discretion of the Chair.



12. 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 a vote.

### **13-15 MISCELLANEOUS**

13. The Chair of the Board of Directors shall be the Chair of any general meeting, except where he/she is not available, then 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 of any general meeting.
14. The Chair may at his/her discretion, address questions or comments as they come in through the "Q&A" facility. The Chair will endeavour to address all questions and comments but in the interest of expedience and the proper conduct of the meeting, all questions and comments may not be addressed at the AGM.
15. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the Chair.
16. The Chair's decision on any other matter relating to these Standing Orders or interpretation of same shall be final.
17. In accordance with Rule 5(7) 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 Chair 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.
18. Any matter to be decided upon by a vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.

### **19. 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.

### **20. 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.

### **21. ADJOURNMENTS**

Adjournments of the AGM shall take place only in accordance with Rule 5(9).



## Registering for Virtual AGM

### The following information is pertinent to this notice:

- Tullamore Credit Union Ltd will be using Zoom Webinar as the electronic platform for the meeting.
- To gain access to the meeting a member must request an invitation to the virtual meeting by visiting our website [www.tullamorecu.ie](http://www.tullamorecu.ie) or emailing [agm@tullamorecu.ie](mailto:agm@tullamorecu.ie). This request must be received by Wednesday 21st of April at 5pm. Following the request for invitation you will receive an invitation before 12pm on 26th of April. This will allow you to join the meeting.
- The information required to request and invitation in your name, your date of birth, your address and your member number.
- The Credit Union will be verifying members details prior to issuing invitations.
- In order to register for the Virtual AGM, each member will receive a personal email. Please note that a group or general mailbox will not be accepted.(E.G. [info@club.ie](mailto:info@club.ie) or [team@xyz.ie](mailto:team@xyz.ie) )
- All non-presenting participants will have their microphones muted and have their cameras switched off to allow the smooth running of the meeting.
- If a member wishes to submit a question this can be typed to the host by clicking on the Q & A button at the bottom of the screen.
- There will be resolutions that require a vote as well as elections for the position of Auditor, Board Oversight Committee and Board of Directors.
- Voting will be conducted by way of the online poll facility and members will be asked to vote Yes or No electronically for the resolution or for each candidate when instructed by the Chairperson
- Votes will be tallied electronically, verified and recorded by the meeting Secretary.
- This Virtual AGM meeting will be recorded and members who register for the meeting will be agreeing to the recording of the meeting and their participation in it, by registering.



## BOARD OF DIRECTORS REPORT



On behalf of the Board of Directors, I am very pleased to present our report for the year to September 30th, 2020. The year was dominated by Covid 19 and Brexit resulting in uncertainty and a difficult trading environment for all businesses.

I wish to say a special thank you to our Management and Staff for their outstanding 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. I also want to say a special thank you to Alice Campbell who has retired as a Director and thank her for her contribution to Tullamore Credit Union. The responsibility of managing

a Credit Union of our size, particularly in the context of a major pandemic, is immense and involves great dedication and commitment.

I would also like to pay a special tribute to you, our members, for your support and encouragement in the past year. From the outset of the Covid pandemic, we took the view that we would do everything in our power to continue to provide members with access to their funds, while protecting the health and welfare of members and staff alike. That we have continued to do so throughout the pandemic is a testament to our staff who have worked so hard in such trying circumstances, but also to our members, who have supported our efforts to help you.

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 performing well.

Last year, I highlighted the ongoing impact of the low interest rate environment on our Credit Union. This continues to make it very difficult to get a reasonable return when we invest our members' savings. This is becoming more of an issue as the amount of member savings increases. This year alone, member savings increased by €28.4M which is, of itself, a testament to the confidence that our members have in our Credit Union. In more and more instances, the rates on offer are negative, meaning that we are now being charged for putting your funds on deposit with the banks. This has directly led to a significant drop in our surplus for the current year. Unfortunately, this low interest rate environment looks set to continue for the foreseeable future.

In considering the possibility of returning funds to members this year by way of dividend, the Board must give consideration to a number of factors. These include the continued reduction in our annual surplus and the ongoing uncertainties for the future, as a result of Covid 19 and Brexit. We must take into account the interest rates available in the marketplace. In addition, the Central Bank of Ireland has articulated its concerns about the impact of Covid 19 and Brexit on the economy in the coming year. The following is an extract from a year end circular issued to Credit Unions:

### **Credit Union Distributions and Prudent Reserve Management**

***"In the context of the 2020 year-end, credit unions must be cognisant of the significant risks posed by the COVID-19 pandemic as well as a potential disruptive Brexit, not only to their own business models but to the wider economic environment. Maintaining and building adequate levels of reserves, including adequate operational risk reserves, is key to ensuring credit union financial stability and resilience. As the recent crisis showed, capital reserves offer protection against the potential macroeconomic impacts of disruptive events, including the credit union's capacity to absorb credit or other losses that may arise.***

***Given the current level of risk and uncertainty regarding the economic outlook, the Registry of Credit Unions expects all credit unions to take a prudent approach to their reserve management. In this regard, for 2020 year-end the Registry of Credit Unions expects priority to be given to the maintenance and***



## Financial Report

***building of reserves over the payment of any distributions to members. Accordingly, we do not expect that proposed distributions (dividend or loan interest rebate) would feature in the 2020 financial year."***

For the above reasons, the Board of Directors has decided against issuing a Dividend for year end September 30th, 2020.

On a positive note, the focus of the Board continues to be on providing a quality service to meet the needs of our growing member base. Member take-up of many of our newer products has been exceptional. We now provide a broad range of tailored products for the Personal, Commercial, Farming and Mortgage sectors.

Our Board is particularly delighted at the recent announcement by CUDA of the launch of a special fund for Credit Unions to support the development of social housing. Our Credit Union has long held the view that there is a great opportunity for Credit Unions, on behalf of our members, to utilise our funds to support some of the less fortunate in our communities. After all, we are a local, not for profit organisation.

We are delighted to advise that, as reported at last year's AGM, we have entered into a process with our neighbouring Credit Union in Kilcormac for a transfer of engagement. This is now at an advanced stage and we hope to complete same in 2021.

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 would like to wish each and every Tullamore Credit Union member a safe and healthy 2021. Please remember that Tullamore Credit Union is your Credit Union and I encourage all members to make full use of our services.

***Francis Mollen, Chairperson (2019/2020)***

## FINANCIAL REPORT



On behalf of the Board of Directors, I am delighted to report on our Credit Union's performance for the year ended 30th September 2020. Economic conditions, particularly the impact of Covid 19 on the economic environment, which saw a reduction in demand for loans for a significant part of the year, coupled with a huge increase in member savings and the ongoing low interest rate environment, made trading difficult, and contributed to a reduction in the surplus generated in the financial year. Regrettably, Covid 19 continues to be an ongoing issue into 2021 and 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. A post Covid

"bounce" in demand for personal loans in the final three months of financial year ended 30th September 2020, together with strong demand for our Credit Union mortgage package saw our lending portfolio continue to grow.

As a result, the overall excess of income over expenditure for the year amounted to €1.15 million. While this was below last year's figure of €2.47million, it takes into account a once-off expenditure of € 292K on special projects, most significantly the development of a new IT system that will be launched in 2021. This expenditure had been budgeted for and a special reserve was created in previous years. As a result of this surplus, our Reserve has increased from €68.1 million to €69.1 million at year end.





In line with the trend of recent years, there was strong growth in Members' Savings in 2020, with savings growing by €28.4 million to €237.6 million in total. We must point out that this level of savings growth, unless matched by increased demand of loans, poses a problem for our Credit Union. When we look to invest these funds on your behalf, the rates on offer are, at best minimal, and more recently rates are negative. This impacts significantly on our ability to pay dividends, into the foreseeable future.

This year our Loan Portfolio has grown by €2.5 million, finishing the year at €67.5 million from an opening loan book value of €65 million.

Despite the low interest rate environment in the marketplace, our investment portfolio generated income of €1.9m in the financial year, which represented a very solid performance. Our investment portfolio of €234.8 million remains well diversified and comprises mainly of 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 outlined previously, the impact of the current low interest rate environment impacts on our ability to pay a dividend. In the current year the impact of other factors, such as Covid 19 and Brexit, also required consideration. In September 2020, the Central Bank of Ireland, in its capacity as regulator of Credit Unions, issued a circular to all Credit Unions setting out a number of factors for consideration with respect to dividends for 2020.

**The Central Bank of Ireland circular states:**

***"Given the current level of risk and uncertainty regarding the economic outlook, the Registry of Credit Unions expects all Credit Unions to take a prudent approach to their reserve management. In this regard, for 2020 year-end the Registry of Credit Unions expects priority to be given to the maintenance and building of reserves over the payment of any distributions to members. Accordingly, we do not expect that proposed distributions (dividend or loan interest rebate) would feature in the 2020 financial year"***

Having considered the current economic climate and in line with the expectation of the Regulator, the Board does not consider it prudent to pay a dividend for the year ended September 30th 2020.

**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 certainly posed many challenges for our Credit Union, and for other businesses in Tullamore, Offaly and the country as a whole. When Covid 19 arrived on the horizon in March 2020, our first priority was to ensure that we were classified as an essential service in order to allow us to continue to serve our members throughout the pandemic. Of course, to do so effectively we had to ensure that every step possible was taken to protect the Health and Safety of our members and staff alike. This became our focus and continues to be so. As CEO I am aware that some of the changes implemented have resulted in inconvenience to members. I would like to thank each and every one of you for your support and understanding. We could not have continued to provide the level of service achieved without this support. I would also like to acknowledge the dedication and support of our staff here in TCU. They unfailingly adapted to each additional change and were wholeheartedly



## CEO Report

committed to providing a service to members, at times even despite concerns about their own health and that of their families. I am sure that you will all join me in expressing our thanks to them for their efforts.

Part of our core strategy here in TCU is to develop and introduce a broad range of products and services for our members. Several projects, some of which we have been working on for several years, are now up and running. Our current account now has over 2,000 users, all with full debit card and online access to their funds, many of whom are also availing of the attached overdraft facility. This upgraded service replaced the old ATM service, which was in place since 1996. and served our members well for almost 25 years.

Since its launch in 2019, our Credit Union mortgage package has by September 2020 assisted 96 members, mostly young couples, in purchasing a home. In addition, we have helped another 14 members to buy out their homes through the council Tenant Purchase Scheme. We also have a range of loan products for personal, commercial and farming purposes and are happy to report that take up in all areas is increasing.

In the coming year, we will be focusing on developing Green Energy Loans for members. This will initially involve a Green Energy Home Improvement loan for members intending to renovate their homes with a view to improving the energy rating. Such Improvements can attract significant grant funding and we are currently looking at an end to end process to assist members with grant applications, appointment of contractors and supervision of work to grant standard. We will also look to expand the range of green energy loans into other areas such as green energy car loans to support the purchase of environmentally friendly vehicles.

In 2020, our team has been hard at work developing our digital onboarding and loan application facilities. Currently members who wish to apply for a current account can do so entirely online, through our mobile app, or via Facebook. In addition, we are working to ensure that members and potential members who wish to borrow from our Credit Union can also fully complete their loan application online or through our mobile app, and that the new member application process can be fully completed online. In 2021 we hope to support these channels further with the launch of a call centre to improve service and reduce response times.

We are very happy to announce a further expansion of our member service offering in the coming months. Through a joint venture with CUIS, we will be launching a revised range of insurance options for members focusing initially on Home, Life and Travel cover. Like all services provided by our Credit Union we work continuously to ensure that members receive a quality product at a fair cost.

At this time, we are also working on the biggest project that our Credit Union has ever undertaken. In conjunction with two other Credit Unions, our team is working on development and implementation of a top- class IT platform to support us in serving members for years to come. We are hopeful that we will be in a position to launch in quarter 3 of 2021. We will work to minimize inconvenience to members during the initial launch period and are confident that you will recognize the benefits over time.

At our AGM in 2018 and 2019, I outlined to members that we intended to enter into a Transfer of Engagement process with our neighbors in Kilcormac Credit Union. We look forward to welcoming the team from KCU on board and to the prospect of making the full range of services available to our new members in the Kilcormac area.

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.

Once again, thanks to all our members for your continued support.

*Dennis Daly, CEO*



## REPORT OF CREDIT COMMITTEE

It is my pleasure to report on the activities of the Credit Committee for the year ended 30th of September 2020.

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 there 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 5,845 loans which is a tremendous achievement.

The loans team of Tullamore Credit Union Ltd continued to display their professionalism, ability to identify member's needs and commitment to high level member service throughout the COVID pandemic of 2020.

Prior to the commencement of our financial year we enhanced our mortgage product offering based on feedback from our members within our Common Bond. The latter resulted in a max home loan offering of €250,000 over 25 years. We currently have 172 mortgages accounts which represent loans issued in this category of €10,678,600 to our members of which €4.4m was issued in the current financial year.

### Loans

1. 5,845 loans were granted during the year
2. The value of loans granted during the year was €30,997,907
3. Overall, the loan book grew by €2,522,127 to €67,506,127 an overall increase of 3.9%
4. Loan interest for 2020 equated to €5,008,445

### Members with Financial Difficulty

We always encourage our members to talk to us and in particular over the last few months as a result of COVID we encouraged our members who experienced financial difficulty to talk to a member of our team about their borrowing requirements and / or financial position if they find themselves in difficulty. We are a Credit Union for our members and strive to help members with their finances at all times. It is rare that we are unable to help a member sort out their finances provided they are open and forthcoming with their situation. In this regard it should be noted that Tullamore Credit Union Ltd introduced a Debt Consolidation Loan which enables its members to combine their existing borrowings into one loan with one manageable weekly/monthly repayment. The maximum borrowing is €30,000 over a max term of 7 years.

### Review of the Committee Performance

The Committee reviewed its own performance for the year against its terms of reference and has deemed this to be effective.

### 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.



## Report of Credit Committee

### REPORT OF MEMBERSHIP COMMITTEE

During the year, 1399 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 1399, 265 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 launched our current account on the 16th of October 2019 and to date this has been a great success with 2230 new current accounts opened, with debit card and overdraft facilities.

We would like to advise members of Tullamore Credit Union Ltd that we will continue to work to provide service and access to their funds during the period of COVID19 situation and a full listing of our services inclusive of digital options are available online at our website [www.tullamorecu.ie](http://www.tullamorecu.ie) in or in our office.

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!

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### 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, our Credit Union 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 €326,881 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 €502,150 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 2020.

### 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. It has been a challenging period due to the impact of the ongoing Covid 19 pandemic. The Directors have been pro active in their approach to develop a member focused safe environment. During the year the Credit Union rolled out a number of new member services which are disclosed in detail in the Board of Directors Report and the CEO report. 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 19. The Board does not propose to the membership the payment of a 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.

### Prior year adjustments

There has been an internal review affecting the Credit Union since the prior year end which requires disclosure in these financial statements. Under FRS102, it is impractical to restate any prior year financial statements as the amount is not material. Following an independent review of internal controls, €37,723 is included as part of other management expenses in the Income & Expenditure Account on page 19. Recommendations made as part of this review are in the process of being implemented by Tullamore Credit Union Limited.



## Directors' Report

### Post Balance Sheet Events

The COVID-19 pandemic is ongoing and has led to widespread economic uncertainty and volatility in financial markets. Ireland moved to level five of the government Covid guidelines in December 2020. The measures taken across the globe, and by the Irish government, to try to slow the spread of COVID-19 are impacting both the supply and demand for many goods and services. Although fiscal and monetary policy measures are also being implemented to maintain economic activity, a global recession is likely. This uncertainty may have implications on the Credit Union's ability to grow its loan book and generate sufficient levels of income.

Tullamore Credit Union Limited has agreed the Transfer of Engagements with Kilcormac Credit Union Limited. This process is at an advanced stage and is expected to complete before the end of the current financial year.

### Directors

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

In accordance with Section 53 of the Credit Union Act 1997 (as amended), three Directors of the Credit Union are required to retire from the Board at this year's Annual General Meeting. Being eligible, the two directors are proposed by the Nomination Committee and will go forward for re-election at this year's Annual General Meeting. One member of the Board was co-opted in February 2021 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 at Main Street, Tullamore, Co. Offaly.

### Auditors

The auditors, BCA Tax & Business Consultants Limited, 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 27 February 2021 and signed on its behalf by:

*Ray Spain, Director*

*Patrick Doheny, 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

*Ray Spain, Director*

*Patrick Doheny, Director*

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## 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 Board Oversight Committee

### REPORT OF BOARD OVERSIGHT COMMITTEE

The Board Oversight Committee (BOC) has the responsibility for ensuring that the interests of the members of Tullamore Credit Union Ltd are safeguarded and protected. We form an entity that is independent of the Board of Directors. Our function is in fact to assess whether the Board of Directors is operating in accordance with all the relevant legislation, best practice and good corporate governance.

There have been no changes to the Board Oversight Committee membership since last years' AGM.

The past year has been an extremely busy, challenging and unique one especially with the arrival of Covid-19. Its arrival and its impact have been enormous in a year when Tullamore Credit Union had already set itself a very comprehensive plan of work.

As per regulatory requirements, at least one member of the Board Oversight Committee has attended every Board of Directors meeting. We had four special meetings with the Board pertaining to its role and our oversight of that role.

We ourselves met at least once a month and we had a supervisory presence at various Committee meetings and all the Members' Quarterly Prize Draws.

All members of the Board Oversight Committee took part in both statutory and voluntary professional development training throughout the year to enhance their knowledge and understanding enabling them to discharge their duties in a more informed manner.

The arrival of Covid-19 in Quarter 2 of 2019/2020 financial year has impacted hugely on all our lives and on the day to day operations of our Credit Union. As you are all aware, it necessitated alterations and changes in the functioning and running of the Credit Union. The Board of Directors reacted proactively and increased the number of virtual meetings held with management to ensure that guidelines for health & safety were updated and reviewed regularly.

It is our view that throughout this year the Board of Directors fulfilled its role in accordance with Part IV of the Credit Union Act 1997 and with all other relevant legislative and regulatory requirements at all times. Its motivation throughout the year was to ensure that the best interests of the membership were prioritised.

Consequently, the Board Oversight Committee would like to sincerely acknowledge and extend its thanks on behalf of the membership to the Board of Directors, the CEO, the management team and all staff for their commitment and dedication during these unprecedented times. They ensured that the Credit Union effectively and productively operated during the pandemic making sure that your best interests were prioritised.

Finally, we would like to thank you the membership, for your co-operation, understanding and commitment to the continued success of your Credit Union.

*Ciara Flanagan, Mary Droogan, Noel McManamly*





## 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 2020 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 2020 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



## Independent Auditor's Report

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 14, 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](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**

Paul Kelly F.C.A. for and on behalf of.

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

Date: 27 February 2021

Tullamore Credit Union Ltd is regulated  
by the Central Bank of Ireland.



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a mortgage  
or retrofit,  
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**Tullamore**  
Credit Union Ltd.



## Income & Expenditure

### Income & Expenditure Account

For the financial year ended ended 30 September 2020

	Notes	2020 €	2019 €
<b>INCOME</b>			
Interest on Loans	Schedule 1	4,987,083	5,159,509
Other Interest Income and Similar Income	Schedule 2	1,946,875	2,193,931
<b>Net Interest Income</b>		<b>6,933,958</b>	<b>7,353,440</b>
Other Income	Schedule 3	117,610	144,668
Other Gains	Schedule 4	22,647	46,184
<b>TOTAL INCOME</b>		<b>7,074,215</b>	<b>7,544,292</b>
<b>EXPENDITURE</b>			
Salaries		2,008,616	1,943,437
Other Management Expenses	Schedule 5	3,656,862	3,031,022
Depreciation		341,017	318,044
Other Losses	Schedule 6	117,469	133,942
Bad Debts Provision		(23,777)	(266,390)
Bad Debts Recovered		(505,696)	(545,474)
Bad Debts Written Off		326,881	458,148
<b>TOTAL EXPENDITURE</b>		<b>5,921,372</b>	<b>5,072,729</b>
<b>Excess of Income over Expenditure for the year</b>		<b>1,152,843</b>	<b>2,471,563</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,152,843</b>	<b>2,471,563</b>

These Financial Statements were approved by the Board on: 27 February 2021.

Signed on behalf of Tullamore Credit Union Limited:

CEO: Dennis Daly  
 Member of Board Oversight Committee: Ciara Flanagan  
 Member of the Board of Directors: Ray Spain

Date: 27 February 2021.  
 Date: 27 February 2021.  
 Date: 27 February 2021.

The notes on pages 23-35 form part of these financial statements.



## Balance Sheet

As at 30th September 2020

	Notes	2020 €	2019 €
<b>ASSETS</b>			
Cash and Balances at Bank	11	8,153,956	3,330,602
Deposits and Investments - Cash Equivalents	12	28,567,976	34,501,286
Deposits and Investments - Other	12	206,228,516	178,108,428
Loans	13	67,521,450	64,984,699
Less: Provision for Bad Debts	14	(6,729,657)	(6,753,434)
Tangible Fixed Assets	15	1,964,858	2,166,817
Debtors, Prepayments and Accrued Income	16	1,496,509	1,292,847
<b>TOTAL ASSETS</b>		<b>307,203,608</b>	<b>277,631,245</b>
<b>LIABILITIES</b>			
Members' Shares	17	235,340,635	208,979,641
Other Liabilities, Creditors, Accruals and Charges	18	2,744,916	491,356
Retirement Benefit Liability	18	28,568	21,334
<b>TOTAL LIABILITIES</b>		<b>(238,114,119)</b>	<b>(209,492,331)</b>
<b>NET WORTH</b>		<b>69,089,489</b>	<b>68,138,914</b>
<b>RESERVES</b>			
Regulatory Reserve		34,711,405	31,365,405
Operational Risk Reserve		3,600,000	1,600,000
Other Reserves			
Realised Reserves		30,778,084	35,173,509
Unrealised Reserves		-	-
<b>TOTAL RESERVES</b>		<b>69,089,489</b>	<b>68,138,914</b>

These Financial Statements were approved by the Board on: 27 February 2021.

Signed on behalf of Tullamore Credit Union Limited:

CEO: Dennis Daly  
 Member of Board Oversight Committee: Ciara Flanagan  
 Member of the Board of Directors: Ray Spain

Date: 27 February 2021.  
 Date: 27 February 2021.  
 Date: 27 February 2021.

The notes on pages 23-35 form part of these financial statements.



## Statement of Changes In Reserves

### Statement of Changes In Reserves

For the financial year ended 30 September 2020

	Regulatory Reserve	Operational Risk Reserve	Undistributed Surplus	Other Realised Reserves	Unrealised Reserves	Total Reserves
	€	€	€	€	€	€
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	-	(1,776,680)	-	-
Balance 1 October 2019	31,365,405	1,600,000	14,881,393	20,292,116	-	68,138,914
Surplus for the year	-	-	1,152,843	-	-	1,152,843
Payment of dividend	-	-	(202,268)	-	-	(202,268)
Transfer between reserves	3,346,000	2,000,000	-	(5,346,000)	-	-
Balance 30 September 2020	34,711,405	3,600,000	15,831,968	14,946,116	-	69,089,489

- 1 The Regulatory reserve of the Credit Union as % of total assets as at 30 September 2020 was 11.3%. (2019: 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 €2,000,000 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 €3,346,000 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

Date: 27 February 2021.

Member of Board Oversight Committee:

Ciara Flanagan

Date: 27 February 2021.

Member of the Board of Directors:

Ray Spain

Date: 27 February 2021.





## Cash Flow Statement

For the financial year ended 30th September 2020

	2020 €	2019 €	
Opening Cash and Cash Equivalents	37,831,888	36,236,837	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loans Repaid	28,134,275	28,995,486	
Loans Granted	(30,997,907)	(30,844,110)	
Loan Interest Received	5,008,445	5,109,393	
Investment Interest Received	1,848,673	2,111,418	
Bad Debts Recovered	505,696	545,474	
Dividends Paid	(140,288)	(336,140)	
Taxation Paid	(61,980)	(140,858)	
Other Receipts	117,610	144,668	
Member current account lodgements	12,476,296	3,225	
Member current account withdrawals	(10,529,333)	(2,427)	
Operating Expenses	(5,573,291)	(4,672,523)	
NET CASH FLOWS FROM OPERATING ACTIVITIES	788,196	913,606	
CASH FLOWS FROM INVESTING ACTIVITES			
Fixed Asset (Purchases) Disposals	(139,057)	(299,083)	
Net Cash Flow From Managing Cash Equivalents	(28,120,088)	(10,711,896)	
NET CASH FLOWS FROM INVESTING ACTIVITIES	(28,259,145)	(11,010,979)	
CASH FLOWS FROM FINANCING ACTIVITES			
Members Shares Received	249,378,037	233,697,344	
Members Shares Withdrawn	(223,017,044)	(222,004,920)	
NET CASH FLOWS FROM FINANCING ACTIVITIES	26,360,993	11,692,424	
Net (decrease) / increase in cash and cash equivalents	(1,109,956)	1,595,051	
CLOSING CASH AND CASH EQUIVALENTS	Note 11	36,721,932	37,831,888

Signed on behalf of Tullamore Credit Union Limited:

CEO:

Dennis Daly

Date: 27 February 2021.

Member of Board Oversight Committee:

Ciara Flanagan

Date: 27 February 2021.

Member of the Board of Directors:

Ray Spain

Date: 27 February 2021.



## Notes to the financial statements financial year ended 30 September 2020.

### 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 un-collectability. 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 2020.

#### **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 2020 €	Funding/ Investment 2019 €
Solution Centre	Development and banking services	25,237	76,575
Payac Services CLG	Current account services	-	47,920
Flywheel IT Solutions CLG	Development and banking services	166,754	-
		<b>191,991</b>	<b>124,495</b>

**5. Staff Costs**

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

	2020 Number	2019 Number
Management and staff	60	53

The aggregate payroll costs incurred during the financial year were:

	2020 €	2019 €
Wages and salaries	2,008,616	1,943,437
Other retirement benefit costs	214,369	194,367
	<b>2,222,985</b>	<b>2,137,804</b>

**6. Key Management Personnel Compensation**

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

	2020 €	2019 €
Remuneration	585,663	502,833
Pension contributions	48,096	49,371
	<b>633,759</b>	<b>552,204</b>

**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 €214,369 (2019: €194,367). Contributions of €28,568 remain outstanding at 30 September 2020 (2019: €21,334).



## 8. Dividends and Loan Interest Rebate

The Directors recommend the following distributions:

	2020		2019	
	Rate %	€	Rate %	€
Gross Dividend on Shares	0.0%	-	0.10%	203,431

## 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%	9.92%
Convert Overdraft to Loan Rate 9.50% per annum	0.792%	9.92%
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%
Proenergy Unsecured Personal Loan Rate 6.90% per annum	0.575%	7.12%
Unsecured Cultivate Loan Rate 6.55% per annum	0.546%	6.75%
Cultivate Loan Rate 6.50% per annum	0.542%	6.70%
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%
Unsecured E Home Loan 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%	6.11%
Secured Business Loan 120K Rate 5.80% per annum	0.483%	5.96%
Secured Business Loan 180K Rate 5.45% per annum	0.454%	5.59%
Secured Business Loan 240K Rate 5.20% per annum	0.433%	5.33%
Secured Home Improvement Loan Rate 5.00% per annum	0.417%	5.12%
Secured Business Loan 300K Rate 4.95% per annum	0.413%	5.06%
Community Loan SCU5-15 Loan Rate 4.95% per annum	0.413%	5.06%
Mortgage Loan Rate 4.20% per annum	0.350%	4.28%
Secured Tenant Purchase Loan Rate 4.00% per annum	0.333%	4.07%

## 11. Cash and cash equivalents

	2020 €	2019 €
Cash at bank and in hand	8,153,956	3,330,602
Short-term deposits	28,567,976	34,501,286
	<b>36,721,932</b>	<b>37,831,888</b>



## 12. Deposits and Investments

	2020 €	2019 €
Deposits and investments - cash and cash equivalents	28,567,976	34,501,286
Deposits and investments - other	206,228,516	178,108,428
	<b>234,796,492</b>	<b>212,609,714</b>

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

	2020 €	2019 €
Irish & EEA State Securities	10,923,152	10,931,774
Accounts in Authorised Credit Institutions	160,661,516	164,033,231
Bank Bonds	52,700,340	29,583,551
Corporate Bonds	2,698,244	2,725,659
Collective Investment Schemes	-	25,195
Investments in Societies	3,809	3,809
Central Bank Deposits	4,306,000	1,799,295
Other*	3,503,431	3,507,200
<b>Total Per Balance Sheet</b>	<b>234,796,492</b>	<b>212,609,714</b>

\*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:

	2020 €	2019 €
A1	66,665,552	40,892,343
A2	16,599,508	33,723,818
A3	31,834,645	17,490,127
Aa3	27,538,785	23,420,836
Ba1	-	12,016,698
Baa1	18,855,492	12,534,686
Baa2	69,795,270	36,017,173
Baa3	3,503,431	36,510,224
Non Listed	3,809	3,809
<b>Total Investments*</b>	<b>234,796,492</b>	<b>212,609,714</b>

\*Above ratings based on Moody's rating scale at 30 September 2020.

## 13. Movement in Loans During the Year

	2020 €	2019 €
Opening Loan Balance 1 October 2019	64,984,699	63,594,222
Loans Granted During the Year	30,997,907	30,844,110
Loans Repaid During the Year	(28,134,275)	(29,017,922)
Loans Written Off During the Year	(326,881)	(435,711)
<b>Closing Loan Balance 30 September 2020</b>	<b>67,521,450</b>	<b>64,984,699</b>



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

By Time Period	2020 Number of Loans	Amount €	2019 Number of Loans	Amount €
Less than 1 year	1,638	3,404,859	1,840	3,758,621
>1 year and <3 years	2,927	18,328,146	3,430	22,179,990
>3 years and <5 years	2,242	27,354,545	2,045	25,893,950
>5 years and <10 years	412	11,655,459	314	8,669,794
>10 years and <25 years	82	6,778,441	66	4,482,344
>25 years	-	-	-	-
<b>Total</b>	<b>7,301</b>	<b>67,521,450</b>	<b>7,695</b>	<b>64,984,699</b>

### 14. Movement in Bad Debt Provisions During the Year

	2020 €	2019 €
Opening Provision Balance 1 October 2019	6,753,434	7,019,824
Net Movement in Bad Debt Provision During the Year for Loans Currently Outstanding	(23,777)	(266,390)
<b>Closing Provision Balance 30 September 2020</b>	<b>6,729,657</b>	<b>6,753,434</b>

#### Breakdown of Closing Provision Balance 30 September 2020

	2020 €	2019 €
Individually Significant Loans	428,545	541,014
Collectively Assessed Loans	3,045,100	3,162,966
Other Impaired Loans	3,256,012	3,049,454
<b>Closing Provision Balance 30 September 2020</b>	<b>6,729,657</b>	<b>6,753,434</b>





## 15. Tangible Fixed Assets

For the year ended 30th September 2020

	Freehold Premises	Long Leasehold Property	Office Equipment	Fixtures & Fittings	Computer Equipment	Total
COST:	€	€	€	€	€	€
At 1 October, 2019	1,477,038	39,639	190,675	574,764	1,228,178	3,510,294
Additions	-	-	-	33,302	115,680	148,982
Disposals	-	-	(9,924)	-	-	(9,924)
<b>At 30 September, 2020</b>	<b>1,477,038</b>	<b>39,639</b>	<b>180,751</b>	<b>608,066</b>	<b>1,343,858</b>	<b>3,649,352</b>
DEPRECIATION:						
At 1 October, 2019	129,476	39,639	87,799	307,633	778,930	1,343,477
Charge for the financial year	29,541	-	18,998	30,044	264,419	343,002
Disposals	-	-	(1,985)	-	-	(1,985)
<b>At 30 September 2020</b>	<b>159,017</b>	<b>39,639</b>	<b>104,812</b>	<b>337,677</b>	<b>1,043,349</b>	<b>1,684,494</b>
<b>NET BOOK VALUE At 30 September 2020</b>	<b>1,318,021</b>	<b>-</b>	<b>75,939</b>	<b>270,389</b>	<b>300,509</b>	<b>1,964,858</b>
<b>NET BOOK VALUE At 30 September 2019</b>	<b>1,347,562</b>	<b>-</b>	<b>102,876</b>	<b>267,131</b>	<b>449,248</b>	<b>2,166,817</b>

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 2020, 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

	2020 €	2019 €
Loan Interest Income Receivable	141,406	162,768
Investment Income Receivable	989,713	986,333
Member current accounts	15,507	-
Other Debtors and Receivables	349,883	143,746
<b>Total Per Balance Sheet</b>	<b>1,496,509</b>	<b>1,292,847</b>

## 17. Members Shares

	2020 €	2019 €
Regular Share Accounts	235,340,635	208,979,641
<b>Total Per Balance Sheet</b>	<b>235,340,635</b>	<b>208,979,641</b>





## 18. Other Liabilities, Creditors, Accruals and Charges

	2020 €	2019 €
Audit fee	19,374	19,065
Quarterly prize draw	113	6,313
Uncashed cheques	302,136	128,799
Member current accounts	1,963,268	798
Other accrued expenses	394,546	296,414
Pension contributions	28,568	21,334
<b>Taxation creditors</b>		
PAYE/PRSI	36,984	39,967
TWSS Subsidy	28,495	-
	<b>2,773,484</b>	<b>512,690</b>

MEMBER CURRENT ACCOUNTS ANALYSED AS FOLLOWS;

	2020		2019	
Payment Accounts	No.	€	No.	€
Credit	2,054	1,963,268	30	798
Debit	177	(15,507)	-	-
	<b>2,231</b>	<b>1,947,761</b>	<b>30</b>	<b>798</b>
<b>Permitted overdrafts</b>	<b>53</b>	<b>29,850</b>	<b>6</b>	<b>3,100</b>

## 19. Post Balance Sheet Events

The COVID-19 pandemic is ongoing and has led to widespread economic uncertainty and volatility in financial markets. Ireland moved to level five of the government Covid guidelines in December 2020. The measures taken across the globe, and by the Irish government, to try to slow the spread of COVID-19 are impacting both the supply and demand for many goods and services. Although fiscal and monetary policy measures are also being implemented to maintain economic activity, a global recession is likely. This uncertainty may have implications on the Credit Union's ability to grow its loan book and generate sufficient levels of income.

Tullamore Credit Union Limited has agreed the Transfer of Engagements with Kilcormac Credit Union Limited. This process is at an advanced stage and is expected to complete before the end of the current financial year.

## 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 has been an internal review affecting the Credit Union since the prior year end which requires disclosure in these financial statements. Under FRS102, it is impractical to restate any prior year financial statements as the amount is not material. Following an independent review of internal controls, €37,723 is included as part of other management expenses in the Income & Expenditure Account on page 19. Recommendations made as part of this review are in the process of being implemented by Tullamore Credit Union Limited.

## 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 (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.

	2020		2019	
	Amount €	%	Amount €	%
<b>Loans Not Impaired</b>				
Not Past Due	47,085,002	69.73%	41,816,209	64.35%
Up to 9 Weeks Past Due	10,903,810	16.15%	12,969,373	19.96%
Between 10 and 18 Weeks Past Due	26,180	0.03%	64,853	0.09%
Between 19 and 26 Weeks Past Due	22,556	0.03%	2,494	0.00%
Between 27 and 39 Weeks Past Due	1,731	0.00%	2,657	0.00%
Between 40 and 52 Weeks Past Due	2,508	0.00%	2,179	0.00%
53 or More Weeks Past Due	19,704	0.03%	43,915	0.07%
<b>TOTAL LOANS NOT IMPAIRED</b>	<b>58,061,491</b>	<b>85.99%</b>	<b>54,901,680</b>	<b>84.47%</b>
<b>Impaired Loans</b>				
Not Past Due	1,810,993	2.68%	1,598,272	2.46%
Up to 9 Weeks Past Due	5,089,330	7.54%	5,451,677	8.39%
Between 10 and 18 Weeks Past Due	743,285	1.10%	809,146	1.25%
Between 19 and 26 Weeks Past Due	292,526	0.43%	324,377	0.50%
Between 27 and 39 Weeks Past Due	287,290	0.43%	399,032	0.61%
Between 40 and 52 Weeks Past Due	238,071	0.35%	195,423	0.30%
53 or More Weeks Past Due	998,464	1.48%	1,305,092	2.02%
<b>TOTAL IMPAIRED LOANS</b>	<b>9,459,959</b>	<b>14.01%</b>	<b>10,083,019</b>	<b>15.53%</b>
<b>TOTAL LOANS</b>	<b>67,521,450</b>	<b>100.00%</b>	<b>64,984,699</b>	<b>100.00%</b>



## 25. Related Party Disclosures

	2020		2019	
	No. of Loans	Amount €	No. of Loans	Amount €
Loans Advanced to Related Parties During the Year	6	42,234	15	157,252
Total Loans Outstanding to Related Parties at 30 September 2020	21	259,936	29	346,575
Total Provisions for Loans Outstanding to Related Parties at 30 September 2020	1	4,214	1	1,897
Total Provision Charge During the Year for Loans Outstanding to Related Parties	1	2,317	1	1,897

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 0.39% (2019 – 0.53%) of the total loan book at 30 September 2020.

## 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.

	2020		2019	
	Amount €	Average Interest Rate	Amount €	Average Interest Rate
<b>Financial assets</b>				
Gross Loans	67,521,450	7.61%	64,984,699	8.21%
<b>Financial liabilities</b>				
Members' shares	235,340,635	-	208,979,641	0.10%

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 27 February 2021.



The following pages do not form part of the statutory Financial Statements which are the subject of the Independent Auditor's report on pages 16-17.

### Schedule 1 - Interest On Loans

	2020 €	2019 €
Loan Interest Income Received	4,845,677	4,996,741
Loan Interest Income Receivable	141,406	162,768
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>4,987,083</b>	<b>5,159,509</b>

### Schedule 2 - Other Interest Income And Similar Income For Year

	2020 €	2019 €
Investment Income Received	1,748,530	1,978,821
Investment Income Receivable within 12 months	198,345	215,110
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>1,946,875</b>	<b>2,193,931</b>

### Schedule 3 - Other Income For Year

	2020 €	2019 €
Commission	61,973	95,541
Fees	1,230	35,350
Current account fees and charges	50,637	267
Current account interest income	758	-
Other Income	3,012	13,510
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>117,610</b>	<b>144,668</b>

### Schedule 4 - Other Gains

	2020 €	2019 €
Gains on Maturity of Investments	22,647	46,184
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>22,647</b>	<b>46,184</b>

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

Download an entry form on [www.tullamorecu.ie](http://www.tullamorecu.ie) or call to the office to sign up. Cost of entry is €10 per draw.



## Schedules

### Schedule 5 - Other Management Expenses

	2020 €	2019 €
Rent and Rates	41,302	40,784
Lighting, Heating & Cleaning	75,832	72,169
Repairs & Renewals	47,046	33,586
Security	46,066	34,962
Printing and Stationery	43,595	37,562
Postage and Telephone	82,797	81,443
Donations and Sponsorship	60,281	98,774
Promotion and Advertising	161,207	182,109
Training Costs	39,719	36,226
Convention Expenses	10,547	10,420
AGM Expenses	42,639	41,001
Travel and Subsistence	15,835	30,575
Bank Charges	124,624	116,051
Bank Interest	6,610	94
Audit Fee	34,440	34,440
General Insurance	88,349	81,269
Share and Loan Insurance (Gross)	416,358	404,913
Pension	214,369	194,367
Legal and Professional Fees	590,558	399,732
Project Costs	292,161	-
Computer Maintenance	603,259	414,968
Miscellaneous Expenses	66,474	72,748
Affiliation Fees	63,923	43,500
Regulatory Levy	160,222	263,200
Deposit Protection Account Charges & CBCIRFL	162,180	155,565
ATM and debit card Expenses	128,746	150,564
Prior year adjustment	37,723	-
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>3,656,862</b>	<b>3,031,022</b>

### Schedule 6 - Other Losses

	2020 €	2019 €
Losses on Investments	117,469	133,942
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>117,469</b>	<b>133,942</b>



## RULE AMENDMENTS

### 1. RULE AMENDMENT

Rule 2 setting out the objects for which the Credit Union is formed shall be amended by the removal of the text “Insurance Services” in Rule 2(1)g and the insertion of the following additional Rule as Rule 2(1)j:

“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”.

### 2. RULE AMENDMENT

That this AGM proposes to amend [Rule 5 Meetings, adoption and amendment of Rules] of the Credit Union Rules by inserting the following:

#### Interpretation

(A) Where the words “present and voting” appears in relation to general meetings it is to be construed as including reference to a member who is physically present and voting, or a member in attendance and voting by the use of electronic communications technology.

### 3. RULE AMENDMENT

That this AGM proposes to amend [Rule 5] of the Credit Union Rules by inserting the following:

(B) “Electronic communications technology” in relation to general meetings means technology that enables real time transmission and real time two-way audio-visual or audio communication enabling attendees as a whole with a reasonable opportunity to participate in the meeting using such technology from a remote location.

### 4. RULE AMENDMENT

That this AGM proposes to amend [Rule 5(1)] of the Credit Union Rules to read as follows:

#### [Rule 5(1)]

In respect of each financial year, an annual general meeting of the members (“the “AGM”) shall be held in the State at such date, time and place date and time, at a place (where applicable) and in the manner (where applicable) as the Board may, by resolution, determine but not later than the 31st of January of the following year.

### 5. RULE AMENDMENT

That this AGM proposes to amend [Rule 5(5)(a)] of the Credit Union Rules to read as follows:

#### [Rule 5(5)(a)]

Before a general meeting of the Credit Union is held, the Secretary shall give notice of the meeting to the Bank, to the Auditor of the Credit Union and to every member who, at the beginning of the relevant period, is eligible to vote at the meeting and such notice shall:

(a) state the date, time and place (where applicable) and/or manner (where applicable) of the general meeting;

### 6. RULE AMENDMENT

That this AGM proposes to amend [Rule 5(5)] of the Credit Union Rules by inserting the following after [Rule 5(5)(f)]:

#### [Rule 5(5)]

(g) in the case of a general meeting proposed to be held wholly or partly by the use of electronic



## Rule Amendments

communications technology such Notice shall also contain the following information:

- (i) the electronic platform to be used for the meeting,
- (ii) details for access to the electronic platform,
- (iii) where required by the Credit Union, the time and manner by which an attendee must confirm his or her intention to attend the meeting,
- (iv) any requirements or restrictions which the Credit Union has put in place in order to identify attendees who intend to attend the meeting,
- (v) the procedure for attendees to communicate questions and comments during the meeting, and
- (vi) the procedure to be adopted for voting on resolutions proposed to be passed at the meeting.

### 7. RULE AMENDMENT

That this AGM proposes to amend [Rule 5(13)] of the Credit Union Rules to read as follows:

#### [Rule 5(13)]

A poll may be demanded at a general meeting (or an adjourned meeting) by the Chair or by at least 10 members present (whether physically present, or in attendance by the use of electronic communication technology) having the right to vote at the meeting (or the adjourned meeting) on any question, other than the election of the Chair. A poll shall be taken in such manner as their Chair directs and he/she may appoint tellers (who need not be members) and fix a time and place (where applicable) and/or manner (where applicable) for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

“

*I wish to take time to reference my recent car loan application. I have been a member of Tullamore Credit Union for many years and have always been met with a level of professionalism and warmth which prevents me going to another lending institution. The loan team clearly defines each aspect of the loan process and provides details so you as the client are comfortable with the agreement and all necessary conditions. Having made the switch to a hybrid vehicle, with the installation of a home charging point, I have already noticed significant savings on a weekly basis.*

*I encourage other CU members if applying for a car loan with the Credit Union to consider moving away from a full petrol / diesel vehicle and look towards an electric or hybrid model. The loan team will certainly make the monetary aspect of the transition effortless.*

**Michael Cleary, Ballinamere**

”

“

*I recently got my mortgage from Tullamore Credit Union, the Lending Team were extremely helpful, professional and friendly. The process was quick and simple, and I was approved for the mortgage within a couple of days. The staff were always very quick to reply and answered any questions I had. Overall the mortgage application journey was smooth - definitely it was a case of 'Mortgages, the Credit Union way'*

**Sinéad Hubble, Tullamore**

”





## Members' Prize Draw Income and Expenditure

For the year ended 30th September 2020

	2020 €	2019 €
Surplus Brought Forward	6,313	6,533
<b>INCOME</b>		
Income from Members	251,900	245,210
Contribution from TCU	2,000	0
<b>TOTAL</b>	<b>260,213</b>	<b>251,743</b>
<b>EXPENDITURE</b>		
Car Prizes	104,200	93,947
Cash Prizes	150,500	145,000
Other Prizes	0	2,000
Car Draw Expenses	5,399	4,483
<b>TOTAL</b>	<b>260,099</b>	<b>245,430</b>
<b>SURPLUS CARRIED FORWARD</b>	<b>114</b>	<b>6,313</b>

## MEMBERS' QUARTERLY PRIZE DRAW WINNERS

Our Members Quarterly Prize Draw remains very popular and typically attracts around 6297 participants. The draw takes place in the Patrick Street office however due to COVID 19 restrictions this year we had to change the location of the last two draws from the public office, however both draws were streamed live on Facebook and we had some great interactions with members. Representatives from BCA Tax and Business Consultants Ltd. and the Board Oversight Committee have been monitoring proceedings. Cost of entry is €10 per draw. Download an entry form on [www.tullamorecu.ie](http://www.tullamorecu.ie) or call into the office to sign up.

### December 2019

**1st prize:** Peugeot 3008

**Winner:** Ray Connolly, Clonminch, Tullamore.  
Plus 35 winners of €1000.00

### March 2020

**1st prize:** Ford Puma Hybrid

**Winner:** Kieran & Angela Dunne, Cloneyhurke, Portarlington. Plus 35 winners of €1000.00

### June 2020

**1st prize:** Renault Capture

**Winner:** Patrick Finlay, Daingean Road, Tullamore.  
Plus 35 winners of €1000.00

### September 2020

**1st prize:** Toyota Corolla Hybrid

**Winner:** Davinia Dumbleton, Tullamore. Plus 35 winners of €1000.00 and 15 winners of €500.00

*Well done to all our Prize Draw Winners!!*



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



## Tullamore CU Unaudited Accounts

### Tullamore Credit Union Unaudited Accounts

For the period ended 28 February 2021

#### Income & Expenditure Account

	Notes	28 February 2021 €
<b>INCOME</b>		<b>€</b>
Interest Income		2,017,096
Investment Income	Rec'd/Receivable within 1 year	859,613
Bad Debts Recovered		216,439
Other Income		53,868
<b>TOTAL INCOME</b>		<b>3,147,016</b>
<b>EXPENDITURE</b>		<b>€</b>
Net Loan Protection / Life Savings Insurance		186,294
Salaries and Related Expenses		1,120,233
Other Expenses		1,893,429
<b>TOTAL EXPENDITURE</b>		<b>3,199,956</b>
<b>YTD SURPLUS (DEFICIT)</b>		<b>-52,940</b>



## Tullamore Credit Union Unaudited Accounts

For the period ended 28 February 2021

### Balance Sheet

	Notes	28 February 2021
<b>ASSETS</b>		€
Cash and Current Accounts		12,250,078
Minimum Reserve Deposit Held		16,306,000
<b>Investments</b>		€
Accounts in Authorised Credit Institutions		226,570,868
<b>TOTAL INVESTMENTS</b>		<b>226,570,868</b>
Loans		68,981,042
Less Provision For Bad Debts		-6,351,273
Fixed Assets less Depreciation		1,804,050
Other Assets		1,492,838
<b>TOTAL ASSETS</b>		<b>321,053,603</b>
<b>LIABILITIES</b>		€
Member Shares	Regular	248,702,318
Member Current Account		2,694,424
Other Liabilities		480,914
<b>TOTAL LIABILITIES</b>		<b>251,877,656</b>
<b>NET WORTH</b>		<b>69,175,947</b>
Represented By:		
<b>RESERVES</b>		€
Regulatory Reserve		34,825,405
Operational Risk Reserve		3,600,000
YTD Surplus (Deficit)		-52,940
Other Reserves	Realised	7,768,796
	Unrealised	23,034,686
<b>TOTAL RESERVES</b>		<b>69,175,947</b>

## Agenda for Kilcormac Credit Union Annual General Meeting

The agenda for the Virtual Annual General Meeting is as follows:

1. Invocation - Credit Union Prayer
2. Acceptance of Proxies (if any) by the Board of Directors
3. Ascertain that a Quorum is present
4. Adoption of Standing Orders
5. Reading and Approval of the Minutes of 2019 AGM
6. Appointment of Tellers and Report of the Nomination Committee and Election of Auditor, Board Oversight Committee and Board of Directors
7. Report of the Board of Directors; incorporating the reports of the Credit Committee, Credit Control Committee and Membership Committee;
8. Consideration of Special Resolution  
The members of Kilcormac Credit Union Limited resolve that the Credit Union transfers its engagements to Tullamore Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).
9. Presentation of Annual Accounts
10. Report of the Auditor
11. Report of the Board Oversight Committee
12. AGM Members Draw
13. Announcement of Election Results
14. Any Other Business

## Kilcormac Credit Union Ltd - Board Of Directors:

Jim Gorman (Chairperson)  
Cormac Talbot (Vice Chairperson)  
Catherine Fitzgerald (Secretary)  
Sean Craven  
John Hynes  
Kevin Mooney  
Caroline Guinan  
Mary Gorman  
Catherine Ryan

## Kilcormac Credit Union Ltd - Board Oversight Committee:

Tom Daly (Chairperson)  
Christine Foley (Secretary)  
Geraldine Fox

## CHAIRPERSON'S ADDRESS 2020



On behalf of the Board of Directors, I am very pleased to present our report for the year to September 30th, 2020. The year 2020 was dominated by Covid 19 and Brexit resulting in great uncertainty for everyone.

I welcome members to our 52nd Annual General Meeting and as we are proposing to carry out a "Transfer of Engagements" with Tullamore Credit Union this will be our last AGM as a single entity. Since the Credit Union was formed in 1968 many Directors, Staff and Volunteers have served the members and I wish to thank all of them for their time and efforts throughout the years – without these people Kilcormac Credit Union would not have been so successful. I look forward to completing the "Transfer of

Engagements" with Tullamore Credit Union and I have no doubt that it will provide you the members with a more sustainable Credit Union and will greatly improve the services offered.

I would like to thank our manager Maura, our Staff Shirley, Deirdre and Mary for being the face to face contact in our credit union and providing such an efficient service to our community. It has been a very challenging year for them but despite this the office remained opened and on your behalf I thank them for their outstanding commitment.

I would like to thank our Board Oversight Committee for their constant monitoring of the governance of the credit union.

I would like to thank my fellow directors for their attendance at meetings, both live and virtual, and constant hard work to ensure our continued success.

I wish to extend my sympathies to all our members who have suffered bereavements during the year.

In conclusion I would like to thank you all for your attendance and your continued support as without you our credit union would not survive.

*James Gorman, Chairman*

**Notice is hereby given that the 2020 Virtual Annual General Meeting of the members of Tullamore Credit Union Limited will take place via Zoom Webinar on Monday 26th April 2021 @ 8.00pm.**

**Notice is hereby given that the 2020 Virtual Annual General Meeting of the members of Kilcormac Credit Union Limited will take place via Zoom Webinar on Tuesday 27th April 2021 @ 8.00pm.**

### The following information is pertinent to this notice:

- Kilcormac Credit Union Ltd will be using Zoom Webinar as the electronic platform for the meeting.
- To gain access to the meeting a member must request an invitation to the virtual meeting by emailing [info@kilcormac.cumail.ie](mailto:info@kilcormac.cumail.ie)
- This request must be received by Thursday 22nd of April at 5pm. Following the request for invitation you will receive an invitation before 12pm on 27th of April. This will allow you to join the meeting.
- The information required to request and invitation in your name, your date of birth, your address and your member number.
- The credit union will be verifying members details prior to issuing invitations.
- In order to register for the Virtual AGM, each member will receive a personal email. Please note that a group or general mailbox will not be accepted.(E.G. [info@club.ie](mailto:info@club.ie) or [team@xyz.ie](mailto:team@xyz.ie))
- All non-presenting participants will have their microphones muted and have their cameras switched off to allow the smooth running of the meeting.
- If a member wishes to submit a question this can be typed to the host by clicking on the Q & A button at the bottom of the screen.
- There will be resolutions that require a vote as well as elections for the position of Auditor, Board Oversight Committee and Board of Directors.
- Voting will be conducted by way of the online poll facility and members will be asked to vote Yes or No electronically for the resolution or for each candidate when instructed by the Chairperson
- Votes will be tallied electronically, verified and recorded by the meeting Secretary.
- This Virtual AGM meeting will be recorded and members who register for the meeting will be agreeing to the recording of the meeting and their participation in it, by registering.

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## DIRECTORS' REPORT

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

### Principal Activities

The principal activity of Kilcormac 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:

A Credit Union is entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.

### Business Review

The Directors are satisfied with both the level of business and the year-end financial position. The Directors are confident of its ability to operate successfully in the future but have agreed, in the interest of its members, to complete the Transfer of Engagements to Tullamore Credit Union

Limited. It has been a challenging period due to the COVID-19 pandemic. The Directors have been proactive in their approach to develop a member focused safe environment.

### **Results and Distributions to Members**

The excess income over expenditure for the year is set out in the Income & Expenditure account on page 50.

The Board proposes to the membership no payment of a dividend and no payment of a rebate of interest for the current year in line with Note 6 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 Kilcormac 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 23.

### **Post Balance Sheet Events**

The Credit Union has agreed the Transfer of Engagements terms with Tullamore Credit Union Limited. This process is expected to complete within the next few months. The Credit Union will be transferred as a going concern. The COVID-19 pandemic is ongoing and has led to widespread economic uncertainty and volatility in financial markets. Ireland moved to level five of the government COVID-19 guidelines in October 2020. The measures taken across the globe, and by the Irish government, to try to slow the spread of COVID-19 are impacting both the supply and demand for many goods and services. Although fiscal and monetary policy measures are also being implemented to maintain economic activity, a global recession is likely. This uncertainty may have implications on the Credit Union's ability to grow its loan book and generate income.

### **Directors**

The present membership of the Board is as set out on page 43.

In accordance with Section 53 of the Credit Union Act 1997 (as amended) four Directors of the Credit Union are required to retire from the Board at this year's Annual General Meeting, and being eligible, all four Directors offer themselves for re-election.

### **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 Main Street, Kilcormac, Co. Offaly.

### **Auditors**

The auditors, BCA Tax & Business Consultants Limited, 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 19 November 2020 and signed on its behalf by:

***James Gorman, Director; Catherine Fitzgerald, Director***

Date: 19th November 2020

### 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.

On behalf of the Board of Directors.

*James Gorman, Director; Catherine Fitzgerald, Director*

Date: 19th November 2020

### 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.

*Tom Daly, Chairperson of the Board Oversight Committee*

Date: 19th November 2020

### INDEPENDENT AUDITOR'S REPORT

to the Members of Kilcormac Credit Union Limited

#### Opinion

We have audited the financial statements of Kilcormac Credit Union Limited for the financial year ended 30 September 2020 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 2020 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 the provisions available to small entities, in the circumstances set out in Note 24 to the financial statements, 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 47, 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](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: 19th November 2020

# Income & Expenditure Account



## Income & Expenditure Account

For the financial year ended ended 30 September 2020

	Notes	2020 €	2019 €
<b>INCOME</b>			
Interest on Loans	Schedule 1	286,355	291,947
Other Interest Income and Similar Income	Schedule 2	40,743	51,554
<b>Net Interest Income</b>		<b>327,098</b>	<b>343,501</b>
Other Income	Schedule 3	45	18,483
<b>TOTAL INCOME</b>		<b>327,143</b>	<b>361,984</b>
<b>EXPENDITURE</b>			
Salaries		82,829	79,251
Other Management Expenses	Schedule 4	189,485	182,900
Depreciation		2,865	3,155
Bad Debts Provision		20,917	(59,961)
Bad Debts Recovered		(11,357)	(20,466)
Bad Debts Written Off			10,793
<b>TOTAL EXPENDITURE</b>		<b>284,739</b>	<b>195,672</b>
<b>Excess/(deficit) of Income over Expenditure for the year</b>		<b>42,404</b>	<b>166,312</b>
Revaluation of buildings		-	58,822
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>42,404</b>	<b>225,134</b>

These Financial Statements were approved by the Board on: Date: 19th November 2020

Signed on Behalf of the Credit Union

Manager: Maura Deegan

Member of the Board Oversight Committee: Tom Daly

Member of the Board of Directors: James Gorman

Date: 19th November 2020

Date: 19th November 2020

Date: 19th November 2020

The notes on pages 54- 65 form an integral part of these financial statements.

## Balance Sheet

As at 30th September 2020

	Notes	2020 €	2019 €
<b>ASSETS</b>			
Cash and Balances at Bank	9	1,077,819	920,098
Deposits and Investments - Cash Equivalents	10	3,935,838	2,301,639
Deposits and Investments - Other	10	7,756,375	8,355,398
Loans to members	11	2,692,377	2,977,452
Less: Provision for Bad Debts	12	(231,832)	(210,915)
Tangible Fixed Assets	13	89,559	89,162
Debtors, Prepayments and Accrued Income	14	25,359	30,681
<b>TOTAL ASSETS</b>		<b>15,345,495</b>	<b>14,463,515</b>
<b>LIABILITIES</b>			
Members' Shares	15	12,764,315	11,870,491
Other Liabilities, Creditors, Accruals and Charges	16	21,069	23,837
<b>TOTAL LIABILITIES</b>		<b>(12,785,384)</b>	<b>(11,894,328)</b>
<b>NET ASSETS</b>		<b>2,560,111</b>	<b>2,569,187</b>
<b>RESERVES</b>			
Regulatory Reserve		1,657,111	1,561,511
Operational Risk Reserve		65,541	65,541
Other Reserves			
Realised Reserves		778,637	883,313
Unrealised Reserves		58,822	58,822
<b>TOTAL RESERVES</b>		<b>2,560,111</b>	<b>2,569,187</b>

These Financial Statements were approved by the Board on: Date: 19th November 2020

Signed on Behalf of the Credit Union

Manager: Maura Deegan

Member of the Board Oversight Committee: Tom Daly

Member of the Board of Directors: James Gorman

Date: 19th November 2020

Date: 19th November 2020

Date: 19th November 2020

The notes on pages 54- 65 form an integral part of these financial statements.

# Statement of Changes in Reserves



## Statement of Changes in Reserves

For the financial year ended 30 September 2020

	Regulatory Reserve	Operational Risk Reserve	Undistributed Surplus	Other Realised Reserves	Unrealised Reserves	Total Reserves
	€	€	€	€	€	€
Balance 1 October 2018	1,518,511	65,541	577,246	232,212	-	2,393,510
Surplus for the year	-	-	225,134	-	-	225,134
Payment of dividend and loan rebate	-	-	(49,458)	-	-	(49,458)
Revaluation of freehold property			(58,822)	-	58,822	-
Transfer between reserves	43,000	-	-	(43,000)	-	-
Balance 1 October 2019	1,561,511	65,541	694,100	189,212	58,822	2,569,187
Surplus for the year			42,404	-	-	42,404
Payment of dividend and loan rebate	(51,481)	-	-	(51,481)	-	0
Transfer between reserves	95,600	-		(95,600)		
Balance 30 September 2020	1,657,111	65,541	685,023	93,612	58,822	2,560,111

- 1 The Regulatory reserve of the Credit Union as% of total assets as at 30 September 2020 was 10.80%. (2018: 10.80%).
- 2 In accordance with S45 of the Credit Union Act 1997 (as amended) Kilcormac Credit Union Limited has an Operational Risk reserve in place. The Board has not transferred any amounts to the Operational Risk reserve in the current period, 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 Kilcormac Credit Union Limited has transferred €95,600 from its Realised Reserves to its Regulatory Reserve so that the reserve would stand at 10.80% at current year end, in excess of the required limit of 10%.

Signed on Behalf of the Credit Union

Manager: Maura Deegan

Member of the Board Oversight Committee: Tom Daly

Member of the Board of Directors: James Gorman

Date: 19th November 2020

Date: 19th November 2020

Date: 19th November 2020

## Cash Flow Statement

### Cash Flow Statement

For the financial year ended 30th September 2020

	2020 €	2019 €
Opening Cash and Cash Equivalents	0	0
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loans Repaid	1,450,511	1,482,689
Loans Granted	(1,165,436)	(1,577,697)
Loan Interest Received	287,326	292,182
Investment Interest Received	45,105	52,329
Bad Debts Recovered	11,357	20,466
Dividends Paid	(16,135)	(15,057)
Taxation Paid	(6,657)	(6,737)
Loan interest rebate paid	(28,690)	(27,663)
Operating expenses	(275,092)	(253,791)
Other receipts	45	18,483
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>302,334</b>	<b>(14,796)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed Asset purchases/disposals	(3,261)	(750)
Net cash flow from managing investments	599,023	(751,023)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>595,762</b>	<b>(751,773)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Members Shares Received	4,957,628	4,786,313
Members Shares Withdrawn	(4,063,804)	(4,561,303)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>893,824</b>	<b>225,010</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>1,791,920</b>	<b>(541,559)</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>5,013,657</b>	<b>3,221,737</b>
<b>Note 9</b>		

Signed on Behalf of the Credit Union

Manager: Maura Deegan

Member of the Board Oversight Committee: Tom Daly

Member of the Board of Directors: James Gorman

Date: 19th November 2020

Date: 19th November 2020

Date: 19th November 2020

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

### 1. Legal and regulatory framework

Kilcormac 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 Main Street, Kilcormac, 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. 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. However the board have come to the conclusion that in order to provide the Members with additional services, the agreed strategic proposal is to complete the Transfer of Engagements to Tullamore Credit Union Limited. This is expected to complete in the coming months.

#### 2.4. 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.

#### 2.5. 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.

#### 2.6. TAXATION

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

#### 2.7. TANGIBLE FIXED ASSETS

Tangible fixed assets are initially stated at cost or at valuation, less accumulated depreciation. At 30 September 2019 the Credit Union changed its accounting policy for its freehold property from the cost model to the revaluation model in order to align same with its strategic objectives and in advance of a proposed transfer of engagement. The charge

to 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 Property	- 2% Straight line
Computer Equipment	- 20% Straight line
Fixtures and Fittings	- 10% Straight line
Office Equipment	- 10% Straight line

Other tangible fixed assets classes 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 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 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.

## 2.8. 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.

## 2.9. 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.

## 2.10. 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 un-collectability. 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 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.

### 2.12. 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 see 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. Kilcormac Credit Union Limited does not transfer loans to third parties.

### 2.13. 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.

### 2.14. 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 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.

## 2.15. DE-RECOGNITION OF FINANCIAL LIABILITIES

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

## 2.16. 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 2016.

### 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 2016. A reclassification between non-distributable and distributable is made as investments come to within 12 months of maturity date.

## 2.17. DISTRIBUTION POLICY

In respect of each financial year, the Credit Union will allocate surplus funds to the Statutory 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.

## 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 Kilcormac 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 2.13. 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. Kilcormac 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. Staff Costs

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

	2020 Number	2019 Number
Management and staff	4	4

The aggregate payroll costs incurred during the financial year were:

	2020 €	2019 €
Wages and salaries	75,323	72,539
Social insurance costs	7,506	6,712
	<b>82,829</b>	<b>79,251</b>

## 5. Key Management Personnel Compensation

The Directors of Kilcormac Credit Union Limited are all unpaid volunteers. The key management personnel compensation is as follows.

	2020 €	2019 €
Remuneration	34,545	32,000
	<b>34,545</b>	<b>32,000</b>

## 6. Dividends and Loan Interest Rebate

The Directors recommend the following distributions:

	2020		2019	
	Rate %	€	Rate %	€
Gross dividend on shares	0.00%	-	0.20%	-
Loan interest rebate	0.00%	-	10.00%	29,172

## 7. Rates of Interest Charged on Members' Loans

The Credit Union charges rates of interest as follows:

	PER MONTH	APR
Standard Loans 10% per annum	0.83%	10.50%

## 8. Rates of Interest Paid on Members' Deposits

The Credit Union has no members' deposits and consequently no interest was paid.

PER MONTH	APR
N/A	N/A

## 9. Cash and cash equivalents

	2020 €	2019 €
Cash and balances at bank	1,077,819	920,098
Deposits and investments	3,935,838	2,301,639
	<b>5,013,657</b>	<b>3,221,737</b>

## 10. Deposits and Investments

	2020 €	2019 €
Deposits and investments - cash and cash equivalents	3,935,838	2,301,639
Deposits and investments - other	7,756,375	8,355,398
	<b>11,692,213</b>	<b>10,657,037</b>

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

	2020 €	2019 €
Accounts in Authorised Credit Institutions	11,340,692	10,254,376
Bank Bonds	300,000	300,000
Collective Investment Schemes	-	51,115
Central Bank Deposits	51,521	51,546
<b>TOTAL PER BALANCE SHEET</b>	<b>11,692,213</b>	<b>10,657,037</b>

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

	2020 €	2019 €
Aa3	3,302,000	2,328,624
A1	2,054,375	2,059,487
A2	2,835,838	751,546
A3	2,750,000	1,750,000
Baa1	-	1,008,691
Baa2	750,000	-
Baa3	-	1,856,134
Ba1	-	902,555
<b>TOTAL INVESTMENTS</b>	<b>11,692,213</b>	<b>10,657,037</b>

## 11. Movement in Loans During the Year

	2020 €	2019 €
Opening Loan Balance 1 October 2019	2,977,452	2,893,237
Loans Granted During the Year	1,165,436	1,577,697
Loans Repaid During the Year	(1,450,511)	(1,482,689)
Loans Written Off During the Year	-	(10,793)
<b>CLOSING LOAN BALANCE 30 SEPTEMBER 2020</b>	<b>2,692,377</b>	<b>2,977,452</b>

### 11.1. ANALYSIS OF GROSS LOANS OUTSTANDING AS AT 30 SEPTEMBER 2020

By Time Period	2020 Number of Loans	Amount €	2019 Number of Loans	Amount €
Less than 1 year	59	85,469	89	149,065
>1 year and <3 years	176	997,169	163	843,488
>3 years and <5 years	96	1,110,514	108	1,412,801
>5 years and <10 years	21	499,225	23	572,098
<b>TOTAL</b>	<b>352</b>	<b>2,692,377</b>	<b>383</b>	<b>2,977,452</b>

## 12. Movement in Bad Debt Provisions During the Year

	2020 €	2019 €
Opening Provision Balance 1 October 2019	210,915	270,876
Net Movement in Bad Debt Provision During the Year for Loans Currently Outstanding	20,917	(49,391)
Decrease in Bad Debt Provision as a Result of Loan Write Offs Previously Provided For	-	(10,570)
<b>CLOSING PROVISION BALANCE 30 SEPTEMBER 2020</b>	<b>231,832</b>	<b>210,915</b>

### Breakdown of Closing Provision Balance 30 September 2020

	2020 €	2019 €
Individually Significant Loans	14,567	15,968
Collectively Assessed Loans	129,780	113,076
Other Impaired Loans	87,485	81,871
<b>CLOSING PROVISION BALANCE 30 SEPTEMBER 2020</b>	<b>231,832</b>	<b>210,915</b>

Providing good value, modern, accessible  
and tailored services.

## 13. Tangible Fixed Assets For the year ended 30th September 2020

	Freehold Premises	Office Equipment	Fixtures & Fittings	Computer Equipment	Total
	€	€	€	€	€
<b>Cost or Valuation</b>					
At 1 October 2019	80,000	24,418	36,461	90,688	231,567
Additions	-	-	221	3,040	3,261
Revaluation	0	-	-	-	0
<b>At 30 September 2020</b>	<b>80,000</b>	<b>24,418</b>	<b>36,682</b>	<b>93,728</b>	<b>234,828</b>
<b>Depreciation</b>					
At 1 October 2019	-	21,173	32,045	89,186	142,404
Charge for the financial year	-	475	777	1,613	2,865
<b>At 30 September 2019</b>	<b>-</b>	<b>21,647</b>	<b>32,822</b>	<b>90,799</b>	<b>145,268</b>
<b>Net Book Value</b>					
<b>At 30 September 2020</b>	<b>80,000</b>	<b>2,771</b>	<b>3,860</b>	<b>2,929</b>	<b>89,559</b>
<b>Net Book Value</b>					
<b>At 30 September 2019</b>	<b>80,000</b>	<b>3,245</b>	<b>4,416</b>	<b>1,502</b>	<b>89,162</b>

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 2020, the Credit Union carried out an impairment review of the carrying value of its freehold premises. This review indicated that the recoverable amount is greater than the carrying value of the freehold premises and therefore no impairment is recognised

## 14. Debtors, Prepayments and Accrued Income

	2020 €	2019 €
Loan Interest Income Receivable	6,565	7,536
Investment Income Receivable	17,418	21,779
Other Debtors and Receivables	1,376	1,366
<b>TOTAL PER BALANCE SHEET</b>	<b>25,359</b>	<b>30,681</b>

## 15. Members Shares

	2020 €	2019 €
Regular Share Accounts	12,764,315	11,870,491
<b>TOTAL PER BALANCE SHEET</b>	<b>12,764,315</b>	<b>11,870,491</b>

## 16. Other Liabilities, Creditors, Accruals & Charges

	2020 €	2019 €
Accrued expenses	20,208	16,052
<b>Taxation creditors</b>		
PAYE/PRSI	861	7,785
	<b>21,069</b>	<b>23,837</b>

## 17. Post Balance Sheet Events

The Credit Union has agreed the Transfer of Engagements terms with Tullamore Credit Union Limited. This process is expected to complete within the next few months. The Credit Union will be transferred as a going concern. The COVID-19 pandemic is ongoing and has led to widespread economic uncertainty and volatility in financial markets. Ireland moved to level five of the government COVID-19 guidelines in October 2020. The measures taken across the globe, and by the Irish government, to try to slow the spread of COVID-19 are impacting both the supply and demand for many goods and services. Although fiscal and monetary policy measures are also being implemented to maintain economic activity, a global recession is likely. This uncertainty may have implications on the Credit Union's ability to grow its loan book and generate income.

## 18. 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 €317,435.

## 19. Capital commitments

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

## 20. Contingent Liabilities

The Registry of Credit Unions informed Credit Unions in the Republic of Ireland on 17 September 2018 that it had become aware of a potential matter that may impact certain Credit Unions in respect of accrued interest outstanding on loans where additional credit is extended to a member by way of a top-up-loan, which could potentially result in over-collection of interest. The Registry of Credit Unions has requested information from Credit Unions in this context to assess the potential impact of this matter. A process to establish the potential impact of this matter on Kilcormac Credit Union Limited is now complete with no associated liability to disclose. This matter has now been addressed.

## 21. Credit Risk Disclosures

The Credit Union complies with the Credit Union Act, 1997 (Regulatory Requirements) Regulations 2019. 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 percentage of the Regulatory Reserve (large exposure limit);
- restricts the loan duration of certain loans to specified limits (maturity limits);
- requires specified lending practices to be in place where loans are made to certain sectors such as business loans, community loans or loans to another Credit Union.

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

	2020		2019	
	Amount €	%	Amount €	%
<b>Loans Not Impaired</b>				
Not Past Due	2,382,743	88.50%	2,623,253	88.10%
Up to 9 Weeks Past Due	136,459	5.07%	130,670	4.39%
Between 10 and 18 Weeks Past Due	191	0.01%	9,499	0.32%
Between 19 and 26 Weeks Past Due	909	0.03%	627	0.02%
Between 27 and 39 Weeks Past Due	-	-%	-	-%
Between 40 and 52 Weeks Past Due	-	-%	-	-%
53 or More Weeks Past Due	1,755	0.07%	2,787	0.09%
<b>TOTAL LOANS NOT IMPAIRED</b>	<b>2,522,057</b>	<b>93.67%</b>	<b>2,766,836</b>	<b>92.92%</b>
<b>Impaired Loans</b>				
Not Past Due	59,769	2.22%	100,748	3.38%
Up to 9 Weeks Past Due	9,496	0.35%	49,993	1.68%
Between 10 and 18 Weeks Past Due	-	-%	12,992	0.44%
Between 19 and 26 Weeks Past Due	51,635	1.92%	2,559	0.09%
Between 27 and 39 Weeks Past Due	29,650	1.10%	825	0.03%
Between 40 and 52 Weeks Past Due	-	-%	-	-%
53 or More Weeks Past Due	19,770	0.73%	43,499	1.46%
<b>TOTAL IMPAIRED LOANS</b>	<b>170,320</b>	<b>6.33%</b>	<b>210,616</b>	<b>7.08%</b>
<b>TOTAL LOANS</b>	<b>2,692,377</b>	<b>100%</b>	<b>2,977,452</b>	<b>100%</b>

## 22. Related Party Disclosures

	2020		2019	
	No. of Loans	Amount €	No. of Loans	Amount €
Loans Advanced to Related Parties During the Year	9	55,700	3	42,504
Total Loans Outstanding to Related Parties at 30 September 2019	8	81,997	4	50,961
Total Provisions for Loans Outstanding to Related Parties at 30 September 2019	-	-	-	-
Total Provision Charge During the Year for Loans Outstanding to Related Parties	-	-	-	-

Related parties consist of the Directors and management team of the Credit Union, their family members and any business in which the Directors or management team have a significant shareholding. Related parties have been identified in line with the definition in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. Total Loans Outstanding to Related Parties represent 3.05% of the total loans outstanding at 30 September 2020. (30 September 2019: 1.71%)



## 23. Additional Credit Risk Disclosures

### 23a. FINANCIAL RISK MANAGEMENT

Kilcormac 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 Kilcormac 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 21.

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 10.

#### **Liquidity Risk:**

Kilcormac 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 2016.

#### **Interest Rate Risk:**

Kilcormac 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. Kilcormac 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. Kilcormac 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.

## 23b. INTEREST RATE RISK DISCLOSURES

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

	2020		2019	
	Amount €	Average Interest Rate	Amount €	Average Interest Rate
<b>Financial assets</b>				
Gross Loans	2,692,377	10%	2,977,452	10%
<b>Financial liabilities</b>				
Members' shares	12,764,315	0	11,870,491	0.20%

The interest rates applicable to loans to members are fixed at 10%. 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.

## 23c. LIQUIDITY RISK DISCLOSURES

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

## 23d. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

## 23e. 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 10.80% of the total assets of the Credit Union at the Balance Sheet date.

## 24. Ethical Standards

As a small entity, under the provisions of the ISA (Ireland) Ethical Standards we engage our Auditor to provide assistance with financial statements preparation.

## 25. Approval of financial statements

The board of Directors approved these financial statements for issue on 19 November 2020.

We would like to take this opportunity to thank you the members for your continued loyalty to your Credit Union.

The following pages do not form part of the statutory audited financial statements.

### Schedule 1 - Interest On Loans

	2020 €	2019 €
Loan Interest Income Received	279,790	284,411
Loan Interest Income Receivable	6,565	7,536
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>286,355</b>	<b>291,947</b>

### Schedule 2 - Other Interest Income And Similar Income For Year

	2020 €	2019 €
Investment Income Received	23,325	29,775
Investment Income Receivable within 12 months	17,418	21,779
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>40,743</b>	<b>51,554</b>

### Schedule 3 - Other Income For Year

	2020 €	2019 €
ECCU claims experience refund	-	18,434
Entrance fees	45	49
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>45</b>	<b>18,483</b>

The Boards of both Credit Unions are confident that our decision to combine our Credit Unions will strengthen our position to be the most trusted, respected and preferred financial services provider for our members.

## Schedule 4 - Other Management Expenses

	2020 €	2019 €
Rent and Rates	972	834
Lighting, Heating & Cleaning	2,877	3,121
Repairs & Renewals	235	711
Security	576	576
Printing and Stationery	3,442	3,132
Postage and Telephone	4,959	2,807
Donations and Sponsorship	320	1,350
Debt collection	642	790
Promotion and advertising	977	1,666
Training costs	1,046	1,342
Chapter expenses	340	-
AGM expenses	2,318	2,929
Travel and subsistence	1,209	1,666
Bank charges	8,665	5,050
Audit fee	9,690	14,145
Internal audit fees	3,690	3,690
Risk and compliance costs	6,750	9,000
General insurance	6,183	5,894
Share and loan insurance (Gross)	47,447	48,796
Legal and professional fees	10,025	14,320
Computer maintenance	21,463	19,265
Miscellaneous expenses	2,689	3,118
Affiliation fees	4,564	6,752
SPS contribution	-	1,580
Regulatory levy	7,944	11,689
Deposit Protection Account charges & CBCIRFL	9,770	18,677
Transfer of Engagement costs	30,692	-
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>189,485</b>	<b>182,900</b>

# Proposed Transfer Of Engagements Section 130 Notice



**Tullamore**  
Credit Union Ltd.




**Kilcormac**  
Credit Union

# Cultivate



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- Up to €50,000 over 7 years
- Unsecured lending
- No need to be an existing Credit Union member



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John Finucane  
*Dairy Farmer*

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### What does a Transfer of Engagements mean?

A Transfer of Engagement means that Kilcormac Credit Union Limited will transfer their assets and liabilities to Tullamore Credit Union Limited. Members in Tullamore and Kilcormac can continue in exactly the same way as before with the added advantage of access to all of the services that the combined Credit Union can offer.

### What will happen next?

We envisage that if the Transfer of Engagements is approved by the Central Bank, the affairs of Kilcormac Credit Union Limited will be transferred to Tullamore Credit Union Limited before the end of June 2021.

### How will this change affect me?

For existing members there will be no noticeable change. The offices in Tullamore and Kilcormac will remain open for members.

All members will have the added advantage of being able to transact their business, if it is convenient for them to do so, in both offices when the transfer takes operational effect.

- If you are a member of Kilcormac Credit Union Limited, you will still continue to be able to conduct your business in the Kilcormac office during the opening hours of that office. In addition, once the transfer takes effect, you will be able to transact your business in the Tullamore office also.
- If you are a member of Kilcormac Credit Union Limited, a new account number will be issued to you. All of your account balances and information will remain exactly the same.
- Members with current loans in Tullamore Credit Union Limited and Kilcormac Credit Union Limited will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Tullamore Credit Union Limited.
- If you are a member of Kilcormac Credit Union Limited, the maximum life savings cover will increase from €7,700 to €8,000 once the Transfer of Engagements takes effect.

### Do I have to do anything?

We do welcome any views that any member may have on the proposed Transfer of Engagements.

Members may write to the Secretary of either Credit Union or email to [info@tullamorecu.ie](mailto:info@tullamorecu.ie) or [info@kilcormac.cumail.ie](mailto:info@kilcormac.cumail.ie) with any views, comments or queries they may have.

Alternatively, members can telephone or call into one of the Credit Union offices and talk to a member of staff.

## TULLAMORE CREDIT UNION LIMITED

The Board of Tullamore Credit Union Limited is pleased to present the following Special Resolution to the members for consideration at the Annual General Meeting:

### Proposed Special Resolution

The members of Tullamore Credit Union Limited resolve that the Credit Union accepts the Transfer of Engagements of Kilcormac Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

*Patrick Doheny, Secretary, Tullamore Credit Union Limited*

### **Tullamore Credit Union Limited Statement required under Section 130 of the Credit Union Act 1997 (as amended) in respect of Kilcormac Credit Union Limited**

In accordance with Section 130 of the Credit Union Act, 1997 (as amended), the following matters are required to be stated:

1. The financial position of Tullamore Credit Union Limited and of Kilcormac Credit Union Limited is set out in the form of the audited annual accounts for Tullamore Credit Union Limited as at 30th September 2020 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 28th February 2021, and the audited annual accounts for Kilcormac Credit Union Limited as at 30th September 2020 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 28th February 2021.
2. No payment is proposed to be made to the members of Kilcormac Credit Union Limited or Tullamore Credit Union Limited in consideration of the proposed transfer.
3. There will be no change to the terms governing outstanding loans currently held by members in Kilcormac Credit Union Limited or Tullamore Credit Union Limited. Members with current loans in Tullamore Credit Union and Kilcormac Credit Union will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Tullamore Credit Union Limited.
4. Staff at Kilcormac Credit Union Limited and Tullamore Credit Union Limited have been fully appraised of all aspects of the Transfer of Engagements and are very much involved in the Transfer of Engagements process. One staff member from Kilcormac Credit Union Limited availed of a voluntary severance programme as part of this process. The remaining staff of Kilcormac Credit Union Limited will transfer to Tullamore Credit Union under the Transfer of Undertakings (protection of employment) regulations 2003.

**All members will have the added advantage of being able to transact their business, if it is convenient for them to do so, in both offices when the transfer takes operational effect.**



## KILCORMAC CREDIT UNION LIMITED

The Board of Kilcormac Credit Union Limited is pleased to present the following Special Resolution to the members for consideration at the Annual General Meeting:

### Proposed Special Resolution

The members of Kilcormac Credit Union Limited resolve that the Credit Union Transfers its Engagements to Tullamore Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

*Catherine Fitzgerald, Secretary, Kilcormac Credit Union Limited*

### Kilcormac Credit Union Limited Statement required under Section 130 of the Credit Union Act 1997 (as amended)

In accordance with Section 130 of the Credit Union Act, 1997 (as amended), the following matters are required to be stated:

1. The financial position of Tullamore Credit Union Limited and of Kilcormac Credit Union Limited is set out in the form of the audited annual accounts for Tullamore Credit Union Limited as at 30th September 2020 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 28th February 2021, and the audited annual accounts for Kilcormac Credit Union Limited as at 30th September 2020 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 28th February 2021.
2. No payment is proposed to be made to the members of Kilcormac Credit Union Limited or Tullamore Credit Union Limited in consideration of the proposed transfer.
3. There will be no change to the terms governing outstanding loans currently held by members in Kilcormac Credit Union Limited or Tullamore Credit Union Limited. Members with current loans in Tullamore Credit Union and Kilcormac Credit Union will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Tullamore Credit Union Limited.
4. Staff at Kilcormac Credit Union Limited and Tullamore Credit Union Limited have been fully appraised of all aspects of the Transfer of Engagements and are very much involved in the Transfer of Engagements process. One staff member from Kilcormac Credit Union Limited availed of a voluntary severance programme as part of this process. The remaining staff of Kilcormac Credit Union Limited will transfer to Tullamore Credit Union under the Transfer of Undertakings (protection of employment) regulations 2003.

## Kilcormac Credit Union Unaudited Accounts

For the period ended 28th February 2021

### Income & Expenditure Account

	Notes	28 February 2021
<b>INCOME</b>		€
Interest Income		112,376
Investment Income	Rec'd/Receivable within 1 year	8,807
Bad Debts Recovered		2,007
Other Income		19
<b>TOTAL INCOME</b>		<b>123,209</b>
<b>EXPENDITURE</b>		€
Net Loan Protection / Life Savings Insurance		19,701
Salaries and Related Expenses		34,238
Other Expenses		74,788
<b>TOTAL EXPENDITURE</b>		<b>128,726</b>
<b>YTD SURPLUS (DEFICIT)</b>		<b>-5,517</b>

## Kilcormac Credit Union Unaudited Accounts

For the period ended 28th February 2021

### Balance Sheet

	Notes	28 February 2021
<b>ASSETS</b>		€
Cash and Current Accounts		542,559
Minimum Reserve Deposit Held		51,521
<b>Investments</b>		€
Accounts in Authorised Credit Institutions		12,564,337
<b>TOTAL INVESTMENTS</b>		<b>12,564,337</b>
Loans		2,659,467
Less Provision For Bad Debts		-231,833
Fixed Assets less Depreciation		88,119
Other Assets		20,959
<b>TOTAL ASSETS</b>		<b>15,695,129</b>
<b>LIABILITIES</b>		€
Member Shares	Regular	13,119,467
Other Liabilities		21,069
<b>TOTAL LIABILITIES</b>		<b>13,140,536</b>
<b>NET WORTH</b>		<b>2,554,593</b>
Represented By:		
<b>RESERVES</b>		€
Regulatory Reserve		1,657,111
Operational Risk Reserve		65,541
YTD Surplus (Deficit)		-5,517
Other Reserves	Realised	778,637
	Unrealised	58,822
<b>TOTAL RESERVES</b>		<b>2,554,594</b>

STUDENT LOANS • SAVINGS ACCOUNT • SAVINGS PROTECTION INSURANCE • FOREIGN EXCHANGE • SHARE ACCOUNT  
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Tullamore Credit Union Ltd is regulated by the Central Bank of Ireland



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