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Monday to Friday



ANNUAL REPORT
2022

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DIRECTORS AND OTHER INFORMATION

Directors

Martin Nolan (Chair)
Chris Gallagher (Vice-Chair)
Louise Drumm (Secretary)
Paul Fahy
Darmah Chirombo
Junior Chapwanya
Thomas Bradley
Saskia Vandeweert - Elected at AGM 31.01.2022
Karen Bougueroua - Elected at AGM 31.01.2022
Jane Barlow - Retired Jan 2022
Una Ruddock - Resigned Jan 2022

Board Oversight Committee

Una Ruddock (Chair) - Elected at AGM 31.01.2022
Sophie Awani-Gold (Secretary)
Mary Needham

CEO

Paula Maguire

Operations Manager

Tracey Thunder

Registered Office

3 The Mall, Main Street, Lucan, Co Dublin

Independent Auditors

Grant Thornton
Mill House, Henry Street, Limerick

Investment Advisors

Goodbody
2 Ballsbridge Park, Ballsbridge, Dublin 4

Solicitors

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

LUCAN DISTRICT CREDIT UNION LIMITED NOTICE OF ANNUAL GENERAL MEETING 2022

Notice is hereby given that the Annual General Meeting of Lucan District Credit Union Ltd will take place on the 12th December 2022 at 7.30pm in

The Spa Hotel Lucan.

Members are invited to attend.

There will be spot prizes on the night and refreshments provided at the end of the meeting.

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.

This year we have one vacancy on the Board Oversight Committee as Una Ruddock is retiring at the AGM. Louise Drumm, who has served on the Board since 2018 has put herself forward for this vacancy.

Our current Chairman has come to the end of his term and is retiring from the Board following the AGM. Therefore, there will be two vacancies on the Board to be filled on the night. In addition, both Darmah Chirombo and Junior Chapwanya, having completed their three-year term and being eligible, put themselves forward again for election to the Board.

Grant Thornton have again put themselves forward for the position of auditor.

Nominations can no longer be accepted from the floor at the AGM. Members who would like to put themselves forward for the panel from which candidates are selected, must complete a Nominations form and hand in before the 5th December 2022. The forms are available from the Finnstown office or online at www.lucancu.ie/application-forms.

We do hope you can join us on the 12th December.

Louise Drumm

Secretary

ANNUAL GENERAL MEETING 2021

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. Report of the Investment Committee
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

BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022

The Directors of Lucan District Credit Union are pleased to present the annual report and audited accounts for year ended 30th September 2022.

Another year of challenges

Following the covid lockdowns of 2020 and 2021 we could be forgiven for thinking that 2022 would be an improvement. This did not prove to be the case. The ongoing negative interest rate environment continued to reduce investment income and the ECB were not signalling a change in rates at the start of the year.

Who could have foreseen that Russia would invade Ukraine, inflation would increase dramatically pushing costs up, and we could be facing the possibility of energy shortages this winter. Add to this, the recent UK mini-budget and subsequent U-turn which further upset an already turbulent and nervous global market.

These global events, outside of our control, had a profound impact on your credit union. It created uncertainty amongst the community and slowed loan growth in the early part of the business year. It reduced the value of some of our investments as bond values fell and it pushed up costs across the board. This combination of factors resulted in a lower surplus than last year.

Interest rates are back in positive territory and there are now good investment options, even for short-term funds. This is not great news for members as it will push up mortgage interest rates, but it will improve the investment income of the credit union over the coming year. Unfortunately, the increasing interest rates came too late to improve the investment income this year.

Given the ongoing economic challenges, the Board have made the prudent decision not to pay

a dividend to our members again this year and to focus on building the reserves to strengthen the balance sheet. The Board fully intend returning to an annual distribution to members from next year which can be justified with the improved investment outlook.

Despite the challenges above, we have returned reasonable results for this year and by not making a distribution to members, we have a solid foundation on which to build for next year.

Results for the year

The credit union produced a surplus of €463.9k in the year. This is a decrease on last year of €115k which can be attributed solely to a decrease in investment income.

Total assets increased by €1.4m to €87m an increase of 1.7% on the figure last year of €85.6m. The slowdown in growth this year is due to the lower net inflow of shares as members spent shares built up over the last two years. Shares increased by €967k (up 1.3%) to €72.75m from €71.79m last year.

The loan book picked up again in the last quarter of this year, due to the new loans and rates introduced and a noted rebound in confidence amongst members. The loan book returned to the pre-Covid level by the end of September. This is very positive. The loan book increased by €735k (up 3.3%) on last year finishing the year at €23.1m. It was only in the last quarter that we began to see the uplift in loan interest income as the loan book gradually increased.

Whilst we have a good level of income locked into the investment portfolio, the impact on investments of the current market turmoil, particularly on our collective investment bond fund, reduced our overall investment income. These losses are unrealised, and we should recover them with time as markets improve.

We completed the first year of providing full, in-house financial services to our members. This

will gradually develop a third income stream for the credit union and help reduce our dependence on loan interest and investment income. This is an excellent service for members, with all commissions earned staying within the credit union for the benefit of members. All members may avail of a complimentary review of their current financial arrangements. Contact the credit union for more details and to arrange an appointment with our Financial Advisor.

Transfers to provisions and reserves

As mentioned above, the Board took the prudent decision to focus on building our reserves this year to strengthen the balance sheet and protect member assets. A transfer was made to the regulatory reserve to return this to 10.74% of total assets (10.74% last year) with the balance held in retained earnings. No distribution will be made to members. The Board do intend returning to an annual distribution from next year.

Acknowledgements

I would like to thank the outgoing Board, Board Oversight Committee, staff and management of the credit union for the hard work done by all over the last year.

We thank you all for your continued support and wish you a happy and healthy 2023.

On behalf of the Board

Martin Nolan
CHAIRMAN

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2022.

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);
- Service Providers holding appointments from IIA product producers, including intermediaries that may issue appointments, appearing in the register maintained under Section 31 of the investment Intermediaries Act, 1995 (as amended); and
- Entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.

BUSINESS REVIEW

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

DIVIDENDS AND LOAN INTEREST REBATE

The directors are not proposing a dividend or loan interest rebate in respect of the financial year ended 30 September 2022 (2021: The directors did not propose a dividend or loan interest rebate).

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.

Global macro-economic risk - There is an economic and operational risk relating to rising inflation rates, disruption to global supply chains and a general uncertainty in the markets as a result of the pandemic and the on-going war in Eastern Europe.

These risks and uncertainties 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.

Global macro-economic risk - The board of directors and management closely monitor the developments of rising inflation rates and disruption to global supply chains and markets, and continue to take appropriate actions to mitigate any possible adverse effects on the credit union.

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, Main Street, 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 and signed on its behalf by:

Martin Nolan
MEMBER OF THE BOARD OF DIRECTORS

Chris Gallagher
MEMBER OF THE BOARD OF DIRECTORS

Date: 11th November 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. The directors have elected to prepare the financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the credit union's website.

On behalf of the board of directors:

Martin Nolan
MEMBER OF THE BOARD OF DIRECTORS

Chris Gallagher
MEMBER OF THE BOARD OF DIRECTORS

Date: 11th November 2022

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.

On behalf of the board oversight committee:

Sophie Gold
THE BOARD OVERSIGHT COMMITTEE

Date: 11th November 2022

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.

Overall, the committee is satisfied that the Board is compliant with the provisions of the Act.

The Board continued to offer a hybrid meeting option to all Board/BOC members to ensure that those who could not physically get into the Boardroom could still attend the meetings. The committee is of the view that the Board work very well with each other and with the management team.

The BOC were included in the Board training programme for 2022 and we were happy to be able to avail of this training.

The committee would like to thank the Board and management for their support and assistance over the last year and we look forward to working with everyone again through the coming year.

Finally, we actively encourage any members who have some time to volunteer, to put yourselves forward for the panel of volunteers. The credit union draws on this panel to fill vacancies on both the Board and the BOC during the year or at the AGM.

The Board Oversight Committee

INDEPENDENT AUDITOR'S 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 2022, and the related notes to the financial statements, including the summary of significant accounting policies.

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

In our opinion, 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 2022 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, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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

In auditing the financial statements, we have concluded that the director's use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the credit union's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

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

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

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

Date: 11th November 2022

**INCOME & EXPENDITURE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022**

	Schedule	2022 €	2021 €
INCOME			
Interest on members' loans		1,838,526	1,807,800
Other interest income and similar income	1	331,857	482,081
Net interest income		2,170,383	2,289,881
Other income	2	84,783	7,236
Total income		2,255,166	2,297,117
EXPENDITURE			
Employment costs		803,348	723,974
Other management expenses	3	1,026,327	893,264
Depreciation		123,141	125,476
Net impairment gains on loans to members (note 5)		(161,503)	(24,518)
Total expenditure		1,791,313	1,718,196
Surplus for the financial year		463,853	578,921

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022**

	2022 €	2021 €
Surplus for the financial year	463,853	578,921
Other comprehensive income	-	-
Total comprehensive income for the financial year	463,853	578,921

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

Martin Nolan
MEMBER OF THE BOARD
OF DIRECTORS

Sophie Gold
THE BOARD
OVERSIGHT COMMITTEE

Paula Maguire
CEO

Date: 11th November 2022

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

**BALANCE SHEET
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022**

	Notes	2022 €	2021 €
ASSETS			
Cash and balances at bank		1,453,344	2,970,363
Deposits and investments – cash equivalents	7	7,983,585	6,024,374
Deposits and investments – other	7	54,934,247	54,991,386
Loans to members	8	23,120,798	22,385,648
Provision for bad debts	9	(1,189,642)	(1,440,443)
Tangible fixed assets	10	529,131	474,541
Debtors, prepayments and accrued income	11	210,611	191,390
Total Assets		87,042,074	85,597,259
LIABILITIES			
Members' shares	12	72,751,730	71,785,085
Members' deposits	13	3,265,132	3,271,915
Other liabilities, creditors, accruals and charges	14	234,804	213,520
Other provisions	15	1,047	1,231
Total liabilities		76,252,713	75,271,751
RESERVES			
Regulatory reserve	17	9,352,127	9,194,759
Operational risk reserve	17	300,000	300,000
Other reserves			
- Realised reserves	17	1,061,810	749,997
- Unrealised reserves	17	75,424	80,752
Total reserves		10,789,361	10,325,508
Total liabilities and reserves		87,042,074	85,597,259

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

Martin Nolan
MEMBER OF THE BOARD
OF DIRECTORS

Sophie Gold
THE BOARD
OVERSIGHT COMMITTEE

Paula Maguire
CEO

Date: 11th November 2022

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

STATEMENT OF CHANGES IN RESERVES FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022

Movements on Reserves

	Regulatory Reserve	Operational Risk Reserve	Realised reserves	Unrealised reserves	Total
	€	€	€	€	€
As at 1 October 2020	8,678,224	300,000	678,454	89,909	9,746,587
Surplus for the financial year	516,535	-	54,421	7,965	578,921
Transfer between reserves	-	-	17,122	(17,122)	-
As at 1 October 2021	9,194,759	300,000	749,997	80,752	10,325,508
Surplus for the financial year	-	-	460,817	3,036	463,853
Transfer between reserves	157,368	-	(149,004)	(8,364)	-
As at 30 September 2022	9,352,127	300,000	1,061,810	75,424	10,789,361

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2022 was 10.74% (2021: 10.74%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2022 was 0.34% (2021: 0.35%).

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022

	Notes	2022	2021
		€	€
Opening cash and cash equivalents		8,994,737	4,823,900
Cash flows from operating activities			
Loans repaid by members	8	10,930,944	10,558,615
Loans granted to members	8	(11,964,625)	(10,542,132)
Interest on members' loans		1,838,526	1,807,800
Other interest income and similar income		331,857	482,081
Other income		84,783	7,236
Bad debts recovered and recoveries		209,232	259,826
Operating expenses		(1,829,675)	(1,617,238)
Movement in other assets and liabilities		1,880	40,942
Net cash flows from operating activities		(397,078)	997,130
Cash flows from investing activities			
Fixed asset (purchases)/disposals		(177,731)	(96,181)
Net cash flow from other investing activities		57,139	(1,017,142)
Net cash flows from investing activities		(120,592)	(1,113,323)
Cash flows from financing activities			
Members' shares received	12	24,885,045	24,268,995
Members' deposits received	13	2,261,695	2,296,522
Members' shares withdrawn	12	(23,918,400)	(20,023,188)
Members' deposits withdrawn	13	(2,268,478)	(2,255,299)
Net cash flow from financing activities		959,862	4,287,030
Net (decrease)/increase in cash and cash equivalents		442,192	4,170,837
Closing cash and cash equivalents	6	9,436,929	8,994,737

NOTES TO THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2021

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, Main Street, 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

Deposit and investment income is recognised on an accruals basis using the effective interest method.

Other income

Other income is recognised on an accruals basis.

2.5 Cash and cash equivalents

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

2.6 Deposits and investments

Held at amortised cost - Investments designated on initial recognition as held at amortised cost

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

Central Bank deposits - Credit unions are obliged to maintain certain minimum deposits with the Central Bank but may also hold an excess over the regulatory minimum. The regulatory minimum deposits are technically assets of the credit union but to which the credit union has restricted access. The regulatory minimum portion will not ordinarily be returned to the credit union while it is a going concern and is separately identified in note 7, Deposits and investments - other. Funds held with the Central Bank in excess of the regulatory minimum requirements are fully available to the credit union and are therefore treated as cash equivalents and are separately identified in note 7, Deposits and investments – cash equivalents. The amounts held on deposit with the Central Bank are not subject to impairment reviews.

Investments at fair value - Investments designated on initial recognition as non basic are recognised at fair value. They are subsequently measured at fair value (market value) at the year-end date and all gains and losses are taken to the income and expenditure account.

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 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 Interest on 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 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 this scheme are held separately from those of the credit union in independently administered funds. Employer contributions to the pension scheme are charged to the income and expenditure account in the period to which they relate. The amount payable at the year end in respect of same was €10,780 (2021: €9,132).

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 €529,131 (2021: €474,541).

Provision for bad debts

The credit union's accounting policy for impairment of loans is set out 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 €1,189,642 (2021: €1,440,443) representing 5.15% (2021: 6.43%) 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 €300,000 (2021: €300,000).

Adoption of going concern basis for financial statements preparation

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

4. KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2022	2021
	€	€
Short term employee benefits paid to key management	363,818	369,858
Payments to pension schemes	36,593	37,441
Total key management personnel compensation	400,411	407,299

5. NET IMPAIRMENT GAINS ON LOANS TO MEMBERS

	2022	2021
	€	€
Bad debts recovered	(164,726)	(179,396)
Impairment of loan interest reclassified as bad debt recoveries	(44,506)	(80,430)
Movement in bad debts provision during the year	(250,802)	(3,858)
Loans written off during the year	298,531	239,166
Net impairment gains on loans to members	(161,503)	(24,518)

6. CASH AND CASH EQUIVALENTS

	2022	2021
	€	€
Cash and balances at bank	1,453,344	2,970,363
Deposits & investments - cash equivalents (note 7)	7,983,585	6,024,374
Total cash and cash equivalents	9,436,929	8,994,737

7. DEPOSITS AND INVESTMENTS

	2022	2021
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	7,983,585	1,973,993
Bank bonds	-	757,042
Central Bank deposits	-	3,293,339
Total deposits and investments – cash equivalents	7,983,585	6,024,374

Deposits and investments – other

Accounts in authorised credit institutions (Irish and non-Irish based)	38,464,589	33,826,994
Bank bonds	14,599,398	17,520,247
Irish and EEA state securities	-	2,049,421
Collective investment schemes	1,261,692	1,004,500
Central Bank deposits	608,568	590,224
Total deposits and investments – other	54,934,247	54,991,386
Total deposits and investments	62,917,832	61,015,760

8. FINANCIAL ASSETS – LOANS TO MEMBERS

	2022	2021
	€	€
As at 1 October	22,385,648	22,641,297
Loans granted during the year	11,964,625	10,542,132
Loans repaid during the year	(10,930,944)	(10,558,615)
Gross loans and advances	23,419,329	22,624,814
Bad debts		
Loans written off during the year	(298,531)	(239,166)
As at 30 September	23,120,798	22,385,648

9. PROVISION FOR BAD DEBTS

	2022	2021
	€	€
As at 1 October	1,440,443	1,444,301
Movement in bad debts provision during the year	(250,801)	(3,858)
As at 30 September	1,189,642	1,440,443

The provision for bad debts is analysed as follows:

	2022	2021
	€	€
Grouped assessed loans	1,189,642	1,440,443
Provision for bad debts	1,189,642	1,440,443

10. TANGIBLE FIXED ASSETS

	Freehold Buildings	Freehold Improv.	Leasehold Buildings	Leasehold Improv.	Computer Equipment	Furniture & Office Equipment	Total
	€	€	€	€	€	€	€
Cost							
1 October 2021	362,791	244,853	232,647	70,847	307,794	117,661	1,336,593
Additions	-	118,301	-	-	44,045	15,385	177,731
Disposals	-	-	-	-	(3,271)	(43,666)	(46,937)
At 30 September 2022	362,791	363,154	232,647	70,847	348,568	89,380	1,467,387
Depreciation							
1 October 2021	194,206	117,663	214,478	55,105	178,333	102,267	862,052
Charge for year	7,256	25,789	18,169	7,870	52,846	11,211	123,141
Disposals	-	-	-	-	(3,271)	(43,666)	(46,937)
At 30 September 2022	201,462	143,452	232,647	62,975	227,908	69,812	938,256
Net book value							
At 30th September 2022	161,329	219,702	-	7,872	120,660	19,568	529,131
At 30th September 2021	168,585	127,190	18,169	15,742	129,461	15,394	474,541

Computer equipment with a net book value of €301 (2020: €2,109) is held under a finance lease.

11. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2022	2021
	€	€
Loan interest receivable	52,438	55,386
Prepayments	104,206	58,604
Other debtors and associated interest amounts	53,967	77,400
As at 30 September	210,611	191,390

12. MEMBERS' SHARES

	2022	2021
	€	€
As at 1 October	71,785,085	67,539,278
Received during the year	24,885,045	24,268,995
Withdrawn during the year	(23,918,400)	(20,023,188)
As at 30 September	72,751,730	71,785,085

13. MEMBERS' DEPOSITS

	2022	2021
	€	€
As at 1 October	3,271,915	3,230,692
Received during the year	2,261,695	2,296,522
Withdrawn during the year	(2,268,478)	(2,255,299)
As at 30 September	3,265,132	3,271,915

14. OTHER LIABILITIES, CREDITORS, ACCRUALS AND CHARGES

	2022	2021
	€	€
Prize draw	46,071	44,231
PAYE/PRSI	16,120	16,125
Accruals and other creditors	172,613	153,164
As at 30 September	234,804	213,520

15. OTHER PROVISIONS

	2022	2021
	€	€
Holiday pay accrual		
At 1 October	1,231	6,876
Charged to the income and expenditure account	(184)	(5,645)
At 30 September	1,047	1,231

16. FINANCIAL INSTRUMENTS**16a. Financial instruments – measured at amortised cost**

	2022	2021
	€	€
Financial assets		
Financial assets measured at amortised cost	79,265,917	78,930,283
Financial liabilities		
Financial liabilities measured at amortised cost	76,252,713	75,271,751

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments, loans and other debtors and associated interest amounts.

Financial liabilities measured at amortised cost comprise of members' savings, other liabilities, creditors, accruals and charges and other provisions.

16b. Financial instruments – fair value measurements

FRS 102 requires fair value measurements to be disclosed by the source of inputs, using a three level hierarchy:

- Quoted prices for identical instruments in active market (level 1);
- Prices of recent transactions for identical instruments and valuation techniques using observable market data (level 2), and
- Valuation techniques using unobservable market data (level 3).

The table below sets out fair value measurements using the fair value hierarchy:

As at 30 September 2022	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in authorised credit institutions	6,514,388	-	6,514,388	-
Bank Bonds	503,944	-	503,944	-
Collective investment scheme	1,261,692	1,261,692	-	-
Total	8,280,024	1,261,692	7,018,332	-

As at 30 September 2021	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in authorised credit institutions	6,514,388	-	6,514,388	-
Collective Investment Scheme	1,004,500	1,004,500	-	-
Total	7,518,888	1,004,500	6,514,388	-

There was a fair value movement in the amount of (€244,560) recognised in the income and expenditure account for the year ended 30 September 2022 (2021: €4,500).

17. RESERVES

	Balance 01/10/21	Appropriation of current year surplus	Transfers between reserves	Balance 30/09/22
	€	€	€	€
Regulatory reserve	9,194,759	-	157,368	9,352,127
Operational risk reserve	300,000	-	-	300,000
Other reserves				
Realised				
Undistributed surplus	749,997	460,817	(149,004)	1,061,810
Total realised reserves	749,997	460,817	(149,004)	1,061,810
Unrealised				
Interest on loans reserve	55,386	-	(2,928)	52,458
Investment income reserve	25,366	3,036	(5,436)	22,966
Total unrealised reserves	80,752	3,036	(8,364)	75,424
Total reserves	10,325,508	463,853	-	10,789,361

18. CREDIT RISK DISCLOSURES

In line with regulatory requirements, the credit union:

- restricts the concentration of lending by the credit union within certain sectors or to connected persons or groups (concentration limits);
- restricts the absolute amount of lending to certain sectors to a set percentages of the regulatory reserve (large exposure limit);
- restricts the loan duration of certain loans to specified limits (maturity limits); and
- requires specified lending practices to be in place where loans are made to certain sectors such as business loans, community loans or loans to another credit union.

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

	2022		2021	
	€	%	€	%
LOANS NOT IMPAIRED				
Total loans not impaired, not past due	19,000,178	82.18%	17,951,695	80.19%
IMPAIRED LOANS:				
Not past due	1,513,739	6.55%	1,171,902	5.24%
Up to 9 weeks past due	1,836,092	7.94%	2,246,999	10.04%
Between 10 and 18 weeks past due	224,600	0.97%	228,518	1.02%
Between 19 and 26 weeks past due	103,745	0.45%	220,836	0.99%
Between 27 and 39 weeks past due	137,393	0.59%	213,279	0.95%
Between 40 and 52 weeks past due	92,089	0.40%	29,134	0.13%
53 or more weeks past due	212,962	0.92%	323,285	1.44%
Total impaired loans	4,120,620	17.82%	4,433,953	19.81%
TOTAL LOANS	23,120,798	100.00%	22,385,648	100.00%

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

	2022		2021	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	28	176,400	19	89,873
Total loans outstanding to related parties at the year end	26	279,060	21	160,029
Total Provisions for Loans Outstanding to Related Parties		4,752		1,926

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 1.21% of the total loans outstanding at 30 September 2022 (2021: 0.71%).

19b. Savings

The total amount of savings held by related parties at the year end was €85,542 (2021: €327,753).

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

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

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves the credit union's credit policy. Credit risk mitigation may include the requirement to obtain collateral as set out in the credit union's credit policy. Where collateral or guarantees are required, they are usually taken as a secondary source of repayment in the event of the borrower's default. The credit union maintains policies which detail the acceptability of specific classes of collateral. The principal collateral types for loans are: an attachment over members' pledged shares and personal guarantees. The nature and level of collateral required depends on a number of factors such as the term of the loan and the amount of exposure. 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: The credit unions main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. The credit union reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable.

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.

	2022		2021	
	Amount €	Av. Interest Rate %	Amount €	Av. Interest Rate %
Gross loans to members	23,120,798	8.91%	22,385,648	8.99%

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

21. DIVIDENDS AND LOAN INTEREST REBATES

The following distributions were paid during the year:

	2022		2021	
	%	€	%	€
Dividend on shares	-	-	-	-
Loan interest rebate (on standard rate loans)	-	-	-	-

The directors are not proposing a dividend or loan interest rebate in respect of the financial year ended 30 September 2022 (2021: The directors did not propose a dividend or loan interest rebate).

22. RATE OF INTEREST PAID ON MEMBERS' DEPOSIT ACCOUNTS

	2022		2021	
	%	€	%	€
Interest payable for the year				
Interest on deposits	-	-	-	-

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 (2021: €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 2022. The credit union had capital commitments at 30 September 2021, not contracted for, and not provided in the financial statements, in the amount of €69,900 plus VAT.

26. LEASING COMMITMENTS

The credit union had future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	€	€
Less than 1 year	36,996	36,996
1 to 5 years	7,495	44,491
At 30 September	44,491	81,487

27. COMPARATIVE INFORMATION

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

28. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved these financial statements for issue on 11th November 2022.

**SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022**

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's Report on pages 10 to 13.

SCHEDULE 1 - OTHER INTEREST INCOME AND SIMILAR INCOME

	2022	2021
	€	€
Investment income received/receivable within 1 year	512,445	474,116
Investment income receivable outside of 1 year	3,036	3,465
Realised gain/(loss) on investments	60,936	-
Movement in unrealised gain/(loss) on investments	(244,560)	4,500
Total per income and expenditure account	331,857	482,081

SCHEDULE 2 - OTHER INCOME

	2022	2021
	€	€
Insurance commission	4,439	3,434
Foreign exchange commission	5,354	1,519
Life & pensions commission	74,990	2,283
Total per income and expenditure account	84,783	7,236

SCHEDULE 3 - OTHER MANAGEMENT EXPENSES

	2022	2021
	€	€
Loans and savings insurance costs	195,416	190,811
Printing, postage and stationery	54,127	33,987
Computer costs	115,332	97,189
AGM and other meeting costs	20,766	16,626
Bank charges	33,054	31,753
Sundry expenses	27,383	25,654
Telephone	15,190	12,909
Cash security	5,831	7,367
Advertising and marketing	48,777	34,104
Donations and sponsorship	20,790	22,804
Legal and professional fees	153,610	134,088
Debt collection	11,428	12,972
Audit fees	18,142	18,142
Regulatory levies	162,377	134,083
Rent and rates	46,244	38,604
Repairs and maintenance	25,347	20,463
General insurance	47,770	41,452
Light and heat	14,844	9,431
Staff training	7,202	6,914
Travel and subsistence	2,697	882
Uniforms	-	3,029
Total per income and expenditure account	1,026,327	893,264

Cash Back CAR LOAN*

THINKING OF UPGRADING YOUR CAR?

We can provide the loan and a once-off cash back payment towards your tax or insurance. Whether you are purchasing a new or used car you can avail of the cash back option on drawdown.

Loan interest rate is our standard variable rate of 9.49% (APR 9.91%)

**If you already have a credit union loan, the cashback amount will only be based on the top-up amount, not on the total loan.*

The loan must be for a term of 3 to 5 years.

Benefits of a credit union car loan*

- Cash back on loan drawdown (one off payment in year 1 only)
- With loan pre-approval you can negotiate a cash price for the car
- You own the car from day one
- No lump sum or balloon repayments at the end of the loan
- No admin fees or hidden costs
- You can repay the loan early with no penalties, to save money on interest
- Cash Back applies only to car loans of €3,000 and above

***The usual underwriting criteria will apply*

Borrow*	Cashback amount on drawdown
€3,000 - €6,000	€250
€6,001 - €10,000	€400
€10,001 - €20,000	€750
€20,001 upwards	€1,000



The cash back car loan may be changed or discontinued at any time, at the discretion of the Board of Lucan District Credit Union Ltd.

REPORT OF THE CREDIT COMMITTEE

The Credit Committee is appointed annually by the Board of Directors of the Credit Union. The committee was happy to see the credit union returned to the pre-Covid loan book level by the business year end. We expect to see continued slow loan growth over the coming year.

In June we launched larger loans with lower rates specifically for members who are looking to renovate or extend their homes. These loans have done well over the remaining months of this year and gave the loan book a good boost. We continue to offer the Go Green loan to any member who would like to make their home more energy efficient or to purchase an electric vehicle, at the excellent rate of 6.95%.

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	302	120,326	Car Purchase	253	2,311,907
€500 - €2,000	1,080	1,412,964	Bills/Debt consolidation	56	224,354
€2,000 - €5,000	727	2,640,248	Business	10	245,615
€5,000 - €10,000	337	2,607,407	Christmas	156	262,716
€10,000 - €15,000	94	1,238,841	Education	114	294,380
€15,000 - €25,000	101	2,026,594	Dental/Medical	94	286,600
€25,000 - €50,000	35	1,264,045	Holidays	282	759,850
€50,000 - €100,000	10	654,200	Home Improvements - 25k	448	3,050,701
Total	2,686	11,964,625	Home Improvements - 25K - 40k	17	234,500
			Home Improvements - 40k - 75k	21	691,000
			Home Improvements - 75k - 100k	3	231,200
			Wedding	46	342,850
			Within Shares (fully secured)	853	2,182,094
			Other purpose	333	846,858
			Total	2,686	11,964,625

More than 90% our loan applications and drawdowns are now done online or through the mobile app. Members may register for online access through our website. You can apply for your loan, upload the documents securely and drawn down the loan once approved, via DocuSign.

For more information on our loans visit our website www.lucancu.ie or ask at the counter. Check out the loan calculator on our home page for estimated costs and repayments.

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.

We are happy to report that the arrears situation has been relatively stable for the last year, with most members back in work, post Covid. Where members who experience short-term financial difficulties contact us or engage with us, we can help them with either a temporary arrangement or a full reschedule of the loan for a lower repayment.

It is vitally important that the member comes to us at the earliest possible stage to advise of a change in circumstances, a short-term financial difficulty, illness requiring time off work, or other. We can only help where we are aware of the reason for the difficulty and where the member is willing to help themselves. Arrears on a loan impact your credit rating and may prevent you from accessing credit in the future, not just from the credit union, but all other financial institutions.

Where the member does not contact us or will not work with us, the credit union will utilise our collections partner, Cabot Financial Services, and our legal team to recover our members funds. We always prefer members to contact us and work with us when they run into difficulties. Even putting a temporary arrangement in place means that you can keep saving and return to borrowing with us at some time in the future when the arrears have been cleared.

Unlike the banks, the credit union is willing to overlook past arrears where the member has cleared them in full. We will grant further credit, where the member can show that they can afford the repayments.

If you would like to speak with credit control at any stage, please call 0818 297 007 and press option 3, you will be put straight through.

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 continued to sign up new members with 714 fully approved new members and 36 pending members. Pending members are new members who still have not fully completed the joining process by providing all the required documentation.

Out of the fully approved members, 235 are aged 19 or under. That is 33% of the new members. These are the borrowers of the future.

We are seeing new members join us specifically for our loans. This is very positive and means that we are now viewed as a trusted source of credit with competitive loans. We are happy to provide new members with loans where they can show that the loan is affordable to them and their family and where they have a good external credit history.

Members may join our credit union if they live or work in the Lucan or Adamstown area or if they are a family member of someone who works in the area. We do require some documentation for due diligence purposes. These are current photo ID (passport or driving licence), proof of your home address (current utility bill or bank statement), and proof of your PPS no. To complete the joining process and activate your account we will issue a verification letter to your home address which you must sign and drop back to us.

Under the Criminal Justice Act 2013 S33 (8a) we are legally required to maintain current documentation on all member accounts. It is important that you have up-to-date photo ID for withdrawals and provide current proof of address at least every three years. Where documentation is not up to date, you will be asked at the counter to provide this. We would appreciate if you could update your documentation over the coming months if you have not done so already.

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 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. In addition, the committee is responsible for ensuring that all Board/Board oversight committee members have adequate training to assist them in fulfilling their roles.

This year the committee, in conjunction with the management team, rolled out a full Board training programme which was available virtually, to allow as much access as possible.

Although Board and BOC roles are voluntary, the credit union provides an educational opportunity for anyone who wishes to gain a transferable qualification while they serve. This would enhance your CV along with the experience gained of corporate governance.

Any member who would like to put their name forward for the panel, from which members are put forward to the Board or BOC as vacancies arise, 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 consideration in advance of the AGM, should there be vacancies, must ensure that their nominations form is submitted by Monday 5th December at the latest. If you are not put forward at this AGM, we will place you on the panel to be called up at a future date as required.

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

REPORT OF THE INVESTMENT COMMITTEE

For most of this business year investment income was severely impacted by the on-going and seemingly entrenched negative interest rates. The credit union is required to maintain a percentage of the investment portfolio liquid (accessible within 3 months). This presented a problem because the negative rates effectively meant that we were paying the banks to hold credit union funds.

As investments matured, it was difficult to find another investment with a decent interest rate. Last year we availed of a collective investment corporate bond fund which was set up specifically for credit unions and offered a small but positive return.

Due to the Russian invasion of Ukraine and the subsequent turmoil in the global markets, the market value of this fund dropped substantially. This directly impacted on our investment income this year as we are required to adjust the value of this fund each month based on the month end NAV (net asset value). Although we took a significant hit on this fund, we plan on holding it for at least the next 5-6 years and we expect to recover losses over this period.

Due to inflation, the ECB has increased the interest rates with further increases expected. While this is not great news for members, it is good for the investment income of the credit union. There are now good options available for deposits and bond purchases. Even short-term, liquid funds can now earn a return.

Although the upturn in interest rates was too late to improve our income this year and compensate for the unrealised losses on the collective investment, we should see a marked improvement in investment income over the coming year.

The Investment 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.
7. In exercising his/her right of reply, a proposer may not introduce new material.
8. The seconder of a motion shall have such time as shall be allowed by the Chairman to second the motion.
9. 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.

MEMBERS PRIZE DRAW INCOME AND EXPENDITURE ACCOUNT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2022

INCOME	€
Opening Balance 01/10/2020	44,231.46
Cash Draw Member Entry fees for calendar year 2022	157,872.00
Total Entry Fees and Opening Balance	202,103.46
EXPENDITURE	
Prizes paid out	156,000.00
Bank Charges related to the Prize Draw Account	32.46
Total Expenditure	156,032.46
Total Audited Remaining Funds	46,071.00

PRIZE DRAW WINNERS 2022

Prizes each month Oct 2021 - Sept 2022 - 1st €10,000 – 2nd €2,000 – 3rd €1,000

October 2021	November 2021	December 2021
1st Paul Grehan	1st Alan Barry	1st Mary Downes
2nd Helen O'Neill	2nd Debbie Whelan	2nd Jonathon Kelly
3rd Celine Gorman	3rd Patrick McGrath	3rd Patricia Smith
January 2022	February 2022	March 2022
1st Joanne Farrell	1st Patrick Murphy	1st Declan Towey
2nd Noleen Kearney	2nd Siobhan Ennis	2nd Rachel O'Connor
3rd Doreen O'Driscoll	3rd Alanna Carey	3rd Mary Carthy
April 2022	May 2022	June 2022
1st Pauline Bligh	1st James Finlay	1st Jennifer Manning
2nd Dolores Brennan	2nd Lisa O'Neill	2nd Lisa Keogh
3rd Pamela Tang	3rd Paula Slavin	3rd Celia Gillis
July 2022	August 2022	September 2022
1st Alison Cleary	1st Martin Harte	1st Nicola Byrne
2nd Amit Munjal	2nd Betty Fitzpatrick	2nd Lucy Finlay
3rd Fergal O'Briain	3rd Therese Buckley	3rd Anne Malone

DONATIONS AND SPONSORSHIP

Your credit union supports local groups, charities, schools, 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.

Charities

- Focus Ireland
- Irish Red Cross – Lucan Branch
- Jack & Jill Foundation
- Unicef – for Ukraine
- Irish Hospice Foundation

Local Athletes representing Ireland

- Jenny Egan – Canoeist
- Shannon Kelly – Tri-athlete
- The Wade Family – Kickboxing
- Zach Lamari – Kickboxing
- Jade Kavanagh – Football

Groups/clubs/schools

- Aspen Counselling
- Esker Celtic – kids academy
- Lucan St Patrick's Day Parade
- St Joseph's College – charity calendar
- Sarsfields GAA – Kids academy
- Lucan Festival
- Beechpark FC
- Lucan Women's Network - courses
- Scoil Aine Naofa – sensory garden
- Lucan Harriers – Lucan road race
- Esker Boxing club – Boxing event
- Lucan Live – Liffey Sound FM
- Arthur Griffith Park 50th Anniversary celebrations

Lucan District Credit Union now offers in-house financial planning and advice on the following products:

- Life insurance – term and whole of life
 - Mortgage Protection
 - Income Protection
 - Serious/critical illness cover
- Pre and post retirement planning/pension advice
 - Lump sum savings and investments
 - Instalment savings and investments
 - Business Cover
 - Key Person Cover
- Employee benefits review (group pension scheme/death in service insurance/PHI)

To schedule a meeting with our in-house Financial Advisor, John Miller, email John directly at john.miller@lucanctu.ie or you can call us on 0818 297 007 and leave your contact details

Please visit our website for more details of our Financial Planning Service at www.lucanctu.ie/Financial_Advice

