

Lucan District
CREDIT UNION



stronger together

ANNUAL REPORT 2019



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DIRECTORS AND OTHER INFORMATION

Directors

Chris Gallagher (Acting Chair)
 Una Ruddock (Secretary)
 Jamie Conway
 Paul Fahy
 Jane Barlow
 Louise Maher
 Darmah Chirombo (Co-opted Sep19)
 Mary O'Neill (Resigned Apr19)
 Helen Walsh (Vice-Chairperson, Resigned Jun19)
 Enda Lee Chair (Resigned Sep19)

Board Oversight Committee

Susan Tarpey
 Erica Gallagher (Co-opted Apr19)
 (Resigned Aug19)
 Mary Whelan (Resigned Apr19)

CEO

Paula Maguire

Operations Manager

Pat Derwin

Registered Office

3 The Mall, Main Street, Lucan, Co Dublin

Independent Auditors

Grant Thornton
 Mill House, Henry Street, Limerick

Investment advisors

FTI Treasury, International House,
 3 Harbourmaster Place, IFSC, Dublin 1

Solicitors

Dermot P Coyne
 Liffey Bridge House, Main Street,
 Lucan, Co Dublin

LUCAN DISTRICT CREDIT UNION LIMITED ANNUAL GENERAL MEETING 2019

Notice is hereby given that the Annual General Meeting of Lucan District Credit Union Ltd. will be held on Monday 9th December 2019 in the Spa Hotel, Lucan at 7.30pm.

Una Ruddock

Secretary

ORDER OF BUSINESS

1. Acceptance of any Proxies
2. Ascertainment that a quorum is present
3. Adoption of Standing Orders
4. Minutes of previous AGM
5. Report of the Board of Directors
6. Report on the accounts by the board
7. Report of the Auditor
8. Declaration of Dividend
9. Report of the Board Oversight Committee
10. Report of the Credit Committee
11. Report of the Credit Control Committee
12. Report of the Membership Committee
13. Report of the Nominations Committee
14. Rule amendments
15. Appointment of Tellers
16. Election of Auditor
17. Election to Board Oversight Committee
18. Election to Board of Directors
19. Any other business
20. Announcement of Election Results
21. Close of business

Election to the Board and Board Oversight Committee

Vacancies on the Board and Board Oversight Committee will be filled on the night of the AGM by member vote.

Members who wish to put themselves forward for election to either the Board or Board Oversight Committee should complete a nomination form available from either office. Alternatively, a nomination form can be downloaded from our website www.lucancu.ie/Application-forms. The form should be signed by the nominee and a proposer and seconder and submitted for the attention of the nominations committee by Friday 29th November. Nominations can no longer be accepted from the floor on the night of the AGM.

BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2019

The Directors' of Lucan District Credit Union are pleased to present the annual report and audited accounts for year ended 30th September 2019.

Results for the year

The credit union saw significant growth again this year, mainly driven by an increase in member shares. While this shows the confidence and trust that our members have in us, it does present us with a considerable difficulty regarding our reserves. As we are legally obliged to hold a certain amount in our reserves this means that the bulk of our surplus must be transferred to reserves and is not available for distribution to our members.

At year-end, total assets were up €6.5m to €77m an increase of 9.3% on the figure last year of €70.4m. Shares increased by €5.5m (up 9.2%) to €65.2m from €59.7m last year. The loan book increased by a more modest €812k (up 3.68%) on last year finishing the year at €22.9m. We are delighted to have been joined by 922 new members this year, as we continue to increase our membership this is contributing to the growth of our business.

We succeeded in producing a surplus for the year before transfers to reserves of €650k. The surplus is down on last year mainly because net impairment gains are down this year. The Board must be mindful of the current macro-economic indicators around Brexit, on-going trade wars, conflict and the potential for global recession. The Board, therefore, have taken a prudent approach to bad debt provisioning this year.

Transfers to provisions and reserves

To support the continued significant growth in our asset size and to be prepared in the event of a downturn it was necessary to maintain the bad debt provision this year and to transfer the bulk of our surplus to the reserves. This maintains our regulatory reserve at 10.63% of total assets. The reserves are there to strengthen the balance sheet and protect members assets.

Key Challenges

The credit union continues to face a number of key challenges over the coming year.

The unprecedented and enduring negative interest rates for deposits and investments has meant it has become increasingly difficult to find a home for surplus funds and maturing deposits. This continues to reduce the level of investment income year on year. We are now in a situation where the banks are charging us to hold our money on deposit. We expect that we will continue to see a decline in investment income for the foreseeable future.

The level of member savings continues to increase significantly. This is placing pressure on our reserves as we must maintain a minimum of 10% of total assets. The Central Bank have clearly stated

that they do expect credit unions to operate with reserves well above this level.

We continue to have trouble attracting volunteers for the Board and Board Oversight Committee. These are vital roles within the credit union and we would ask all members to consider volunteering some time over the coming years to serve your credit union. Although these roles are voluntary, volunteers may participate in our education programme to earn a fully transferable qualification while you serve. Members also gain valuable experience of corporate governance. Both the education and experience will enhance a CV for those interested in progressing a career in financial services or a not-for-profit. We are open to volunteers of all ages and backgrounds, whether starting out in your career, a student, an established professional or looking for a career change.

If you are interested in putting your name forward, complete a nominations form and hand into either office. For more information visit our website www.lucancu.ie/volunteering.

Loans

One way our members can continue to support us is to consider the credit union for all future credit needs. Your credit union has plenty of funds available to lend. We can provide loan terms of up to 10 years for large project loans like a home extension or attic conversion. Members do not have to have a set amount saved before they can borrow with the key criteria for assessment being the affordability of the repayments for the family.

Acknowledgements

The Board would like to thank the staff and management of the credit union for their contribution to the performance of our credit union over the past year.

We thank you all for your continued support and wish you and your families a very Merry Christmas and a Happy New Year.

On behalf of the Board

Chris Gallagher

ACTING CHAIR

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2019

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

PRINCIPAL ACTIVITY

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

AUTHORISATION

The credit union is authorised as follows:

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

BUSINESS REVIEW

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

DIVIDENDS AND LOAN INTEREST REBATE

The surplus for the financial year is set out in the income and expenditure account on page 9. The Directors are proposing a dividend in respect of the year ended 30 September 2019 of €31,009 (0.05%) (2018: €56,940 (0.10%)) and a loan interest rebate of €nil (0.00%) (2018: €51,723 (3.00% on standard rate loans)).

PRINCIPAL RISKS AND UNCERTAINTIES

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

Credit risk - Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss.

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

Market risk - Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates.

Liquidity risk - Liquidity risk is the risk that the credit union will not have sufficient cash resources to meet day to day running costs and repay members' savings when demanded.

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

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

Credit risk - In order to manage this risk, the board of directors regularly reviews and approves the credit union's credit policy. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Lack of loan demand - The credit union provide lending products to its members and promote these products through various marketing initiatives.

Market risk - The board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

Liquidity risk - The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due.

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

ACCOUNTING RECORDS

The directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the credit union are maintained at the credit union's premises at 3 The Mall, Lucan, Co. Dublin.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

AUDITORS

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

This report was approved by the board on 14th October 2019 and signed on its behalf by:

Chris Gallagher
MEMBER OF THE BOARD OF DIRECTORS

Una Ruddock
MEMBER OF THE BOARD OF DIRECTORS

Date: 14th October 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

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

In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reason for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

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

This statement was approved by the board on 14th October 2019 and signed on its behalf by:

Chris Gallagher
MEMBER OF THE BOARD OF DIRECTORS

Una Ruddock
MEMBER OF THE BOARD OF DIRECTORS

Date: 14th October 2019

BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES STATEMENT

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

This statement was approved by the board oversight committee on 14th October 2019 and signed on its behalf by:

Susan Tarpey
THE BOARD OVERSIGHT COMMITTEE

Date: 14th October 2019

REPORT OF THE BOARD OVERSIGHT COMMITTEE

The Board Oversight Committee has a statutory role on behalf of the members of Lucan District Credit Union Ltd. to ensure that the governance of the Credit Union is carried out in accordance with the provisions of the Credit Union Act 1997-2012.

The Committee met with the Board of Directors four times during the past year, to report on its findings regarding the Board's compliance with the relevant section of the legislation. We have found that Lucan District Credit Union Ltd. has complied with the requirements of the Credit Union Act 1997-2012 and the regulations as laid down by the Central Bank and overall, resulting from our work and observations, we would like to state that we believe that the Board is maintaining good control and is ensuring policies and procedures are appropriate for the successful running of the Credit Union.

The Committee has been unable to fill all vacancies over the last year and will have a number of vacancies at the AGM. We would ask members who have some time and would be willing to volunteer for the committee to please complete the nominations form available from either office. For more information on the role and how volunteering would benefit you, please visit our website www.lucancu.ie/Board_Oversight_Committee.

We would like to thank and acknowledge the support of the Board and Management for their cooperation, help and assistance throughout the year in carrying out our duties during 2018/19.

The Board Oversight Committee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LUCAN DISTRICT CREDIT UNION LIMITED

OPINION

We have audited the financial statements of Lucan District Credit Union Limited, which comprise the income and expenditure account, the statement of other comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2019, and the related notes to the financial statements, including the summary of significant accounting policies.

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

In our opinion, Lucan District Credit Union Limited's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the credit union's affairs as at 30 September 2019 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the credit union's ability to continue to adopt the going

concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE CREDIT UNION ACT, 1997 (AS AMENDED)

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the credit union's members, as a body, in accordance with section 120 of the Credit Union Act, 1997 (as amended). Our audit work has been undertaken so that we might

state to the credit union's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Denise O'Connell FCA
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Audit Firm
Mill House
Henry Street
Limerick

Date: 14th October 2019

INCOME & EXPENDITURE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2019

		2019	2018
	Schedule	€	€
INCOME			
Interest on members' loans		1,903,923	1,789,645
Other interest and similar income	1	460,958	520,184
Interest payable on members' deposits (note 22)		(1,857)	(1,388)
Net interest income		2,363,024	2,308,441
Other income	2	16,224	15,684
Total income		2,379,248	2,324,125
EXPENDITURE			
Employment costs		747,703	715,152
Other management expenses	3	910,179	873,603
Depreciation		114,896	129,008
Net impairment losses/(gains) on loans to members (note 5)		(43,554)	(226,672)
Total expenditure		1,729,224	1,491,091
Surplus for the financial year		650,024	833,034

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2019

	2019	2018
	€	€
Surplus for the financial year	650,024	833,034
Other comprehensive income	-	-
Total comprehensive income for the financial year	650,024	833,034

The financial statements were approved and authorised for issue by the board on 14th October 2019 and signed on behalf of the credit union by:

Chris Gallagher
MEMBER OF THE BOARD
OF DIRECTORS

Susan Tarpey
THE BOARD
OVERSIGHT COMMITTEE

Paula Maguire
CEO

The notes on pages 18- 32 form part of these financial statements

BALANCE SHEET
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2019

		2019	2018
	Notes	€	€
ASSETS			
Cash and balances at bank		1,406,883	1,095,145
Deposits and investments – cash equivalents	7	8,531,224	15,439,311
Deposits and investments – other	7	44,636,015	32,286,199
Loans to members	8	22,857,890	22,046,074
Provision for bad debts	9	(1,151,058)	(1,234,275)
Tangible fixed assets	10	571,650	618,090
Prepayments and accrued income	11	138,143	179,721
Total Assets		76,990,747	70,430,265
LIABILITIES			
Members' shares	12	65,198,350	59,716,877
Members' deposits	13	2,182,735	1,665,113
Other liabilities, creditors, accruals and charges	14	219,402	200,103
Other provisions	15	3,622	3,986
Total liabilities		67,604,109	61,586,079
RESERVES			
Regulatory reserve	17	8,181,840	7,465,975
Operational risk reserve	17	384,954	352,169
Other reserves			
- Realised reserves	17	741,537	938,244
- Unrealised reserves	17	78,307	87,798
Total reserves		9,386,638	8,844,186
Total liabilities and reserves		76,990,747	70,430,265

The financial statements were approved and authorised for issue by the board on 14th October 2019 and signed on behalf of the credit union by:

Chris Gallagher
MEMBER OF THE BOARD
OF DIRECTORS

Susan Tarpey
THE BOARD
OVERSIGHT COMMITTEE

Paula Maguire
CEO

The notes on pages 18- 32 form part of these financial statements

STATEMENT OF CHANGES IN RESERVES FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2019

Movements on Reserves

	Regulatory Reserve	Operational Risk Reserve	Realised reserves	Unrealised reserves	Total
	€	€	€	€	€
As at 1 October 2017	6,816,711	321,543	852,810	87,715	8,078,779
Surplus for the financial year	-	-	823,665	9,369	833,034
Dividends paid	-	-	(53,190)	-	(53,190)
Other transfers	-	-	9,286	(9,286)	-
Transfer to the regulatory reserve	649,264	-	(649,264)	-	-
Transfer to the operational risk reserve	-	30,626	(30,626)	-	-
Transfer from reserves	-	-	(14,437)	-	(14,437)
As at 1 October 2018	7,465,975	352,169	938,244	87,798	8,844,186
Surplus for the financial year	550,000	32,785	62,457	4,782	650,024
Dividend and loan interest rebate paid	-	-	(107,572)	-	(107,572)
Other transfers	-	-	14,273	(14,273)	-
Transfer to the regulatory reserve	165,865	-	(165,865)	-	-
As at 30 September 2019	8,181,840	384,954	741,537	78,307	9,386,638

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2019 was 10.63% (2018: 10.60%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2019 was 0.50% (2018: 0.50%).

The notes on pages 18- 32 form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2019

	Notes	2019 €	2018 €
Opening cash and cash equivalents		16,534,456	12,335,187
Cash flows from operating activities			
Loans repaid by members	8	11,400,610	10,866,591
Loans granted to members	8	(12,515,900)	(11,750,614)
Loan interest		1,903,923	1,789,645
Deposit interest paid		(1,857)	(1,388)
Investment interest		460,958	520,184
Other receipts		16,224	15,684
Bad debts recovered and recoveries		263,811	229,013
Dividends paid		(56,282)	(53,190)
Loan interest rebate paid		(51,290)	-
Operating expenses		(1,657,882)	(1,588,755)
Movement in other assets and liabilities		60,513	24,300
Net cash flows from operating activities		(177,172)	51,470
Cash flows from investing activities			
Fixed asset purchases/disposals		(68,456)	(16,738)
Net cash flow from other investing activities		(12,349,816)	(1,137,101)
Net cash flows from investing activities		(12,418,272)	(1,153,839)
Cash flows from financing activities			
Members' shares received	12	27,478,886	24,747,673
Members' deposits received	13	3,271,653	2,875,698
Members' shares withdrawn	12	(21,997,413)	(19,853,670)
Members' deposits withdrawn	13	(2,754,031)	(2,468,063)
Net cash flow from financing activities		5,999,095	5,301,638
Net (decrease)/increase in cash and cash equivalents		(6,596,349)	4,199,269
Closing cash and cash equivalents	6	9,938,107	16,534,456

The notes on pages 18- 32 form part of these financial statements

NOTES TO THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2019

1. LEGAL AND REGULATORY FRAMEWORK

Lucan District Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the credit union is located at 3 The Mall, Lucan, Co. Dublin.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Statement of compliance

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

2.3 Going concern

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

2.4 Income

Interest on members' loans

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

Deposit and investment income

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

Other income

Other income is recognised on an accruals basis.

2.5 Cash and cash equivalents

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

2.6 Investments

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

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

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

2.7 Financial assets – loans to members

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

Loans are derecognised when the right to receive cash flows from the asset has expired, usually when all amounts outstanding have been repaid by the member.

2.8 Provision for bad debts

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

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

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

2.9 Tangible fixed assets

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

The credit union adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental

future benefits to the credit union. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income and expenditure account during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Freehold buildings	2% straight line per annum
Freehold improvements	6.67% straight line per annum
Leasehold buildings	Over remaining term of lease
Leasehold improvements	Over remaining term of lease
Computer equipment	20% straight line per annum
Furniture & office equipment	12.50% straight line per annum

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

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

2.10 Impairment of assets

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

2.11 Other receivables

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

2.12 Members' deposits

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

2.13 Financial liabilities – members' shares and members' deposits

Members' shares and members' deposits in Lucan District Credit Union Limited are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

2.14 Other payables

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

2.15 Pension costs

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

2.16 Holiday pay

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

2.17 Operating leases

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

2.18 Finance leases and hire purchase

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the credit union. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.19 Derecognition of financial liabilities

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

2.20 Regulatory reserve

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

2.21 Operational risk reserve

Section 45(5)(a) of the Credit Union Act, 1997 (as amended) requires each credit union to maintain an additional reserve that it has assessed is required for operational risk having regard to the nature, scale and complexity of the credit union. Credit unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business model. The directors have considered the requirements of the Act and have calculated the operational risk reserve requirement by reference to the predicted impact of operational risk events that may have a material impact on the credit unions' business.

2.22 Other reserves

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

2.23 Distribution policy

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

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

- the risk profile of the credit union, particularly in its loan and investments portfolios;
 - the board’s desire to maintain a stable rather than a volatile rate of dividend each year; and
 - members’ legitimate dividend and loan interest rebate expectations;
- all dominated by prudence and the need to sustain the long-term welfare of the credit union.

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

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

2.24 Taxation

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

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCE OF ESTIMATION UNCERTAINTY

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

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

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the year end was €571,650 (2018: €618,090).

Provision for bad debts

Lucan District Credit Union Limited’s accounting policy for impairment of loans is set out in the accounting policy in note 2.8. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements. The provision for bad debts in the financial statements at the year end was €1,151,058 (2018: €1,234,275) representing 5.04% (2018: 5.60%) of the total gross loan book.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have developed an approach to the calculation of the operational risk reserve. The operational risk reserve of the credit union at the year end was €384,954 (2018: €352,169).

Adoption of going concern basis for financial statements preparation

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

4. KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2019	2018
	€	€
Short term employee benefits paid to key management	300,343	294,444
Payments to pension schemes	31,279	31,132
Total key management personnel compensation	331,622	325,576

5. NET IMPAIRMENT LOSSES/(GAINS) ON LOANS TO MEMBERS

	2019	2018
	€	€
Bad debts recovered	(193,699)	(118,483)
Impairment of loan interest reclassified as bad debt recoveries	(70,112)	(110,530)
Movement in bad debts provision during the year	(83,217)	(402,178)
Loans written off during the year	303,474	404,519
Net impairment losses/(gains) on loans to members	(43,554)	(226,672)

6. CASH AND CASH EQUIVALENTS

	2019	2018
	€	€
Cash and balances at bank	1,406,883	1,095,145
Deposits & investments (note 7)	53,167,239	47,725,510
Less: Deposit & investment amounts maturing after three months	(44,636,015)	(32,286,199)
Total cash and cash equivalents	9,938,107	16,534,456

7. DEPOSITS AND INVESTMENTS

	2019	2018
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	8,531,224	9,178,544
Irish and EEA state securities	-	6,260,767
Total deposits and investments – cash equivalents	8,531,224	15,439,311
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	29,307,637	21,452,067
Bank bonds	11,264,103	7,826,979
Irish and EEA state securities	3,560,444	2,570,235
Central Bank deposits	503,831	436,918
Total deposits and investments – other	44,636,015	32,286,199
Total deposits and investments	53,167,239	47,725,510

8. FINANCIAL ASSETS – LOANS TO MEMBERS

	2019	2018
	€	€
As at 1 October	22,046,074	21,566,570
Loans granted during the year	12,515,900	11,750,614
Loans repaid during the year	(11,400,610)	(10,866,591)
Gross loans and advances	23,161,364	22,450,593
Bad debts		
Loans written off during the year	(303,474)	(404,519)
As at 30 September	22,857,890	22,046,074

9. PROVISION FOR BAD DEBTS

	2019	2018
	€	€
As at 1 October	1,234,275	1,636,453
Movement in bad debts provision during the year	(83,217)	(402,178)
As at 30 September	1,151,058	1,234,275

The provision for bad debts is analysed as follows:

	2019	2018
	€	€
Grouped assessed loans	1,151,058	1,234,275
Provision for bad debts	1,151,058	1,234,275

10. TANGIBLE FIXED ASSETS

	Freehold Buildings	Freehold Improv.	Leasehold Buildings	Leasehold Improv.	Computer Equipment	Furniture & Office Equipment	Total
	€	€	€	€	€	€	€
Cost							
1 October 2018	362,791	234,355	232,647	70,847	210,170	364,379	1,475,189
Additions	-	-	-	-	66,643	1,813	68,456
Disposals	-	-	-	-	(50,815)	(205,835)	(256,650)
At 30 September 2019	362,791	234,355	232,647	70,847	225,998	160,357	1,286,995
Depreciation							
1 October 2018	172,438	68,669	159,968	31,494	124,564	299,966	857,099
Charge for year	7,256	15,631	18,170	7,870	45,924	20,045	114,896
Disposals	-	-	-	-	(50,815)	(205,835)	(256,650)
At 30 September 2019	179,694	84,300	178,138	39,364	119,673	114,176	715,345
Net book value							
At 30th September 2019	183,097	150,055	54,509	31,483	106,325	46,181	571,650
At 30th September 2018	190,353	165,686	72,679	39,353	85,606	64,413	618,090

Computer equipment with a carrying value of €4,591 (2018: €7,605) is held under a finance lease.

11. PREPAYMENTS AND ACCRUED INCOME

	2019	2018
	€	€
Loan interest receivable	63,821	69,398
Prepayments	74,322	110,323
	138,143	179,721

12. MEMBERS' SHARES

	2019	2018
	€	€
As at 1 October	59,716,877	54,808,437
Received during the year	27,478,886	24,747,673
Reclassification from/(to) reserves	-	14,437
Withdrawn during the year	(21,997,413)	(19,853,670)
As at 30 September	65,198,350	59,716,877

13. MEMBERS' DEPOSITS

	2019	2018
	€	€
As at 1 October	1,665,113	1,257,478
Received during the year	3,271,653	2,875,698
Withdrawn during the year	(2,754,031)	(2,468,063)
As at 30 September	2,182,735	1,665,113

14. OTHER LIABILITIES, CREDITORS, ACCRUALS AND CHARGES

	2019	2018
	€	€
Car draw	72,494	66,975
Finance Lease	4,591	7,605
PAYE/PRSI	14,127	13,689
Accruals and other creditors	128,190	111,834
	219,402	200,103

15. OTHER PROVISIONS

	2019	2018
	€	€
Holiday pay accrual		
At 1 October	3,986	2,417
Charged to the income and expenditure account	(364)	1,569
At 30 September	3,622	3,986

16. FINANCIAL INSTRUMENTS**Financial instruments – amortised cost**

	2019	2018
	€	€
Financial assets		
Financial assets measured at amortised cost	77,432,012	70,866,729
Financial liabilities		
Financial liabilities measured at amortised cost	67,604,109	61,586,079

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments and loans. Financial liabilities measured at amortised cost comprise of member savings, creditors and accruals and provisions.

17. RESERVES

	Balance 01/10/18	Payment of dividends	Appropriation of current year surplus	Transfers between reserves	Balance 30/09/19
	€	€	€	€	€
Regulatory reserve	7,465,975	-	550,000	165,865	8,181,840
Operational risk reserve	352,169	-	32,785	-	384,954
Other reserves					
Realised					
Undistributed surplus	938,244	(107,572)	32,457	(151,592)	711,537
Dividend on closed and dormant accounts	-	-	30,000	-	30,000
Total realised reserves	938,244	(107,572)	62,457	(151,592)	741,537
Unrealised					
Interest on loans reserve	69,398	-	-	(5,577)	63,821
Investment income reserve	18,400	-	4,782	(8,696)	14,486
Total unrealised reserves	87,798	-	4,782	(14,273)	78,307
Total reserves	8,844,186	(107,572)	650,024	-	9,386,638

18. CREDIT RISK DISCLOSURES

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

- restricts the concentration of lending by the credit union within certain sectors or to connected persons or groups (concentration limits);
- restricts the absolute amount of lending to certain sectors to a set percentages of the regulatory reserve (large exposure limit);
- restricts the loan duration of certain loans to specified limits (maturity limits); and
- 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 Lucan District Credit Union Limited's maximum exposure to credit risk. The following provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2019		2018	
	€	%	€	%
LOANS NOT IMPAIRED				
Total loans not impaired, not past due	19,328,765	84.56%	17,796,900	80.73%
IMPAIRED LOANS:				
Not past due	802,405	3.51%	824,052	3.73%
Up to 9 weeks past due	1,729,830	7.57%	2,011,911	9.13%
Between 10 and 18 weeks past due	152,271	0.67%	237,231	1.08%
Between 19 and 26 weeks past due	147,114	0.64%	191,455	0.87%
Between 27 and 39 weeks past due	104,422	0.46%	112,506	0.51%
Between 40 and 52 weeks past due	76,063	0.33%	97,476	0.44%
53 or more weeks past due	517,020	2.26%	774,543	3.51%
Total impaired loans	3,529,125	15.44%	4,249,174	19.27%
TOTAL LOANS	22,857,890	100.00%	22,046,074	100.00%

19. RELATED PARTY TRANSACTIONS**19a. Loans**

	No. of loans	2019 €	No. of loans	2018 €
Loans advanced to related parties during the year	16	57,600	17	95,850
Total loans outstanding to related parties at the year end	20	178,783	28	229,982
Total Provisions for Loans Outstanding to Related Parties		2,295		2,004

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

Total loans outstanding to related parties represents 0.78% of the total loans outstanding at 30 September 2019 (2018: 1.04%).

19B. SAVINGS

The total amount of savings held by related parties at the year end was €296,436 (2018: €223,819).

20. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES**20a. Financial risk management**

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

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

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

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

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

20b. Liquidity risk disclosures

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

20c. Interest rate risk disclosures

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

	2019		2018	
	Amount	Av. Interest	Amount	Av. Interest
	€	Rate %	€	Rate %
Gross loans to members	22,857,890	9.10%	22,046,074	9.08%

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

21. DIVIDENDS AND LOAN INTEREST REBATE

The following distributions were paid during the year:

	%	2019	%	2018
		€		€
Dividend on shares	0.10%	56,282	0.10%	53,190
Loan interest rebate (on standard rate loans)	3.00%	51,290	0.00%	-

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

	%	2019	%	2018
		€		€
Dividend on shares	0.05%	31,009	0.10%	56,970
Loan interest rebate (on standard rate loans)	0.00%	-	3.00%	51,723

22. RATE OF INTEREST PAID ON MEMBERS' DEPOSIT ACCOUNTS

Interest payable for the year	%	2019	%	2018
		€		€
Interest on deposits	0.10%	1,857	0.10%	1,388

23. EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

24. INSURANCE AGAINST FRAUD

The credit union has Insurance against fraud in the amount of €1,500,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

25. CAPITAL COMMITMENTS

There were no capital commitments at 30 September 2019.

26. CONTINGENT LIABILITIES

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

27. LEASING COMMITMENTS

At 30 September 2019 the credit union had future minimum lease payments under a non-cancellable operating lease as follows:

	2019	2018
	€	€
Less than 1 year	32,000	32,000
1 to 5 years	96,000	128,000
Greater than 5 years	-	-
At 30 September	128,000	160,000

At 30 September 2019 the credit union had future minimum lease payments under a non-cancellable finance lease as follows:

	2019	2018
	€	€
Less than 1 year	2,895	2,895
1 to 5 years	1,815	4,710
At 30 September	4,710	7,605

Certain computer equipment is held under a finance lease arrangement. Finance lease liabilities are secured by the related assets held under the finance lease. The lease agreement generally includes fixed lease payments and a purchase option at the end of the lease term.

28. COMPARATIVE INFORMATION

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

29. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved these financial statements for issue on 14th October 2019.

SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2019

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's Report.

SCHEDULE 1 - OTHER INTEREST INCOME AND SIMILAR INCOME

	2019	2018
	€	€
Investment income and gains received/receivable within 1 year	456,176	510,815
Investment income receivable outside of 1 year	4,782	9,369
Total per income and expenditure account	460,958	520,184

SCHEDULE 2 - OTHER INCOME

	2019	2018
	€	€
Insurance commission	6,784	7,736
Foreign exchange commission	9,239	7,714
Miscellaneous income	201	234
Total per income and expenditure account	16,224	15,684

SCHEDULE 3 - OTHER MANAGEMENT EXPENSES

	2019	2018
	€	€
Loans and savings insurance costs	197,713	198,473
Printing, postage and stationery	28,066	27,748
Computer costs	88,568	82,713
AGM and other meeting costs	21,035	18,973
Bank charges	38,245	35,485
Sundry expenses	27,025	26,317
Telephone	10,053	10,556
Cash security	5,483	3,680
Advertising and marketing	28,283	32,325
Donations and sponsorship	18,490	18,343
Legal and professional fees	152,460	123,029
Debt collection	34,095	26,568
Audit fees	18,142	18,142
Regulatory levies	118,743	126,099
Rent and rates	47,246	46,875
Repairs and maintenance	20,513	18,732
General insurance	29,519	28,884
Light and heat	9,373	9,383
Staff training	9,055	12,591
Travel and subsistence	3,850	2,601
Uniforms	4,222	6,086
Total per income and expenditure account	910,179	873,603

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REPORT OF THE CREDIT COMMITTEE

The Credit Committee is appointed annually by the Board of Directors of the Credit Union.

The impact of Brexit on consumer confidence was evident in the first half of this business year. There was a noted depression in the number of loan applications. Thankfully, lending picked up in the latter half of the year due in no small part to our very successful #YourDreamOurMission marketing campaign. New lending was up 6.5% on last year. We will continue to focus on our loans and the availability of funds to our members over the coming year.

The following is a breakdown of the loans issued over the past year by amount and purpose:

By Amount	Number	Amount €	Loan Purpose	Number	Amount
€1 - €500	355	139,055	Car Purchase	327	2,609,899
€500 - €2,000	1,407	1,806,884	Car Repairs / Insurance / Tax	110	184,880
€2,000 - €5,000	785	2,824,292	Christmas	158	258,840
€5,000 - €10,000	399	3,149,270	Education	163	414,715
€10,000 - €15,000	119	1,571,536	Dental/Medical	59	199,850
€15,000 - €25,000	77	1,529,618	Holidays	340	840,310
€25,000 - €50,000	33	1,148,245	Home Improvements	648	4,353,471
€50,000 - €100,000	4	237,000	Bills	55	321,120
€100,000 +	1	110,000	Personal Microcredit Loan	97	83,290
Total	3,180	12,515,900	Wedding	44	334,250
			Within Shares (fully secured)	1,036	2,454,988
			Funeral	25	80,330
			Other purpose	118	379,957
			Total	3,180	12,515,900

Try our very handy loan calculator on the homepage of our website www.lucancu.ie. We would encourage all members to consider your credit union for all your credit needs in 2020. This is the single best way you can support your local community bank.

The Credit Committee

REPORT OF THE CREDIT CONTROL COMMITTEE

The Credit Control Committee is appointed annually by the Board of Directors to oversee Credit Control within Lucan District Credit Union.

Our credit control team has worked very hard to reduce our overall arrears situation since the recession. Currently just over 88% of our loans are fully up to date with circa 12% having some level of arrears. Credit Control continues to be a key focus area for the credit union, we monitor all loans closely to ensure that members are reminded at the earliest possible stage if they have missed a repayment. In most cases, one reminder is all that is required. However, where further intervention is required the credit control team will pursue the loan vigorously to ensure that losses are minimised for our members.

We would advise any member who runs into financial difficulty or is expecting a significant change in financial circumstances to come and talk to us. Your credit union is more than happy to assist you with a payment plan that will suit your new circumstances. This may involve a change in the repayment amount, spreading the loan over a longer term or clearing some or all the loan with your savings. However, any successful loan restructure will only work where the member engages fully with us and makes the agreed repayments.

In the long run, ignoring a loan or not engaging with the credit union will only damage the member. The credit union can secure a judgement in court and write off the loan. The implications for the member are bigger because their credit rating is damaged with the Central Credit Register. This will make it very difficult for the member to access credit elsewhere, including credit cards, bank loans, mortgages etc. It would be in the members best interest to talk to us and we can advise on the best option for them to protect or repair their credit rating.

We wish you all a very Happy New Year.

The Credit Control Committee

REPORT OF THE MEMBERSHIP COMMITTEE

The role of the membership committee is to consider applications for membership of the credit union.

This year we were delighted to welcome 922 new members to our credit union. As in previous years it is great to see young people join and begin to save with 304 new members being under 19 years of age. This is 33% of all new members and bodes well for the future of the credit union, as young people will be our future borrowers.

We would encourage parents to open a savings account for your children to get them saving from a young age. Saving regularly is a wonderful life skill to teach children. A good savings record will also stand to your children when they need to borrow as young adults.

It is important that members keep their account information as up to date as possible. Please bring in a current utility bill and photo ID so these can be scanned to your account for security reasons. This is particularly important if you are moving to a new house so that we have the correct correspondence address on file for you.

We thank you all for your continuing support and we look forward to welcoming more new members over the coming year.

We wish you all a very Happy New Year.

The Membership Committee

REPORT OF THE NOMINATIONS COMMITTEE

The Nomination Committee has the responsibility to ensure that the Board of Directors and committees have the necessary representation in order to carry out their duties and serve the members. A Fitness & Probity regime was introduced for Credit Unions in 2013 by the Central Bank of Ireland and in line with this the committee must ensure that each candidate for vacancies on the Board have been vetted and approved by the nominations committee, to go forward for election.

Any member who wishes to go forward for the board should complete a nomination form which is available in either office or from our website www.lucancu.ie/Application-forms This should be signed by the nominee and by a proposer and seconder, who should also be members of Lucan District Credit Union.

Any member wishing to go on the panel for possible selection for the AGM should ensure that their nomination form is submitted by Friday 29th November at the latest. All nominations received after this date will be placed on a panel for consideration during the coming year should a vacancy on the Board or Board Oversight Committee arise.

It continues to be a challenge to maintain a panel of suitable candidates for the Board and Board Oversight Committee. These roles are voluntary and require a monthly commitment from members to prepare for and attend Board meetings and occasionally an ad-hoc meeting, by agreement. There is also a requirement on Board/BOC members to attend induction training, some mandatory annual training and the AGM. The estimated time contribution is a maximum of eight hours per month.

Although these roles are unpaid, volunteers may avail of our education programme and gain a qualification while serving on the Board. This will benefit both the credit union and the volunteer who can add the qualification to their CV. In addition, the volunteer will gain valuable experience of corporate governance of a large member-based organisation.

If you are thinking about volunteering to help govern your credit union or you would like more information, please visit our website www.lucancu.ie/volunteering

The Nominations Committee

STANDING ORDERS

1. VOTING.

Each member shall be entitled to one vote irrespective of his/her shareholding, in accordance with Section 82(2).

2 - 4 ELECTION PROCEDURE.

2. Nominations for election must be in accordance with Section 56B.
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 Ballot Paper for the election of the Board and Board Oversight Committee, where applicable, will be distributed to each member at the AGM.

5 - 10 MOTIONS.

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

11 - 16 MISCELLANEOUS.

11. The Chairman of the Board of Directors shall be the Chairman of any general meeting, except where he/she is not available, in which case it shall be the Vice-Chairman, except where he/she is not available, in which case the Board shall decide amongst themselves who shall act as Chairman of any general meeting.
12. The Chairman may at his/her discretion, extend the privilege of the floor to any person who is not a member.
13. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the Chairman.
14. The Chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
15. In accordance with Section 82(2) no member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however,

that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the Board of Directors. Acceptance of proxies is in accordance with Section 82(4).

16. Any matter to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.

17. 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.

18. 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.

19. ADJOURNMENTS.

Adjournments of the AGM shall take place only in accordance with Section 81.

DONATIONS AND SPONSORSHIP

Your credit union supports local groups, charities, events and individuals through sponsorship and donations, on your behalf. Listed below are the main recipients of our support this year. There were also many smaller donations made for various events and activities through the year.

- Our Lady's Hospice
- Focus Ireland
- Pieta House
- Lucan Lions Club
- Irish Cancer Society
- Local primary and secondary schools in Lucan/Adamstown
- Esker Celtic
- Beechpark FC
- Lucan Festival 2019
- Lucan St Patrick's Day parade
- Lucan Harriers
- Esker Boxing Club
- Lucan Pitch n Putt Club
- Deaf Sport Ireland – local participants in Deaf Games
- Liffey Sound FM
- Third level bursary – 3 local students supported each year

MEMBERS PRIZE DRAW INCOME AND EXPENDITURE ACCOUNT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2019

INCOME		€
Opening Balance 01/10/2018		66,974.57
Cash Draw Member Entry Fees for financial year 2019		160,056.00
Total entry fees and opening balance		227,030.57
EXPENDITURE		
Prizes paid out to members		154,500.00
Bank Charges related to car draw account		36.89
Total Expenditure		154,536.89
Total audited remaining cash draw funds		72,493.68
Number of members in the car draw as at 30/09/2019		3,078

CAR DRAW WINNERS 2019

October 2018	Mary McCarthy
November 2018	Fintan Buckley
December 2018	Eileen Hallahan
January 2019	Catherine Jordan
February 2019	Nuala O'Donnell

BOARD APPROVED CHANGE FROM CAR DRAW TO PRIZE DRAW FROM MARCH 19

Prizes each month - 1st €10,000 – 2nd €2,500 – 3rd €1,000 – 4th €500 – 5th €500

March 2019 winners	May 2019 winners	July 2019 winners	September 2019 winners
1st Mary Leahy	1st Una Kelly	1st William Toft	1st Marie Flanagan
2nd Maura Heffernan	2nd Rita Kelly	2nd Linda Kiely	2nd Maeve McGuire
3rd William Farrell	3rd Oyeyemi Adekunbi	3rd Valerie Rothery	3rd Joseph Cochrane
4th Sharon Byrne	4th Doreen Doyle	4th John Kenny	4th Conor McQuillan
5th Finbarr Guiney	5th John Strong	5th John Cormack	5th Sean O'Ceallaigh
April 2019 winners	June 2019 winners	August 2019 winners	
1st Kevin Doyle	1st Alan Slaughter	1st Brenda McElroy	
2nd Maureen Glennon	2nd Anne Murphy	2nd Alan O'Neill	
3rd Amy Kelly	3rd Eithne Errity	3rd Edel Simpson	
4th Patrick Kiely	4th Patricia Mullen	4th Wendy Bould	
5th Leona Morris	5th Helena Lynch	5th Clare Kelly	

PROPOSED RULE CHANGES

Motion No. 1

That this Annual General Meeting agrees to amend Rule 1 of the Standard Rules for Lucan District Credit Union Limited by the removal of 'treasurer' and insertion of "*membership officer*", to read as follows:

Rule 1. Interpretation

'officer' includes:

the chair, vice-chair, secretary, a member of the board of directors, the board oversight committee, the supervisory committee or of a principal committee, the compliance officer, the risk management officer, an employee, credit officer or credit control officer, membership officer or voluntary officer but does not include an auditor appointed by the credit union in accordance with the requirements of the Act;

Motion No. 2

That this Annual General Meeting agrees to amend Rule 10(1)(b) of the Standard Rules for Lucan District Credit Union Limited by the insertion of "*or by a duly appointed and authorised Membership Officer*", to read as follows:

Rule 10. Qualifications for membership

- (1) An applicant shall be admitted to membership only when:
 - (a) it shall have been determined that he is eligible for membership in accordance with rule 8; and
 - (b) his application for membership shall have been approved by the affirmative vote of a majority of the board of directors or by a duly appointed and authorised membership committee present at a meeting at which the application is considered, *or by a duly appointed and authorised Membership Officer*; and....

Motion No. 3

That this Annual General Meeting agrees to amend Rule 49 of the Standard Rules for Lucan District Credit Union Limited by the insertion of "*and/or membership officer*", to read as follows:

Rule 49. Membership committee and/or membership officer

The board of directors shall appoint a membership committee *and/or membership officer*, which shall:

Motion No. 4

That this Annual General Meeting agrees to insert a new Rule 49A into the Standard Rules for Lucan District Credit Union, to read as follows:

Rule 49A. Membership Officer

- (1) *The board of directors may approve the appointment of a person by the manager as a membership officer to assist the membership committee and work under its supervision and control.*
- (2) *A record of each application for membership which has or has not been approved shall be furnished by the membership officer to the membership committee no later than seven days of receipt of the application.*



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We have loans available now

Loans available now for:

- Car purchase
- Home improvements
- College fees
- Medical/dental expenses
- Wedding costs
- Holidays
- Any other family purpose

Check out our handy loan calculator on our website www.lucancu.ie for an estimate of how much a credit union loan would cost you.

Special rate available for members who wish to hold onto their savings and borrow within shares – 6% (APR 6.18%)

Lucan District Credit Union is regulated by the Central Bank of Ireland