

# Annual Report 2019



CORE CREDIT UNION  
- STRONGER TOGETHER -

[www.corecu.ie](http://www.corecu.ie)



Notice is hereby given of the  
54<sup>th</sup> Annual General Meeting of Core Credit Union Ltd.

**Venue:** Royal Marine Hotel, Marine Road, Dún Laoghaire  
Co. Dublin, A96 K063

**Date:** Saturday 7th December 2019

**Time:** 2pm

**Refreshments:** Soup, Sandwiches, Tea and Coffee will be  
served during the event

**Free Raffle:** A free raffle will be run on  
the day for those  
attending

**ALL MEMBERS  
ARE INVITED  
TO ATTEND**

**JOHN  
O'REILLY**  
Secretary



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### Auditors:

**Grant Thornton,**  
Mill House, Henry Street, Limerick.

### Solicitors:

**Maurice O'Callaghan,**  
O'Callaghan Legal, Mounttown House, 62-63 Mounttown Road Lower,  
Dún Laoghaire, Co. Dublin.

## Order of Business

1. The acceptance by the Board of Directors of the authorised representatives of Members that are not natural persons.
2. Ascertainment that a quorum is present
3. Adoption of Standing Orders
4. Reading and approval (or correction) of the minutes of the last annual general meeting
5. Chairperson's Report
6. Report of the CEO, including the
  - Report of the Credit Committee
  - Report of the Credit Control Committee
  - Report of the Membership Committee
7. Report of the Auditor
8. Consideration of accounts
9. Report of the Board Oversight Committee
10. Declaration of Dividend
11. Report of the Risk, Audit & Compliance Committee
12. Report of the Insurance Officer
13. Report of the Nomination Committee
14. Appointment of Tellers
15. Election of Auditor
16. Election to fill vacancies on the Board Oversight Committee
17. Election to fill vacancies on the Board of Directors
18. Motions
19. Attendees Prize Draw
20. Announcement of election results
21. AOB
22. Adjournment or close of meeting

## Notice of Elections

Elections will be held to fill the following vacancies:

- The Position of Auditor
- 3 vacancies on the Board Oversight Committee
- 4 vacancies on the Board of Directors

# Standing Orders

## Reference: Recommendation 41 (b) of the Planning Committee:

### 1. VOTING.

Each Member shall be entitled to one vote irrespective of his/her shareholding, in accordance with section 82(2) of the Credit Union Act, 1997 (as amended).

### 2. - 3. ELECTION PROCEDURE.

2. Elections to the Board of Directors, to the Board Oversight Committee and the position of Auditor shall be by majority vote and by secret ballot. Candidates for the position of Directors and Board Oversight Committee shall serve a three year term. The Auditor shall serve a one year term.

3. When nominations are announced Tellers shall be appointed by the Chair and ballot papers shall be distributed. Nominations shall be in the following order: (a) nominations for Auditor; (b) nominations for members of the Board Oversight Committee; (c) nominations for Directors. When voting is completed, the votes shall be taken and tallied by the Tellers. Any ballot paper which contains votes for more than the number required to be elected shall be void. All elections shall be by secret ballot and by majority vote. When the votes have been counted by the Tellers, the results shall be announced by the Chair. In the event that all vacancies are not filled by the first ballot further ballots shall be taken as required. In the event of an equality of votes between candidates for the remaining vacancies not filled in accordance with the above procedure one further ballot shall be taken and should that ballot fail to determine the issue, the vacancies shall be filled by lot from among such candidates having an equality of votes.

### 4.- 9. MOTIONS.

4. All motions from the floor of the AGM must be proposed and seconded by Members present at the AGM and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.

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

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

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

8. Members are entitled to speak on any such motion and must do so through the Chair. All speakers to any motion shall have such time as shall be at the discretion of the Chair.

9. The Chair shall have the absolute right to decide at any time when a motion has been sufficiently discussed and may put the motion to the meeting giving the proposer the right of reply before doing so.

### 10. - 15. MISCELLANEOUS.

10. The Chair of the Board of Directors shall be the Chair of any general meeting, except where he/she is not available, in which case it shall be the Vice-Chair, except where he/she is not available, in which case the Board shall decide amongst themselves who shall act as Chair of any general meeting.

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

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

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

14. No Member shall have more than one vote on each question at any general meeting of the Credit Union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the Credit Union provided, however, that except in voting at elections, the presiding Member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a Member other than a natural person votes through a representative, who is a Member of the group, duly authorised in writing for that purpose and accepted as such by the Board of Directors.

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

### 16. SUSPENSION OF STANDING ORDERS.

Any one of these Orders or all of these Standing Orders may be suspended on a motion to this effect receiving a two-thirds majority of those present and entitled to vote.

### 17. ALTERATION OF STANDING ORDERS.

Standing Orders may be amended or altered at a general meeting and only if a motion to this effect has received a two-thirds majority of those present and voting.

### 18. ADJOURNMENTS.

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

# Board of Directors



## Elizabeth Harpur (Chair)

Liz Harpur is Chair of Core Credit Union Board of Directors and previously held positions of Vice-Chair and Secretary. She has 11 years of extensive experience in many aspects of the Credit Union both as an ex-staff member and board director with membership of many of the board's committees including Credit, Strategy, Remuneration and Complaints Committees. Liz holds a diploma and certificate in Credit Union Governance and has qualifications in Ethics, GDPR, Anti-Money Laundering and Leadership.



## John O'Reilly (Secretary)

John brings a wealth of experience in the Credit Union movement to the Board. He has previously volunteered at Army Naval Service Air Corps Credit Union (ANSAC); holding positions of Membership Officer, Insurance Officer, Chair of Internal Audit, Chair of Risk and Compliance Committees, Chairperson of the Board. He has a degree in Credit Union Business from University College Cork. John is currently employed as a painter/decorator.



## Alan Guerins

Alan is from Cabinteely and was elected to the Core Credit Union board in Dec 2017, he and all his family are long time members of the credit union. Alan has extensive experience in the advertising industry where he has held various senior positions and currently is the owner of a Digital Display company dealing with Financial institutions and Government agencies. Alan has a strong business and social acumen and is involved in the strategic vision for Core Credit Union, as well as being a member of the Investment, Property and Nominations committees. Alan also has a busy role in his local community and to keep his sanity is an active squash player.



## Deirdre Keane

The Keane family are all credit union members and they, like Deirdre, value its community ethos of availability to all members of society. Deirdre feels a responsibility to support the growth of Core and for the financial well-being of its members. Deirdre runs her own leadership development business, has a degree in Business and Languages, with further qualifications in coaching, mentoring and managing business networks.



## Elaine Hughes (Vice-Chair)

Elaine Hughes MSc & MA, has been a member of her local Credit Union for over 20 years. Over the last three years Elaine has brought her extensive experience of successful project management across a wide spectrum of disciplines to the board room and committees of Core Credit Union. Elaine enjoys participating in local initiatives supported by Core and is an active member of the community, particularly family events, which appeal to her two young sons.



## Liam Sullivan

Liam has 36 years' experience as former manager of Sallynoggin/Glenageary Credit Union Ltd. He has been on the board of Core Credit Union for three years and currently is a member of the Risk and Compliance, Investment, Property and Remuneration committees. He is aware of the difficulty in reconciling the expectations of the members with increasing regulatory requirements and the need to remain faithful to the values of the founder members of the credit union movement in Ireland.

## Board of Directors (Continued)



### Martina Cox

Martina Cox was looking for a way to use her free time in a productive way. Having worked in the funds industry in both finance and project management for over 12 years she felt the credit union would be a great way to both learn more, give back to the community and share her experience and knowledge. Martina lives in Glenageary with her two young sons and husband.



### Siobhán Hackett

Siobhán has been a member of Core Credit Union since 2008. She served on the Oversight Committee in Shankill in 2014. Siobhán joined the Board of Core Credit Union in July 2017. Since that time, she has served terms of Assistant Secretary, Honorary Secretary, Secretary of Nominations Committee and Chair of the Nominations Committee. She has a degree in Psychology and works as a Health Care Assistant in her own homecare provider that she set up 7 years ago. She is passionate about serving her local community and is dedicated to supporting the growth of Core Credit Union.



### Tony Kirwan

Following a 20 year career as an internationally-oriented corporate lawyer with a mid-sized Dublin Law Firm, Tony Kirwan has been Executive Director of The Law Firm Network since 1994. He has an extensive, ever increasing informal network of international contacts in most areas of professional service, especially Law and also in a multitude of other areas. Originally from Dalkey, Tony was voted on to the board of Core Credit Union two years ago. Tony has enjoyed his time with Core and is very much looking forward to continue using his skills to the benefit of the community.



### Mary O'Riordan

Mary enjoyed her time working in the restaurant business but took time out to retrain as an Accountant. She began working as an accounts payable clerk for a local business in 2010 and since that period she has advanced to Management Accountant. Mary has been a long-time credit union member, she has a keen eye for detail and is a great addition to the team of volunteers on the board at Core Credit Union.



### Wendy Crimmins

Wendy has been a member of the Credit Union her entire life, following in the footsteps of all her family! Wendy joined the board of Core Credit Union in June 2019. An avid believer in the Credit Union movement, and all that it offers to its local community. She is interested in supporting the development of Core Credit Union. She hopes her passion for improving process and making things easy will support this.

# Board Oversight Committee



## **Eamon Delaney (Chair of the Board Oversight Committee)**

Eamonn has been associated with Credit Unions going back to a stint as Volunteer Teller in his native West Cabra Credit Union in 1974. A former Garda with extensive security industry experience he has in recent times turned his hand to software development. Downtime is spent touring in the family motor home and wood turning.



## **Lia Downer**

Lia and her family are long standing members of the Credit Union. She joined the Board Oversight Committee in summer 2019. A project management professional with a degree in Business and Law, Lia has worked in a variety of industries including media, publishing, and software. Having recently returned home to Shankill after living in Canada, Lia wanted to use her skills to contribute to the community in a meaningful way. She is a strong believer in the importance of offering financial services to everyone in the community, and Core Core Unions continued growth to best serve its Members.



## **Mary Burnham**

Mary Burnham has been a director with Core Credit Union for four years, and previous to that was on the board at Glasthule / Dún Laoghaire Credit Union. In that time she has seen incredible changes and faced many challenges particularly with the increasing regulatory requirements. Mary is currently on the Nominating Committee and also the Property Committee. It is mostly through juggling parenting with work commitments herself that Mary has a great empathy with parents who often struggle to make ends meet and she is determined to ensure that credit at a reasonable rate is available for everyone in the community.

# Chairperson's Report

It is a pleasure for me as Chairperson to present the Directors' report to you for the 54th Annual General Meeting of our Credit Union.

The Board has responsibility for ensuring the strategic management of Core Credit Union, protecting members interests and ensuring compliance with regulations and legislation. Since the financial crisis, the regulatory burden for Credit Unions has sharply increased. While we are proactively lobbying for more enabling regulation we fully support the robust regulation that exists. Providing a safe and secure place for members savings and loans at reasonable rates of interest is the critical underpinnings of a Credit Union. This year, we welcomed Brendan Kelly to the role of Risk Officer. Brendan and our Compliance Officer, Tracey McAreavey, together with our internal auditor are providing a framework to assure the Board and the Central Bank that our Credit Union is well managed and governed.

During the year, difficult decisions were implemented; these decisions are critical to our long-term strength, continued growth and were taken after significant consideration. The contributory factors behind the changes are twofold, firstly not enough members are borrowing from their Credit Union and the limitations set out in regulations are preventing us from lending to the members where there is a need. The banks do not have the same restrictions – why do we?

The declining and negative returns available from investments are hurting all savers including the Credit Union. Savers should expect to get a return on their savings; the new paradigm is changing to “where are our savings safe”. The strength, safety and ease of access to the Credit Union continue to attract members savings. The confidence displayed by our members is very reassuring and most welcome. However, with the requirement to set aside a minimum of 10% of any increase in our total assets (a consequence of increased savings) applies pressure to our reserves, thereby restricting our ability to pay a dividend. To help address this, in 2019, we implemented a cap on savings of €40,000 which, despite €7m being refunded to members still resulted in a net increase of €3.2m in savings in the year.

Similarly, to manage our Credit Union's business activities going forward, the Board decided to reduce expenditures in some high-cost items such as insurance cover where the costs of premiums are prohibitive and untenable. Other Credit Unions have either eliminated the cover, reduced cover or moved to member-pay schemes and we have deferred these decisions for as long as possible. While the Board recognises that this will not be a popular decision, it is in the interest of maintaining the financial sustainability of the Credit Union.

Loan Interest income for the year performed well with an increase of 10.6%. However, Investment Income dropped significantly by 21%. A significant portion of investments now getting a return of 0% or less and the impact of too few members borrowing is a real challenge to our future ability to generate income. Costs face upward pressures, in particular in the areas of regulatory compliance, levies and insurance.

The Board have taken the financially prudent decision not to declare a dividend this year to preserve our reserves and ensure that we continue to have the required buffers to protect members savings.

Our property strategy to right-size our premises continues, and we are on target to complete the plan within the next 24 months. When complete, this will leave us with seven efficient branches and an administration office which will reduce our property and related expenses. We are at advanced stages in negotiations on the disposal of our surplus properties with the signing of contracts imminent.



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# Chairperson's Report (continued)

On the 9th May, we celebrated the official 50th Anniversary of Dalkey Credit Union. To recognise the significant contribution by members of the original Board, we were delighted to welcome Grace Loughran, Noreen O'Brien and Michael Kennedy (Michael was also a founder of DUBCO Credit Union). This special Anniversary event was also attended by Pat Fay, a former staff member of The Irish League of Credit Unions and a great supporter of Dalkey Credit Union. The occasion was marked by remembering those who were instrumental in the formation of Dalkey Credit Union, both Board and staff.



Noreen O'Brien, Pat Fay, Anne Kennedy, Michael Kennedy and Grace Loughran



In 2012 the Board set out an ambitious strategic plan cognisant of the constant changes in expectations and services our members need. This year sees the fruition of this foresight with the launch of our Current Account Service. It is with pride that I say our Credit Union was one of the driving forces behind this new and essential service which we will be building upon over the coming months and years. In January we will be launching our “Peopl. Insurance” brand which will initially include Home, Travel and Life Insurance. Both these new services are designed to give our members a real choice and real value as we enter the next decade.



## Chairperson's Report (continued)



**Abdoulie Sanneh, Manager, Fankanta Cooperative Credit Union discussing his credit union with the volunteers**

We owe a huge debt of gratitude to the founding members of the Credit Union movement, Nora Herlihy, Seán Forde and Séamus P. MacEoin without whom, over the past 60 years, the lives and financial independence of many of us would be quite different. We also owe a debt of gratitude to the men and women of the Credit Union movement in the USA who offered support and advice in the early days of the formation of the movement. This has now come full circle. Core Credit Union have been involved in a knowledge exchange with American Credit Unions who, like us, have dealt with the challenges we currently face. We hope to continue this knowledge and information sharing over the coming few years.

While we have received the support of American Credit Unions, we have also been very fortunate to have been in a position to provide coaching support to Credit Unions in The Gambia. A country, in many ways very similar to Ireland, e.g. an English Colonial past and widespread poverty, Gambian Credit Unions are trying to do today what Irish Credit Unions achieved 50 years ago.

This year we lost Noel Ryan, who was one of the founder members of Shankill Credit Union. We also lost Gerry Cahill, who was a long-time director of Dalkey Credit Union. We want to express our condolences to their families and also to the families of all 240 members who died during the year.

In conclusion, I wish to thank my fellow Directors, Board Oversight Committee members, members, volunteers and staff for their continued support and commitment throughout the year. I wish to pay a special tribute to Liam Sullivan, who is stepping down this year after 50 years' service both as a staff member and Board member. Thank you, Liam, for your experience and insight; your tough questions will be sorely missed!

I would like to extend our gratitude to you, our members, for your loyalty and support during the past year and consider opening a current account, come in to us for your loans and spreading the word to your family and friends. When you borrow from the Credit Union, these funds are invested in the local community and benefit everyone.

Please remember that all the volunteers, to this day, offer their time to our Credit Union with no reward, a tradition which means decisions made are in the best interest of members. This is what makes us different from the Banks.

On behalf of the Board, management and staff, I wish you all and all those close to you, a very joyful Christmas and a healthy and prosperous 2020.

Thank you,

**Elizabeth Harpur,**  
Chairperson



**Elizabeth Harpur with Bakary Bojang, Manager, Sofora Credit Union, a community credit union with over 500 members**

# Report of the CEO

Local Service, Global Reach was the theme of the 2019 International Credit Union Day. In a world which is changing rapidly around us; where social media and fintech turn people into the product by tracking and selling our data, the importance of member-owned, not for profit Credit Unions is becoming more critical than ever.



**Local Service.  
Global Reach.**



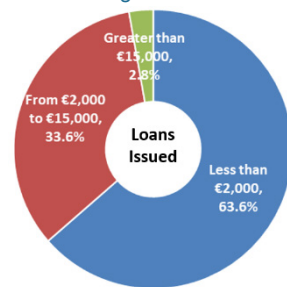
The launch of our members' current account gives us global reach and is an essential step in the evolution of our Credit Union. Members can now use their local service globally where MasterCard debit cards are accepted. For the first time, we have a real choice between for-profit banks, Fintechs that harvest our data, and an everyday account from your trusted Credit Union.

**“May you live in interesting times”** We live in an ever more globalised economy which allows us to enjoy a higher quality of life with access to products and services at a low cost relative to their benefit. However, not all of our members benefit equally. Gaps between the ‘haves’ and ‘have nots’ are wider than ever. Despite the apparent affluence of our community, we provide almost 1 out of every 10 Micro Credit Loans nationally. Though, very small, these loans can be life-changing, we must fight to keep these Credit Union services in our community.

## Lending

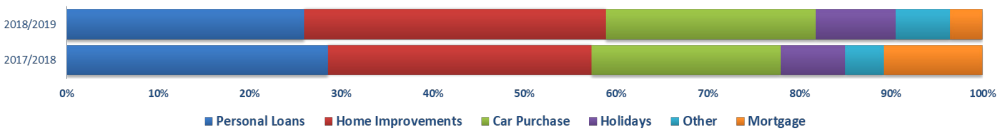
During 2019 almost two-thirds of our loans issued were for amounts of less than €2,000 (Figure 1) with the other third being for values up to €15,000. The total value of loans issued for the year of €27.6m was lower than in 2018, primarily as a result of Central Bank lending limitations which impacted long term loans. Figure 2 demonstrates this where last year 10% of the value of our loans was for mortgages, which has dropped to less than 5% this year. Lending is what generates our income and runs the Credit Union; we are awaiting new lending regulations which are due to be published by the Central Bank following from a consultation process begun in October 2018. We need these regulations to free up our ability to lend. We also need members to choose the Credit Union for their loans rather than the banks.

Figure 1



Many members are borrowing to improve the energy efficiency and comfort of their homes with loans of up to €75,000 and available grants.

Figure 2



## Credit Control



Our Credit Union continues to support members who have trouble meeting their loan repayments. They are usually matters outside the control of members which create difficulty and by working together we can help alleviate the pressure the members are under at these difficult times. For members who do not act responsibly, we continue to use all legal avenues available to protect our members' savings.

Fortunately, unemployment levels are low, and many members are back to work which is visible in both our declining arrears but also in our bad debts recovered. During the year, bad debts of €320,400 were recovered, and €331,943 of loans were written off. The statutory Central Credit Register (CCR) is also helping. Members who had failed to engage with us are now finding that they cannot access credit elsewhere while they are ignoring their existing obligations.

# Report of the CEO (continued)

## Membership



Membership continues to grow with 1,856 new accounts opened during the year. Our schools' programme continues to be very popular with much of the increased membership being members aged 12 and below. We enjoy having diverse membership in age, gender and nationality but we need to do more to ensure greater diversity for the new communities of our common bond. Access to the Credit Union is becoming more accessible than ever with the ability for members to join online from the comfort of their own home. As the needs of our members change, we must also change with them. Many people join the Credit Union with just the

**"if you want to help  
your credit union  
choose us first for your  
loan requirements"**

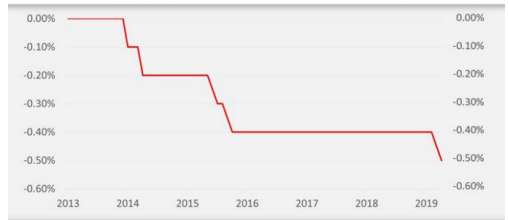
intention of saving. While savings and thrift are among the reasons why we exist, if you want to help your Credit Union you must choose us first for your loan requirements.

## Financial Performance

The global economy very much impacts our financial performance for the year. The increased wealth of our community is reflected in the continually increasing savings which strain our reserves. Our income, of which so much is dependent on international financial markets, is impacted by the negative interest rates from the European Central Bank. The consequence of the global financial crisis has seen the pendulum swinging from light-touch regulation to heavy regulation. The cost of regulation is circa €600,000 which is comprised of Central Bank Levies for the year of circa €300,000 and indirect costs of regulation, e.g. Risk, Compliance, Internal Audit and Systems and Controls of another circa €300,000.

ECB RATE CUT: INTEREST RATES

SOURCE: REFINITIV



In the past two years, we have invested significantly in bringing new services to members and developing our online services. 2020 will see continued investment in technology to deliver smartphone Apps and automated lending. The costs of these investments are impacting current surpluses, but we will see a positive return on these in the medium and long term. These enhancements will make it easier for members to interact with us at their convenience. The extra services will help support our offices by growing automation and reducing overall costs. As we evolve to remain relevant, we are acutely aware of the importance of continuing to provide the same trusted services which are the backbone of the trust members have in the Credit Union.

Finally, I would like to conclude by thanking the Board of Directors, the Board Oversight Committee and all the staff of Core Credit Union whose dedication to serving your needs is evident in the positive feedback we receive.

A handwritten signature in blue ink that reads "Michael Byrne".

**Michael Byrne**

CEO  
Core Credit Union Limited

## Report of the Board Oversight Committee

The Credit Union Act 1997 (as amended) (“the Act”) requires the appointment of a Board Oversight Committee to assess whether the Board of Directors has operated in accordance with part IV and IV (A) of the Act and with any regulations made for the purposes of Part IV or IV (A) of the Act and any other matter prescribed by the Central Bank in respect of which they are to have regard to in relation to the Board of Directors.

As required by the Act we held four meetings with the Board of Directors to assess their performance. We are satisfied that all duties and responsibilities were carried out in accordance with the Rules and Regulations as set down in the Act. We checked Policies and found them up to date as required. We attended all meetings held by the Board of Directors. We want to thank the Directors, Management and Staff for their co-operation and assistance throughout this year.

Under the Credit Union Act 1997(as amended) we are required to provide an annual Compliance Statement to our Members at the AGM each year. We are satisfied that the Board of Directors has complied with and operated in accordance with Part IV and Part IV (A) of the Act.

**Eamon Delaney**  
**Chairperson**

## Report of the Risk, Audit & Compliance Committee

The Board of Directors has overall responsibility for ensuring that Core Credit Union has appropriate and prudent policies, procedures and controls in place to manage risk and ensure compliance with statutory requirements.

The Risk, Compliance & Audit Committee assists the Board in carrying out its statutory and regulatory obligations in respect of risk management, compliance and internal audit in order to safeguard the funds of the members of the Credit Union.

The committee meets monthly with the Risk Management Officer and the Compliance Officer and quarterly with the Internal Auditor.

In the past year the Committee:

- Oversaw the implementation of the Credit Union Risk and Compliance plans;
- Reviewed reports from risk, compliance and internal audit functions and oversaw the implementation of recommendations therein;
- Conducted a full review of the Risk Register and Risk Management system;
- Oversaw the implementation of risk and compliance requirements relating to the introduction and operation of the Member Personal Current Account Service (MPCAS);
- Reviewed the performance and effectiveness of the Internal Audit function; and
- Monitored and reviewed the likely impact of external factors on the Credit Union such as Brexit.

Over the past year the Risk, Compliance and Audit Committee has continued the improvement of controls based on recommendations of the Central Bank of Ireland, our internal auditors Moore and our external auditors Grant Thornton.

The Risk, Compliance and Audit Committee wishes to express its sincere thanks and appreciation to the staff and management of the Credit Union for their assistance and support in carrying out its function during the year.

### Committee Members:

Mary O’Riordan (Chair), Martina Cox, Elaine Hughes, Liam Sullivan, and John O’Reilly.

# Report of the Nominations Committee

## Nomination Committee Report/ Notice of Elections

The Committee has once again seen a busy year owing to resignations and retirements during the year. We would like to sincerely express our best wishes to Liam Sullivan and John T Murphy. A special word of thanks to Liam for the impact and contribution he has made to the credit union over his 50 years of service.

We had 2 recruitment drives during the year in which members were encouraged to become volunteers in your Credit Union with a view to joining the Board of Directors or the Board Oversight Committee in time. For each recruitment drive our focus is to ensure the board is representative of the common bond.

## Election

The committee have identified and accepted the nominations of candidates and would like to propose all candidates for election at this meeting. All candidates have completed the Due Diligence process and have agreed to abide by the standards of Fitness and Probity as laid down by the Central Bank of Ireland. The committee would like to advise members that in accordance with the Act, Nominations may not be taken from the floor at this meeting.

## Committee Members:

Siobhan Hackett (Chair), Deirdre Keane, Tony Kirwan, Alan Guerins and Wendy Crimmins.

## Candidates for Election

## Board of Directors Nominees



### Wendy Crimmins

Wendy has been a member of the Credit Union her entire life, following in the footsteps of all her family! Wendy joined the board of Core Credit Union in June 2019. An avid believer in the Credit Union movement, and all that it offers to its local community. She is interested in supporting the development of Core Credit Union. She hopes her passion for improving process and making things easy will support this.



### David Lyons

David Lyons is a chartered surveyor with extensive experience of Real Estate over the last 40 years in both Ireland and the UK. He has held many senior board positions in both consultancy and property companies. Most recently he was CEO of a large UK property investment and development company. David is looking forward to using his experience to help Core Credit Union move forward into the future.

## Report of the Nominations Committee (continued)



### Deirdre Keane

The Keane family are all credit union members and they, like Deirdre, value its community ethos of availability to all members of society. Deirdre feels a responsibility to support the growth of Core and for the financial well-being of its members. Deirdre runs her own leadership development business, has a degree in Business and Languages, with further qualifications in coaching, mentoring and managing business networks.



### Elaine Hughes

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## Board Oversight Committee Nominees



### Eamon Delaney

Eamonn has been associated with Credit Unions going back to a stint as Volunteer Teller in his native West Cabra Credit Union in 1974. A former Garda with extensive security industry experience he has in recent times turned his hand to software development. Downtime is spent touring in the family motor home and wood turning.



### Lia Downer

Lia and her family are long standing members of the Credit Union. She joined the Board Oversight Committee in summer 2019. A project management professional with a degree in Business and Law, Lia has worked in a variety of industries including media, publishing, and software. Having recently returned home to Shankill after living in Canada, Lia wanted to use her skills to contribute to the community in a meaningful way. She is a strong believer in the importance of offering financial services to everyone in the community, and Core Credit Unions continued growth to best serve its Members.



### Mary Burnham

Mary Burnham has been a director with Core Credit Union for four years, and previous to that was on the board at Glashule / Dún Laoghaire Credit Union. In that time she has seen incredible changes and faced many challenges particularly with the increasing regulatory requirements. Mary is currently on the Nominating Committee and also the Property Committee. It is mostly through juggling parenting with work commitments herself that Mary has a great empathy with parents who often struggle to make ends meet and she is determined to ensure that credit at a reasonable rate is available for everyone in the community.

Core Credit Union Ltd.  
**AUDITED FINANCIAL STATEMENTS**  
for the year ended 30 September 2019

## Directors' Report

For the financial year ended 30 September 2019

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

### Principal activity

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

### Authorisation

The credit union is authorised as follows:

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

### Business review

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

### Dividends

The surplus for the financial year is set out in the income and expenditure account on page 22. The Directors are not proposing a dividend in respect of the year ended 30 September 2019 (2018: €110,912 (0.10%)).

### Principal risks and uncertainties

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

#### **Credit risk**

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

#### **Lack of loan demand**

Lending is the 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.



# Directors' Report (continued)

For the financial year ended 30 September 2019

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

## **Credit risk**

In order to manage this risk, the board of directors regularly reviews and approves the credit union's loans policy. All loan applications are assessed with reference to the loans 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 Main Street, Shankill, Dublin 18.

## 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 24/10/2019 and signed on its behalf by:

**Elizabeth Harpur** - Chairperson of the Board of Directors

**Martina Cox** - Member of the Board of Directors

Date: 24/10/2019

## Directors' Responsibilities Statement

For the financial year ended 30 September 2019

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

In preparing those financial statements the directors are required to:

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

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

This statement was approved by the board on 24/10/2019 and signed on its behalf by:

**Elizabeth Harpur** - Chairperson of the Board of Directors

**Martina Cox** - Member of the Board of Directors

Date: 24/10/2019

## Board Oversight Committee's Responsibilities Statement

For the financial year ended 30 September 2019

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

This statement was approved by the board oversight committee on 24/10/2019 and signed on its behalf by:

**Eamon Delaney** - Chairperson of the board oversight committee

Date: 24/10/2019

# Independent Auditors' Report to the Members of Core Credit Union Limited

## Opinion

We have audited the financial statements of Core 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, Core Credit Union Limited's financial statements:

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

## Basis for opinion

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

## Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the credit union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

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

# Independent Auditors' Report to the Members of Core Credit Union Limited (continued)

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.

# Independent Auditors' Report to the Members of Core Credit Union Limited (continued)

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: 24/10/2019

## Income and Expenditure Account

For the financial year ended 30 September 2019

		2019	2018
	Schedule	€	€
<b>Income</b>			
Interest on members' loans		4,105,832	3,712,118
Other interest and similar income	1	739,429	930,737
<b>Net interest income</b>		<b>4,845,261</b>	<b>4,642,855</b>
Other income	2	136,116	61,086
<b>Total income</b>		<b>4,981,377</b>	<b>4,703,941</b>
<b>Expenditure</b>			
Employment costs		1,560,837	1,392,066
Other management expenses	3	2,629,892	2,431,812
Depreciation		292,188	240,711
Net impairment losses/(gains) on loans to members (note 5)		(93,150)	(279,308)
<b>Total expenditure</b>		<b>4,389,767</b>	<b>3,785,281</b>
<b>Surplus for the financial year</b>		<b>591,610</b>	<b>918,660</b>

The Financial Statements were approved and authorised for issue by the board on 24/10/2019 and signed on behalf of the credit union by:

**Elizabeth Harpur** - Chairperson of the Board of Directors

**Eamon Delaney** - Chairperson of the Board Oversight Committee

**Michael Byrne** - CEO

Date: 24/10/2019

The notes on pages 26 to 41 form part of these financial statements.

## Statement of Other Comprehensive Income

For the financial year ended 30 September 2019

	2019	2018
	€	€
Surplus for the financial year	591,610	918,660
Other comprehensive income	-	-
<b>Total comprehensive income for the financial year</b>	<b>591,610</b>	<b>918,660</b>

The Financial Statements were approved and authorised for issue by the board on 24/10/2019 and signed on behalf of the credit union by:

**Elizabeth Harpur** - Chairperson of the Board of Directors

**Eamon Delaney** - Chairperson of the Board Oversight Committee

**Michael Byrne** - CEO

Date: 24/10/2019

The notes on pages 26 to 41 form part of these financial statements.

# Balance Sheet

As at 30 September 2019

	Notes	2019 €	2018 €
<b>Assets</b>			
Cash and balances at bank	6	2,857,025	1,829,003
Deposits and investments – cash equivalents	7	27,960,503	16,853,828
Deposits and investments – other	7	57,721,088	70,540,560
Loans to members	8	48,422,530	45,104,298
Provision for bad debts	9	(1,962,384)	(1,902,384)
Members' current accounts	14	197	-
Tangible fixed assets	10	5,703,988	3,620,739
Investment property	11	475,000	475,000
Prepayments and accrued income	12	239,991	273,988
<b>Total assets</b>		<b><u>141,417,938</u></b>	<b><u>136,795,032</u></b>
<b>Liabilities</b>			
Members' shares	13	119,571,516	115,740,093
Members' stamps	13	2,625,515	2,433,023
Members' budget accounts	13	17,168	12,303
Members' current accounts	14	26,212	-
Other liabilities, creditors, accruals and charges	15	429,764	345,832
Other provisions	16	17,832	14,546
<b>Total liabilities</b>		<b><u>122,688,007</u></b>	<b><u>118,545,797</u></b>
<b>Reserves</b>			
Regulatory reserve	18	14,708,280	14,145,280
Operational risk reserve	18	1,582,432	1,132,432
Other reserves			
- Realised reserves	18	1,962,679	2,504,044
- Unrealised reserves	18	476,540	467,479
<b>Total reserves</b>		<b><u>18,729,931</u></b>	<b><u>18,249,235</u></b>
<b>Total liabilities and reserves</b>		<b><u>141,417,938</u></b>	<b><u>136,795,032</u></b>

The Financial Statements were approved and authorised for issue by the board on 24/10/2019 and signed on behalf of the credit union by:

**Elizabeth Harpur** - Chairperson of the Board of Directors

**Eamon Delaney** - Chairperson of the Board Oversight Committee

**Michael Byrne** - CEO

Date: 24/10/2019

The notes on pages 26 to 41 form part of these financial statements.

# Statement of Changes in Reserves

For the financial year ended 30 September 2019

	Regulatory reserve €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Total €
<b>As at 1 October 2017</b>	<b>13,102,000</b>	<b>1,132,432</b>	<b>3,026,566</b>	<b>220,505</b>	<b>17,481,503</b>
Surplus for the financial year	-	-	807,585	111,075	918,660
Dividends paid	-	-	(150,928)	-	(150,928)
Transfer between reserves	1,043,280	-	(1,179,179)	135,899	-
<b>As at 1 October 2018</b>	<b>14,145,280</b>	<b>1,132,432</b>	<b>2,504,044</b>	<b>467,479</b>	<b>18,249,235</b>
Surplus for the financial year	-	450,000	62,974	78,636	591,610
Dividends paid	-	-	(110,914)	-	(110,914)
Transfers between reserves	563,000	-	(493,425)	(69,575)	-
<b>As at 30 September 2019</b>	<b>14,708,280</b>	<b>1,582,432</b>	<b>1,962,679</b>	<b>476,540</b>	<b>18,729,931</b>

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2019 was 10.40% (2018: 10.34%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2019 was 1.12% (2018: 0.83%).

The notes on pages 26 to 41 form part of these financial statements.



# Statement of Cash Flows

For the financial year ended 30 September 2019

	Notes	2019 €	2018 €
<b>Opening cash and cash equivalents</b>		<b>18,682,831</b>	<b>22,710,120</b>
<b>Cash flows from operating activities</b>			
Loans repaid by members	8	23,931,496	21,575,489
Loans granted to members	8	(27,581,671)	(29,161,164)
Loan interest		4,105,832	3,712,118
Investment income		739,429	930,737
Bad debts recovered and recoveries		485,093	473,492
Other receipts		136,116	61,086
Dividends paid		(110,914)	(150,928)
Members' current accounts lodgements	14	87,233	-
Members' current accounts withdrawals	14	(61,218)	-
Operating expenses		(4,190,729)	(3,823,878)
Movement in other assets and liabilities		121,215	151,661
<b>Net cash flows from operating activities</b>		<b>(2,338,118)</b>	<b>(6,231,387)</b>
<b>Cash flows from investing activities</b>			
Fixed asset purchases		(2,375,437)	(491,724)
Net cash flow from other investing activities		12,819,472	(8,445,880)
<b>Net cash flows from investing activities</b>		<b>10,444,035</b>	<b>(8,937,604)</b>
<b>Cash flows from financing activities</b>			
Members' shares received	13a	52,849,333	49,307,814
Members' shares withdrawn	13a	(49,017,910)	(38,600,281)
Members' stamps received	13b	5,042,705	4,749,406
Members' stamps withdrawn	13b	(4,850,213)	(4,321,273)
Members' budget accounts received	13c	216,187	135,232
Members' budget accounts withdrawn	13c	(211,322)	(129,196)
<b>Net cash flow from financing activities</b>		<b>4,028,780</b>	<b>11,141,702</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>12,134,697</b>	<b>(4,027,289)</b>
<b>Closing cash and cash equivalents</b>	6	<b>30,817,528</b>	<b>18,682,831</b>

# Notes to the Financial Statements

For the financial year ended 30 September 2019

## 1. Legal and Regulatory Framework

Core 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 33/34 Church Road, Glenageary, Ballybrack, 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 except for the valuation of the investment property as specified in the accounting policies below.

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

# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 2. Accounting policies (continued)

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

### Central Bank deposits

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

### Investments at fair value

Investments held for trading and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category. Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They are valued at fair value (market value) at the year-end date and all gains and losses are taken to the income and expenditure account.

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market these assets will be carried at cost less impairment.

### 2.7 Financial assets – loans to members

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

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

### 2.8 Provision for bad debts

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

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

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

### 2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure

# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 2. Accounting policies (continued)

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:

Premises	2% straight line per annum, the residual value is not depreciated
Fixtures, fittings and equipment	20%/14% straight line per annum
Computer hardware and software	20%/33.33% straight line per annum
Motor vehicles	20% 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 Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in the income and expenditure account. No depreciation is provided.

### 2.12 Other receivables

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

# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 2. Accounting policies (continued)

### 2.13 Other payables

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

### 2.14 Financial liabilities – members' savings

Members' savings in Core 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.

### 2.15 Members' current accounts

The credit union provides Member Personal Current Account Services in accordance with Section 49(3) of the Credit Union Act 1997 (as amended).

### 2.16 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 scheme are charged to the income and expenditure account in the period to which they relate.

### 2.17 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.

### 2.18 Operating leases

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

### 2.19 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 definition of operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. The Directors have considered the requirements of the Act and have considered an approach to the calculation of the operational risk reserve. Core Credit Union Limited uses the Basic Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital

# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 2. Accounting policies (continued)

adequacy rules for banking institutions in calculating the operational risk reserve. Therefore Core Credit Union Limited will hold an operational risk reserve which will at a minimum equal 15% of the average positive gross income for the previous three years. For any year in which there was a deficit, this will be excluded from the calculation.

In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act 1997 (as amended).

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

The rate of dividend 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 expectations;
- all dominated by prudence and the need to sustain the long-term welfare of the credit union.

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

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

### 2.24 Taxation

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

# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

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

Preparation of the financial statements requires 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 €5,703,988 (2018: €3,620,739).

### **Provision for bad debts**

Core 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 €1,962,384 (2018: €1,902,384) representing 4.05% (2018: 4.22%) 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. Core Credit Union Limited uses the basic indicator approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the minimum operational risk reserve. In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act 1997 (as amended). The operational risk reserve of the credit union at the year end was €1,582,432 (2018: €1,132,432).

### **Adoption of going concern basis for financial statements preparation**

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

# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 4. Key management personnel compensation

The directors of Core 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	512,928	479,936
Payments to pension schemes	<u>35,738</u>	<u>28,569</u>
<b>Total key management personnel compensation</b>	<b><u>548,666</u></b>	<b><u>508,505</u></b>

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

	2019 €	2018 €
Bad debts recovered	(320,400)	(304,691)
Impairment of loan interest reclassified as bad debt recoveries	(164,693)	(168,801)
Movement in bad debts provision during the year	60,000	(89,265)
Loans written off	<u>331,943</u>	<u>283,449</u>
<b>Net impairment losses/(gains) on loans to members</b>	<b><u>(93,150)</u></b>	<b><u>(279,308)</u></b>

## 6. Cash and cash equivalents

	2019 €	2018 €
Cash and balances at bank	2,857,025	1,829,003
Deposits & investments (note 7)	85,681,591	87,394,388
Less: Deposit & investment amounts maturing after three months	<u>(57,721,088)</u>	<u>(70,540,560)</u>
<b>Total cash and cash equivalents</b>	<b><u>30,817,528</u></b>	<b><u>18,682,831</u></b>

## 7. Deposits and investments

	2019 €	2018 €
<b>Deposits and investments – cash equivalents</b>		
Accounts in authorised credit institutions (Irish and non-Irish based)	27,960,503	16,593,135
Irish and EEA state securities	<u>-</u>	<u>260,693</u>
<b>Total deposits and investments – cash equivalents</b>	<b><u>27,960,503</u></b>	<b><u>16,853,828</u></b>
<b>Deposits and investments – other</b>		
Accounts in authorised credit institutions (Irish and non-Irish based)	33,643,083	40,892,457
Bank bonds	22,704,546	28,143,831
Irish and EEA state securities	328,115	582,817
Central Bank deposits	<u>1,045,344</u>	<u>921,455</u>
<b>Total deposits and investments – other</b>	<b><u>57,721,088</u></b>	<b><u>70,540,560</u></b>
<b>Total deposits and investments</b>	<b><u>85,681,591</u></b>	<b><u>87,394,388</u></b>



# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 8. Financial assets – loans to members

	2019 €	2018 €
As at 1 October	45,104,298	37,802,072
Loans granted during the year	27,581,671	29,161,164
Loans repaid during the year	<u>(23,931,496)</u>	<u>(21,575,489)</u>
<b>Gross loans and advances</b>	<b>48,754,473</b>	<b>45,387,747</b>
<b>Bad debts</b>		
Loans written off during the year	<u>(331,943)</u>	<u>(283,449)</u>
<b>As at 30 September</b>	<b><u>48,422,530</u></b>	<b><u>45,104,298</u></b>

## 9. Provision for bad debts

	2019 €	2018 €
As at 1 October	1,902,384	1,991,649
Movement in bad debts provision during the year	<u>60,000</u>	<u>(89,265)</u>
<b>As at 30 September</b>	<b><u>1,962,384</u></b>	<b><u>1,902,384</u></b>

The provision for bad debts is analysed as follows:

	2019 €	2018 €
Grouped assessed loans	<u>1,962,384</u>	<u>1,902,384</u>
<b>Provision for bad debts</b>	<b><u>1,962,384</u></b>	<b><u>1,902,384</u></b>

## 10. Tangible fixed assets

	Premises €	Fixtures, fittings and equipment €	Computer hardware and software €	Motor vehicles €	Total €
<b>Cost</b>					
1 October 2018	4,669,529	968,965	329,416	19,750	5,987,660
Additions	<u>2,173,631</u>	<u>160,789</u>	<u>41,017</u>	<u>-</u>	<u>2,375,437</u>
<b>At 30 September 2019</b>	<b><u>6,843,160</u></b>	<b><u>1,129,754</u></b>	<b><u>370,433</u></b>	<b><u>19,750</u></b>	<b><u>8,363,097</u></b>
<b>Depreciation</b>					
1 October 2018	1,512,216	573,562	274,889	6,254	2,366,921
Charge for year	<u>107,084</u>	<u>152,468</u>	<u>28,686</u>	<u>3,950</u>	<u>292,188</u>
<b>At 30 September 2019</b>	<b><u>1,619,300</u></b>	<b><u>726,030</u></b>	<b><u>303,575</u></b>	<b><u>10,204</u></b>	<b><u>2,659,109</u></b>
<b>Net book value</b>					
<b>30 September 2019</b>	<b><u>5,223,860</u></b>	<b><u>403,724</u></b>	<b><u>66,858</u></b>	<b><u>9,546</u></b>	<b><u>5,703,988</u></b>
30 September 2018	<u>3,157,313</u>	<u>395,403</u>	<u>54,527</u>	<u>13,496</u>	<u>3,620,739</u>

# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 11. Investment property

	2019 €	2018 €
Balance at 1 October	475,000	475,000
Fair value adjustments	-	-
	<u>475,000</u>	<u>475,000</u>

The investment property above consists of one property which is stated by reference to an independent market valuation subject to existing conditions. In the opinion of the directors, the investment property has been recorded at open market value at 30 September 2019 subject to existing conditions.

## 12. Prepayments and accrued income

	2019 €	2018 €
Prepayments	120,823	155,122
Loan interest receivable	119,168	118,866
	<u>239,991</u>	<u>273,988</u>

## 13. Members' savings

Members' savings are analysed as follows:

	2019 €	2018 €
Members' shares	119,571,516	115,740,093
Members' stamps	2,625,515	2,433,023
Members' budget accounts	17,168	12,303
<b>Total members' savings</b>	<u><b>122,214,199</b></u>	<u><b>118,185,419</b></u>

### 13a. Members' shares

	2019 €	2018 €
As at 1 October	115,740,093	105,032,560
Received during the year	52,849,333	49,307,814
Withdrawn during the year	(49,017,910)	(38,600,281)
<b>As at 30 September</b>	<u><b>119,571,516</b></u>	<u><b>115,740,093</b></u>

### 13b. Members' stamps

	2019 €	2018 €
As at 1 October	2,433,023	2,004,890
Received during the year	5,042,705	4,749,406
Withdrawn during the year	(4,850,213)	(4,321,273)
<b>As at 30 September</b>	<u><b>2,625,515</b></u>	<u><b>2,433,023</b></u>

# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 13c. Members' budget accounts

	2019	2018
	€	€
As at 1 October	12,303	6,267
Received during the year	216,187	135,232
Withdrawn during the year	(211,322)	(129,196)
<b>As at 30 September</b>	<b>17,168</b>	<b>12,303</b>

## 14. Members' current accounts

	2019	2018
	€	€
As at 1 October	-	-
Lodgements	87,233	-
Withdrawals	(61,218)	-
<b>As at 30 September</b>	<b>26,015</b>	<b>-</b>

	No. of Accounts	Balance of Accounts
	€	€
Debit	2	(197)
Credit	48	26,212
Permitted overdrafts	4	2,050

## 15. Other liabilities, creditors, accruals and charges

	2019	2018
	€	€
Prize draw	2,411	12,685
Creditors and accruals	427,353	333,147
	<b>429,764</b>	<b>345,832</b>

## 16. Other provisions

	2019	2018
	€	€
<b>Holiday pay accrual</b>		
At 1 October	14,546	12,675
Charged to the income and expenditure account	3,286	1,871
<b>At 30 September</b>	<b>17,832</b>	<b>14,546</b>

# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 17. Financial instruments

### 17a. Financial instruments – amortised cost

<b>Financial assets</b>	<b>2019</b>	<b>2018</b>
	€	€
Financial assets measured at amortised cost	136,961,343	133,564,136
<b>Financial liabilities</b>	<b>2019</b>	<b>2018</b>
	€	€
Financial liabilities measured at amortised cost	122,688,007	118,545,797

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments, members' current accounts and loans.

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

### 17b. 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:

<b>At 30 September 2019</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	€	€	€	€
Bank bonds	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 September 2018</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	€	€	€	€
Bank bonds	763,553	-	763,553	-
<b>Total</b>	<b>763,553</b>	-	<b>763,553</b>	-

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

# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 18. Reserves

	Balance 01/10/18 €	Payment of dividends €	Appropriation of current year surplus €	Transfers between reserves €	Balance 30/09/19 €
<b>Regulatory reserve</b>	<b>14,145,280</b>	-	-	<b>563,000</b>	<b>14,708,280</b>
<b>Operational risk reserve</b>	<b>1,132,432</b>	-	<b>450,000</b>	-	<b>1,582,432</b>
<b>Other reserves</b>					
<b>Realised</b>					
Undistributed surplus	2,404,044	(110,914)	62,974	(493,425)	1,862,679
Future dividend reserve	100,000	-	-	-	100,000
<b>Total realised reserves</b>	<b>2,504,044</b>	<b>(110,914)</b>	<b>62,974</b>	<b>(493,425)</b>	<b>1,962,679</b>
<b>Unrealised</b>					
Interest on loans reserve	118,866	-	302	-	119,168
Investment income reserve	348,613	-	78,334	(69,575)	357,372
<b>Total unrealised reserves</b>	<b>467,479</b>	-	<b>78,636</b>	<b>(69,575)</b>	<b>476,540</b>
<b>Total reserves</b>	<b>18,249,235</b>	<b>(110,914)</b>	<b>591,610</b>	-	<b>18,729,931</b>

## 19. 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 Core 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.

# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 19. Credit risk disclosures (continued)

	2019 €	%	2018 €	%
<b>Loans not impaired</b>				
Total loans not impaired, not past due	35,685,459	73.70%	32,824,883	72.78%
<b>Impaired loans:</b>				
Not past due	62,388	0.13%	83,192	0.18%
Up to 9 weeks past due	10,234,869	21.14%	9,227,520	20.46%
Between 10 and 18 weeks past due	492,241	1.02%	800,561	1.77%
Between 19 and 26 weeks past due	195,658	0.40%	256,210	0.57%
Between 27 and 39 weeks past due	345,296	0.71%	267,361	0.59%
Between 40 and 52 weeks past due	116,989	0.24%	157,730	0.35%
53 or more weeks past due	1,289,630	2.66%	1,486,841	3.30%
<b>Total impaired loans</b>	12,737,071	26.30%	12,279,415	27.22%
<b>Total loans:</b>	48,422,530	100.00%	45,104,298	100.00%

## 20. Related party transactions

### 20a. Loans

	2019 No. of loans	€	2018 No. of loans	€
Loans advanced to related parties during the year	11	42,450	6	18,100
Total loans outstanding to related parties at the year end	11	202,933	11	207,240
Total provision for loans outstanding to related parties		6,429		2,854

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 0.42% of the total loans outstanding at 30 September 2019 (2018: 0.46%).

### 20b. Savings

The total amount of savings held by related parties at the year end was €186,839 (2018: €205,159).

# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 21. Additional financial instruments disclosures

### 21a. Financial risk management

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

### 21b. 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.

### 21c. Interest rate risk disclosures

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

	€	2019 Average interest rate %	€	2018 Average interest rate %
<b>Gross loans to members</b>	<u>48,422,530</u>	<u>9.12%</u>	<u>45,104,298</u>	<u>9.26%</u>

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

# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 22. Dividends

The following distributions were made during the year:

	2019		2018	
	%	€	%	€
Dividend on shares	<u>0.10%</u>	<u>110,914</u>	<u>0.15%</u>	<u>150,928</u>

The directors propose the following distributions for the year:

	2019		2018	
	%	€	%	€
Dividend on shares	<u>0.00%</u>	<u>-</u>	<u>0.10%</u>	<u>110,912</u>

## 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 €5,200,000 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. Commitments under operating leases

The credit union entered into a 20 year lease on 1 May 2004. 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	46,500	46,500
1 to 5 years	166,890	186,000
Greater than 5 years	<u>-</u>	<u>27,390</u>
<b>At 30 September</b>	<b><u>213,390</u></b>	<b><u>259,890</u></b>



# Notes to the Financial Statements (continued)

For the financial year ended 30 September 2019

## 27. 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.

## 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 24/10/19.

# Schedules to the Income and Expenditure Account

For the financial year ended 30 September 2019

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditors' Report on pages 19 to 21.

## Schedule 1 – Other interest income and similar income

	2019 €	2018 €
Investment income and gains received/receivable within 1 year	661,095	843,169
Investment income receivable outside of 1 year	<u>78,334</u>	<u>87,568</u>
<b>Total per income and expenditure account</b>	<b><u>739,429</u></b>	<b><u>930,737</u></b>

## Schedule 2 – Other income

	2019 €	2018 €
Fees	1,238	1,291
Interest on budget accounts	1,061	899
Miscellaneous income	30,398	10,065
Commission	8,065	8,339
Charges and fees recovered	731	147
Rental Income	19,277	16,110
ECCU claims experience refund	<u>75,346</u>	<u>24,235</u>
<b>Total per income and expenditure account</b>	<b><u>136,116</u></b>	<b><u>61,086</u></b>

## Schedule 3 – Other management expenses

	2019 €	2018 €
LP/LS insurance	711,135	667,737
SPS contributions	10,468	17,634
Affiliation fees	7,213	8,311
Central bank and other levies	294,528	239,619
Subscriptions	50,523	36,501
HR fees	2,811	2,416
Audit and accountancy	23,063	23,063
Light and heat	43,536	41,377
Rates	122,293	124,516
I.L.C.U. convention	300	982
Printing and stationery	30,683	44,706
Repairs and maintenance	36,153	32,169
Computer maintenance	320,554	252,729
Board oversight committee expenses	500	1,056
AGM expenses	43,108	30,577
Canteen and cleaning	31,996	30,024
Telephone and postage	40,068	37,823
General insurance	57,127	53,176
Entertainment	5,035	5,898
Legal and professional fees	134,111	228,357
Travel expenses	29,212	21,292
Promotion and advertising	135,367	99,960
Donations & sponsorship	39,840	32,541
DBI insurance	232,427	233,879
Bank charges	56,731	28,187
Education and publicity	32,516	14,150
SEPA charges	37,665	29,095
Sundry	18,800	14,037
Research and development costs	<u>82,129</u>	<u>80,000</u>
<b>Total per income and expenditure account</b>	<b><u>2,629,892</u></b>	<b><u>2,431,812</u></b>

# PRIZE DRAW Income & Expenditure

for Year Ended 30 September 2019

	2019	2018
	€	€
<b>Income</b>		
Entry Fees	171,853	112,411
Refunds	(467)	(1,818)
<b>Total Income</b>	<b>171,386</b>	<b>110,593</b>
<b>Expenditure</b>		
Prizes - Car	179,757	97,870
Prizes- Cash	-	7,500
Promotion & Advertising	138	1,491
Prize Draw Expenses	1,765	1,299
<b>Total Expenditure</b>	<b>181,660</b>	<b>108,160</b>
<b>Surplus / (Deficit)</b>	<b>(10,274)</b>	<b>2,433</b>
<b>Prize Draw Acct</b>		
Opening Balance	12,685	10,252
Surplus / (Deficit)	(10,274)	2,433
<b>Closing Balance</b>	<b>2,411</b>	<b>12,685</b>

# Motions for Annual General Meeting

## Motion 1:

That this Annual General Meeting approves the deduction of an affiliation fee of €1.48 per adult Member.

## Motion 2:

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

### **Rule 84A. Membership Officer**

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

## Motion 3:

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

### **Rule 13. Qualifications for membership**

(1) An applicant shall be admitted to membership only when:

- (i) it shall have been determined that he is eligible for membership in accordance with rule 11;

and

- (ii) his application for membership shall have been approved by the affirmative vote of a majority of the board of directors or by a duly appointed and authorised membership committee present at a meeting at which the application is considered, or by a duly appointed and authorised Membership Officer; and

## Motion 4:

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

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

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

## Motion 5:

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

### **Rule 1. Interpretation**

‘officer’ includes:

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

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

### Motion 6:

**That this Annual General Meeting Amends Rule 34(4) to read as follows:**

The credit union may make loans to persons ceasing to have the common bond required of members of the credit union provided the total amount outstanding in respect of all such loans shall not exceed thirty per cent., or such larger percentage as may be approved by the Bank, of the total amount outstanding in respect of all loans made by the credit union to its members.

### Motion 7:

That this Annual General Meeting Amends Rule 7(1) to read as follows:

The registered office of the credit union shall be  
Clara House, 37 Glenageary Park, Glenageary, Co. Dublin, A96 E26.  
Or such other place as may from time to time be determined by the Board of Directors.

# Deposit Guarantee Scheme

## Depositor Information Sheet

Basic information about the protection of your eligible deposits.

Eligible deposits in Core Credit Union Limited are protected by:	the Deposit Guarantee Scheme {"DGS"}. <sup>(1)</sup>
Limit of protection:	Eligible deposits up to €100,000 per depositor per institution. <sup>(2)</sup>
If you have more eligible deposits at the Core Credit Union Limited:	All your eligible deposits at Core Credit Union Limited are 'aggregated' and the total is subject to the limit of €100,000. <sup>(2)</sup>
If you have a joint account with other person{s):	The limit of €100,000 applies to each depositor separately. <sup>(3)</sup>
Reimbursement period in case of Core Credit Union Limited's failure:	Within 15 working days <sup>(4)</sup>
Currency of reimbursement:	Euro
To contact Core Credit Union Limited for enquiries relating to your account:	Core Credit Union Ltd 33/34 Church Road Ballybrack Co. Dublin 01 272 5600
To contact the DGS for further information on compensation:	Deposit Guarantee Scheme, Central Bank of Ireland, New Wapping Street, North Wall Quay, Dublin 1.  Tel: 1890-777777 Email: info@depositguarantee.ie
More information:	<a href="http://www.depositguarantee.ie">www.depositguarantee.ie</a>

## Additional Information

### (1) Scheme responsible for the protection of your deposit

Your deposit is covered by a statutory deposit guarantee scheme. If insolvency should occur, your eligible deposits would be repaid up to €100,000.

### (2) General limit of protection

If a covered deposit is unavailable because a credit institution is unable to meet its financial obligations, depositors are repaid by the DGS. This repayment covers at maximum €100,000 per person per credit institution. This means that all eligible deposits at the same credit institution are added up in order to determine the coverage level. If, for instance, a depositor holds a savings account with €90,000 and a current account with €20,000, he or she will only be repaid €100,000.

### (3) Limit of protection for joint accounts

In case of joint accounts, the limit of €100,000 applies to each depositor. However, eligible deposits in an account to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, without legal personality, are aggregated and treated as if made by a single depositor for the purpose of calculating the limit of €100,000.

In some cases eligible deposits which are categorised as “temporary high balances” are protected above €100,000 for six months after the amount has been credited or from the moment when such eligible deposits become legally transferable. These are eligible deposits relating to certain events which include:

- (a) certain transactions relating to the purchase, sale or equity release by the depositor in relation to a private residential property;
- (b) sums paid to the depositor in respect of insurance benefits, personal injuries, disability and incapacity benefits, wrongful conviction, unfair dismissal, redundancy, and retirement benefits;
- (c) the depositor’s marriage, judicial separation, dissolution of civil partnership, and divorce;
- (d) sums paid to the depositor in respect of benefits payable on death; claims for compensation in respect of a person’s death or a legacy or distribution from the estate of a deceased person.

More information can be obtained at [www.depositguarantee.ie](http://www.depositguarantee.ie)

### (4) Reimbursement

The responsible deposit guarantee scheme is:

Deposit Guarantee Scheme, Central Bank of Ireland, New Wapping Street, North Wall Quay, Dublin 1. Tel: 1890-777777. Email: [info@depositguarantee.ie](mailto:info@depositguarantee.ie). Website: [www.depositguarantee.ie](http://www.depositguarantee.ie).

It will repay your eligible deposits (up to €100,000) within 15 working days from 1 January 2019 until 31 December 2020; within 10 working days from 1 January 2021 to 31 December 2023; and within 7 days from 1 January 2024 onwards, save where specific exceptions apply.

Where the repayable amount cannot be made available within seven working days depositors will be given access to an appropriate amount of their covered deposits to cover the cost of living within five working days of a request. Access to the appropriate amount will only be made on the basis of data provided by the credit institution. If you have not been repaid within these deadlines, you should contact the deposit guarantee scheme.

### Other important information

In general, all retail depositors and businesses are covered by the Deposit Guarantee Scheme. Exceptions for certain deposits are stated on the website of the Deposit Guarantee Scheme. Your credit institution will also inform you on request whether certain products are covered or not. If deposits are eligible, the credit institution shall also confirm this on the statement of account.

**3**  
**easy**  
**ways**

to access your  
Core  
Credit Union  
Account



Call

01 272 5600



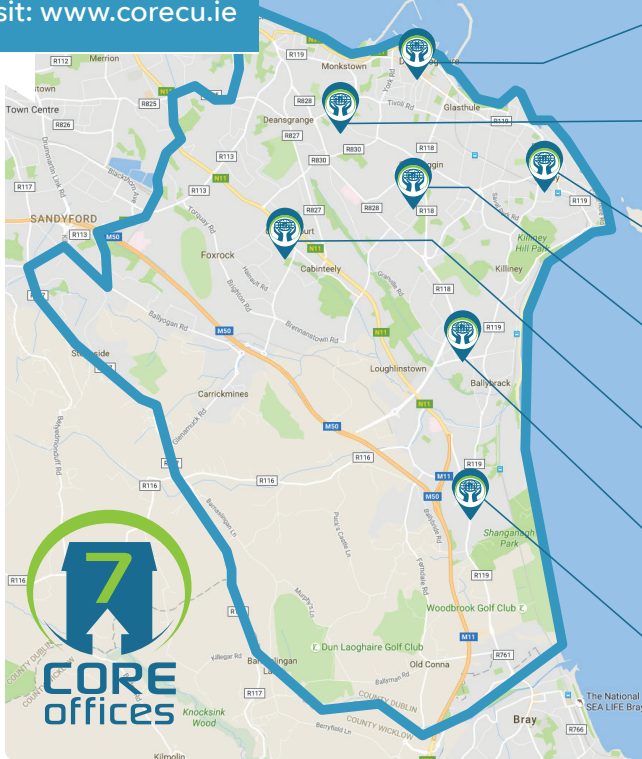
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[www.corecu.ie](http://www.corecu.ie)



Come in

For opening hours  
visit: [www.corecu.ie](http://www.corecu.ie)



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Magic Retail Centre  
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Ballybrack  
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[ballybrack@corecu.ie](mailto:ballybrack@corecu.ie)

Shankill  
Main Street  
T: 01 272 5602  
[shankill@corecu.ie](mailto:shankill@corecu.ie)



**7 offices open 6 days  
a week for all Members**

LOANS | CURRENT ACCOUNTS | SAVINGS

Core Credit Union Ltd. is regulated by the Central Bank of Ireland.  
Registered Office: 33 - 34 Church Road, Ballybrack, Co.Dublin. Reg no. 225CU E&OE