



BALLINASLOE Credit Union

(Our Lady of Lourdes) Limited



Making a Positive Difference in our Members' Lives.

**FINANCIAL ACCOUNTS, NOTICE,
& AGENDA FOR A.G.M. 2019**

A.G.M. in the Shearwater Hotel, Ballinasloe, Thurs. 12th December 2019 at 8.00pm



CONTENTS

Chairman's Report	5
Affiliation Fee and Life Savings coverage levels	8
Directors Report	10
Directors' responsibilities statement	12
Board oversight committee's responsibilities statement	12
Independent auditors' report	13
Income and expenditure account	16
Statement of other comprehensive income	16
Balance sheet	17
Statement of changes in reserves	18
Statement of cash flows	19
Notes to the financial statements	20
Schedules to the income and expenditure account	35
Members Prize Draw	37
Savings Cap	39
E-notifications	40
Motions, Rule Changes & Elections	42

NOTICE OF MEETING

Notice is hereby given of the 53rd Annual General Meeting of Ballinasloe Credit Union (Our Lady of Lourdes) Limited. The A.G.M. will be held in the Shearwater Hotel, Ballinasloe on 12th December 2019 at 8.00pm.

The members assembled at any general meeting may suspend the order of business upon a two thirds (2/3) vote of the members present at the meeting.

AGENDA

The business at annual general meetings of the members shall be:-

- A)** The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons;
- B)** Ascertainment that a quorum is present;
- C)** Adoption of Standing Orders;
- D)** Reading and approval (or correction) of the minutes of the last general meeting;

- E)** Report of the Board of Directors;
- F)** Report of the Auditor;
- G)** Consideration of accounts;
- H)** Report of the Board Oversight Committee;
- I)** Declaration of dividend / rebate of interest & approval of ILCU affiliation fee;
- J)** Notice of Motions and Amendment to Rules;
- K)** Report of the Nomination Committee;
- L)** Appointment of Tellers;
- M)** Election of Auditor;
- N)** Election to fill vacancies on the Board of Directors and Board Oversight Committee;
- O)** Report of the Credit Committee;
- P)** Report of the Credit Control Committee;
- Q)** Report of the Membership Committee;
- R)** Report of the Audit and Risk Committee;
- S)** Report of the Education Committee;
- T)** Report of the IT Committee;
- U)** Report of the Investment Committee;
- V)** Any other business;
- W)** Announcement of election results;
- X)** Adjournment or close of meeting.



Switch Your Finances to BCU and Save

Credit Card(s)



Bills/Expenses



Other Loans



Consolidate is a new low-cost loan available at BCU

Finance is available at 7.75% APR up to €50,000 over 5 years

For a €20,000 5-year variable interest rate loan with 60 monthly repayments of €400.77, an interest Rate of 7.5%, a representative APR of 7.75%, the total amount payable by the member is €24,044.45. Information correct as at 26/11/2019.

Terms and conditions apply to all loans. Loans are subject to approval. If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating which may limit your ability to access credit in the future. Credit Unions are regulated by the Central Bank of Ireland.



CHAIRMAN'S REPORT

On behalf of your Board of Directors it is an honour for me to present to you our annual report and financial statements for the year ended September 2019. A comprehensive overview of the finances of the Credit Union is published in this booklet and will be covered in the various reports throughout the evening.

You are members of a strong Credit union which has traded successfully for over 52 years. We generated a surplus of almost €1.1m which will be used to fund reserves for the long term good of the credit union as well as to provide for a dividend and a loan interest rebate payment together with investment in the future business model.

A strategic review of our operational expenses and the projected future business model and operating environment was undertaken by the board during the year. This has resulted in some changes being necessary for 2020 in relation to how our member accounts operate, primarily the introduction of a Member Savings limit and a reduction in the level of cover provided under our Life Savings Insurance group scheme. Our Loan Protection & DBI coverage levels will however, remain at current levels. We must also move to a member share account deduction model with regard to the annual ILCU affiliation fee.

These changes have been implemented by other credit unions in previous years, and given the current and projected future challenging climate of increased regulatory levies and historically low returns on investments, the Board could no longer defer on introducing these changes. More detailed information on the various changes is contained within this booklet.

FINANCIALS

Ballinasloe Credit Union has generated a surplus of almost €1.1m for the 2019 financial year and has seen growth in its total assets to €124m. This growing asset base means that we are now among the larger Community Bonded Credit Unions in Ireland.

- Total Income of €3.3m
- Surplus of €1.1m
- Total Assets of €124m
- Reserves of 14%

Being a large Credit Union brings robust regulatory expectations with regard to our organisational structures, business processes and the internal systems and controls we employ to manage our member's funds.

Strong cost control and a focus on income generation forms the basis of our financial strategy for the years ahead and we will continue to embrace the various regulatory and environmental challenges to ensure that we continue to deliver strong financial results grounded in sound business decision making and prudent allocation of resources in the member's interest.

LENDING

The loan book contracted by almost 6% in 2019. This contraction can be attributed to some degree to the challenging environment and also to the regulatory lending limits associated with long term lending (Credit Union Act Section 35) which meant that, for most of the year, the Credit Union could not issue loans with durations of more than 5 years. This regulatory limit has now been reviewed by the Central Bank and changes to the regulations are expected in early 2020.

The Focus of the Board has always been to provide quality service to our members. Our wide range of loan products are available to all members and despite the contraction in our loan book for the year under review, at 30th September 2019, 40% of the value of members savings was out on loan. This compares well with our peers in the Credit Union Movement where the average is 35%.

We do acknowledge the evolving needs of our member base with regard to offering loan products that you want via delivery channels that you expect while maintaining personal service levels to the high standards that you are used to today. Our strategic plan is focused on bringing forward member centric digital transformation and enhanced products & services over the next number of years.

INVESTMENTS

The national and international interest rate environment remains challenging with negative interest rates prevailing and we do not anticipate any improvements in this for the foreseeable future. This has had a significant impact on our ability to achieve returns on excess funds. This current negative interest rate climate, now means that Ballinasloe Credit Union is effectively being charged by banks to hold the portion of our member funds necessary to meet our liquidity requirements.

With the decline in investment income the Board have committed resources to develop good quality lending and in the year ahead we plan to introduce new lending products focusing on sustainability loans in the Electric / Hybrid car and energy efficient home improvement space.

Growing our loan book remains a top priority. By borrowing from Ballinasloe Credit Union you will continue to help us grow and prosper.

FUTURE STRATEGY

In August 2019 we appointed a new CEO, Gráinne Murphy. Gráinne brings with her 15 years of Credit Union experience having most recently worked as Chief Financial Officer with First Choice Credit Union and prior to that as an accountant in public practice. I wish Grainne well in her new post as CEO.

We have also recently completed a Credit Union wide organisational review with a view to enhancing our operational and governance structures for the future. Arising from this we expect to further enhance our management team and internal processes and procedures in 2020.

On the services side our primary strategy for the year ahead is to introduce Member Personal Current Accounts (MPCAS) which will allow members access to overdraft facilities, a globally accepted debit card, contactless payment & cashback availability with participating retailers. Over thirty Credit Unions nationwide now offer current accounts to their members.

It is also worth noting that during the year Ballinasloe Credit Union joined with all the other credit unions in Ireland in winning the CXi award for customer experience for the fifth consecutive year. Irish credit unions are the only organisations in the world to achieve this and on behalf of the Board, I would like to express our thanks and appreciation to all the management team and staff for their continued commitment and professionalism in supporting our Credit Union into the future.

During 2020 we also intend to undertake a strategic review of our ICT environment as well as making enhancements to our Credit Union office building to ensure that our member experience both in branch and online is a positive, personal and friendly one.

ACKNOWLEDGEMENTS

I would like to thank you, our loyal members for the continued support and dedication you show to your Credit Union. We truly appreciate your business and we will continue to grow and develop to ensure that we maintain for you a strong, stable Credit Union that cares for its members...always!

I would also like to thank my fellow Directors, Board Oversight Committee, Management and Staff for their immense contribution over the past year.

Finally, on behalf of the Board of Directors and all the team in Ballinasloe Credit Union, I wish all our members a very Merry Christmas and a Happy New Year.

Local • Loyal • Lending

Ballinasloe Credit Union Ltd. ☎ 090 9643179
 Gort Credit Union Ltd. ☎ 091 631250
 Naomh Breandan Credit Union Ltd., Loughrea ☎ 091 841773

Terms and Conditions apply.
 Credit Unions are regulated by the Central Bank of Ireland.

Affordable Lending Designed Around Your Needs

AFFILIATION FEE AND LIFE SAVINGS COVERAGE LEVELS

As you may know, Ballinasloe Credit Union is affiliated to the Irish League of Credit Unions (ILCU). Our affiliation means our credit union benefits from national lobbying activities on issues, regulation and legislation affecting the credit union movement. We also avail of a range of professional services through our affiliation.

Under the Standard Rules for Credit Unions, we are obliged to affiliate to the Irish League of Credit Unions. Rule 109 (6) states that on or before the 31st day of January in each year during the time the credit union is a member of the Irish League of Credit Unions each person who was a member on 30th September of the preceding year shall pay an annual League affiliation fee. The affiliation fee may be deducted by the credit union from the share account of the member and shall forthwith be paid to the League to assist in its functioning.

Previously, the Credit Union has absorbed this cost on behalf of our members by paying the affiliation fee from operational expenses. However, in the current challenging climate of increased regulatory levies on credit unions and historically low returns on investments, the Board of the credit Union has decided that future affiliation fees will be member funded in accordance with Rule 109 (6).

The Board have also had to take the difficult decision to reduce coverage levels under the ILCU Life Savings Protection Insurance scheme. This reduction from €12,700 to €3,000 will come into place on 1st January 2020.

All loan balances of eligible members will continue to be automatically covered (up to certain limits) at no direct cost to our members. This cover means that should their death (or permanent disability occur) the loan balance is cleared.

Our Death Benefit insurance coverage will remain unchanged at €1,300.

The Board has reluctantly taken these decisions in the context of the prevailing challenging operating environment and following a full strategic review.

If you are unsure of what these changes mean for you, please refer to our website www.ballinasloecreditunion.ie where we have a frequently asked questions segment on the affiliation fee & Life savings insurance changes.

Alternatively you can contact Ballinasloe Credit Union directly by phone on 090-9643179 or in branch.

In addition, members can also request a receipt for the affiliation fee charge at any time and one can be printed at the counter.

We would like to thank all our members for their understanding on these matters.

BALLINASLOE CREDIT UNION

(Our Lady of Lourdes) Limited

Financial Statements

for the year ended

30th 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:

- Insurance/reinsurance or ancillary insurance intermediary under the European Union (Insurance Distribution) Regulations, 2018.
- Investment Intermediaries (Restricted Activity Investment Product Intermediary) pursuant to Section 26 of the Investment Intermediaries Act, 1995 (as amended).
- Entitled under the European Union (Payment Services) Regulations 2019 to provide payment services.

Business review

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

Dividends and loan interest rebates

The surplus for the financial year is set out in the income and expenditure account on page 16. The directors are proposing a dividend in respect of the year ended 30 September 2019 of €9,451 (0.01%) (2018: €87,000 (0.10%)) and a loan interest rebate of €15,955 (5.00% on standard rate loans) (2018: €105,000 (3.50% on all loans)).

Principal risks and uncertainties

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

Credit risk

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

Lack of loan demand

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

Market risk

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

Liquidity risk

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

Operational risk

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



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 credit policy. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Lack of loan demand

The credit union provide lending products to its members and promote these products through various marketing initiatives.

Market risk

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

Liquidity risk

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

Operational risk

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

Accounting records

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

Events after the end of the financial year

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

Auditors

Grant Thornton were appointed as auditors during the year and 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 19-11-19 and signed on its behalf by:

Adrian Aherne
Chairperson of the board of directors

John Coughlan
Member of the board of directors

Date: 19-11-19



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 19-11-19 and signed on its behalf by:

Adrian Ahern
Chairperson of the board of directors

John Coughlan
Member of the board of directors

Date: 19-11-19

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 19-11-19 and signed on its behalf by:

John Doolan
Chairperson of the board oversight committee

Date: 19-11-19

Independent auditors' report to the members of Ballinasloe Credit Union (Our Lady of Lourdes) Limited

Opinion

We have audited the financial statements of Ballinasloe Credit Union (Our Lady of Lourdes) 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, Ballinasloe Credit Union (Our Lady of Lourdes) 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 Ballinasloe Credit Union (Our Lady of Lourdes) 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 Ballinasloe Credit Union (Our Lady of Lourdes) 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: 19-11-19

Income and expenditure account

For the financial year ended 30 September 2019

		2019	2018
	Schedule	€	€
Income			
Interest on members' loans		3,038,037	2,991,082
Members' deposit and other interest expense		(8,170)	(22,549)
Other interest and similar income	1	268,049	379,564
Net interest income		3,297,916	3,348,097
Other income	2	73,124	96,611
Total income		3,371,040	3,444,708
Expenditure			
Employment costs		1,224,285	1,042,092
Other management expenses	3	1,880,610	1,655,038
Depreciation		78,582	49,807
Net impairment losses/(gains) on loans to members (note 5)		(908,001)	(1,039,870)
Total expenditure		2,275,476	1,707,067
Surplus for the financial year		1,095,564	1,737,641

Statement of other comprehensive income

For the financial year ended 30 September 2019

	2019	2018
	€	€
Surplus for the financial year	1,095,564	1,737,641
Other comprehensive income	-	-
Total comprehensive income for the financial year	1,095,564	1,737,641

The financial statements were approved and authorised for issue by the board on 19-11-19 and signed on behalf of the credit union by:

Adrian Ahern
Member of the board of directors

John Doolan
Member of the board oversight committee

Grainne Murphy
CEO

Date: 19-11-19

Balance sheet

As at 30 September 2019

	Notes	2019	2018
		€	€
Assets			
Cash and balances at bank		8,361,392	10,426,462
Deposits and investments – cash equivalents	7	24,856,921	18,961,807
Deposits and investments – other	7	52,834,401	47,425,693
Loans to members	8	42,424,271	45,069,073
Provision for bad debts	9	(5,608,648)	(6,151,668)
Tangible fixed assets	10	612,915	517,188
Prepayments and accrued income	11	571,226	491,383
Total assets		124,052,478	116,739,938
Liabilities			
Members' shares	12	98,130,261	91,787,608
Members' deposits	12	4,540,010	4,827,103
Other members' funds	12	3,600,150	3,435,498
Other liabilities, accruals and charges	13	551,146	370,102
Other provisions	14	44,635	34,189
Total liabilities		106,866,202	100,454,500
Reserves			
Regulatory reserve	16	13,025,673	11,715,651
Operational risk reserve	16	835,047	812,450
Other reserves			
- Realised reserves	16	3,183,609	3,592,809
- Unrealised reserves	16	141,947	164,528
Total reserves		17,186,276	16,285,438
Total liabilities and reserves		124,052,478	116,739,938

The financial statements were approved and authorised for issue by the board on 19-11-19 and signed on behalf of the credit union by:

Adrian Ahern
Member of the board of directors

John Doolan
Member of the board oversight committee

Grainne Murphy
CEO

Date: 19-11-19



Statement of changes in reserves

For the financial year ended 30 September 2019

	Regulatory reserve €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Total €
As at 1 October 2017	10,621,588	912,450	3,398,624	135,033	15,067,695
Surplus for the financial year	-	-	1,737,641	-	1,737,641
Dividends and loan interest rebates paid	-	-	(519,898)	-	(519,898)
Transfers between reserves	1,094,063	(100,000)	(1,023,558)	29,495	-
As at 1 October 2018	11,715,651	812,450	3,592,809	164,528	16,285,438
Surplus for the financial year	710,022	22,597	352,534	10,411	1,095,564
Dividends and loan interest rebates paid	-	-	(194,726)	-	(194,726)
Transfers between reserves	600,000	-	(567,008)	(32,992)	-
As at 30 September 2019	13,025,673	835,047	3,183,609	141,947	17,186,276

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2019 was 10.50% (2018: 10.04%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2019 was 0.67% (2018: 0.70%).

Statement of cash flows

For the financial year ended 30 September 2019

	Notes	2019 €	2018 €
Opening cash and cash equivalents		29,388,269	30,204,882
Cash flows from operating activities			
Loans repaid by members	8	16,133,005	16,324,362
Loans granted to members	8	(14,231,755)	(21,887,418)
Interest on loans		3,038,037	2,991,082
Deposit interest		(8,170)	(22,549)
Investment income		268,049	379,564
Bad debts recovered and recoveries		1,108,533	1,140,745
Other receipts		73,124	96,611
Dividends paid		(87,807)	(237,040)
Loan interest rebates paid		(106,919)	(282,858)
Operating expenses		(3,104,895)	(2,697,130)
Movement in other assets and liabilities		111,647	199,422
Net cash flows from operating activities		3,192,849	(3,995,209)
Cash flows from investing activities			
Fixed asset (purchases)/disposals		(174,309)	(123,581)
Net cash flow from other investing activities		(5,408,708)	(5,905,237)
Net cash flows from investing activities		(5,583,017)	(6,028,818)
Cash flows from financing activities			
Members' savings received	12	101,636,057	104,870,019
Members' savings withdrawn	12	(95,415,845)	(95,662,605)
Net cash flow from financing activities		6,220,212	9,207,414
Net increase/(decrease) in cash and cash equivalents		3,830,044	(816,613)
Closing cash and cash equivalents	6	33,218,313	29,388,269

Notes to the financial statements

For the financial year ended 30 September 2019

1. Legal and regulatory framework

Ballinasloe Credit Union (Our Lady of Lourdes) 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 Main Street, Ballinasloe, Co. Galway.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Statement of compliance

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

2.3 Going concern

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

2.4 Income

Interest on members’ loans

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

Deposit and investment income

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

Other income

Other income is recognised on an accruals basis.

2.5 Cash and cash equivalents

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

Notes to the financial statements (continued)

For the financial year ended 30 September 2019

2. Accounting policies (continued)

2.6 Investments

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

Held at amortised cost

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

Central Bank deposits

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

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.



Notes to the financial statements (continued)

For the financial year ended 30 September 2019

2. Accounting policies (continued)

2.9 Tangible fixed assets

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

The credit union adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the credit union. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income and expenditure account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Premises	2% straight line per annum
Fixtures & fittings	15% straight line per annum
Computer equipment	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 fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income and expenditure account. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income and expenditure account.

2.11 Other receivables

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

2.12 Financial liabilities – members' savings

Members' savings in Ballinasloe Credit Union (Our Lady of Lourdes) 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2019

2. Accounting policies (continued)

2.13 Members' deposits

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

2.14 Other payables

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

2.15 Pension costs

Ballinasloe Credit Union (Our Lady of Lourdes) Limited participates in an industry-wide pension scheme for some employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees.

The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for Ballinasloe Credit Union (Our Lady of Lourdes) Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, it accounts for the Scheme as a defined contribution plan.

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

2.16 Holiday pay

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

2.17 Operating lease

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

2.18 Derecognition of financial liabilities

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

2.19 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.



Notes to the financial statements (continued)

For the financial year ended 30 September 2019

2. Accounting policies (continued)

2.20 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. Ballinasloe Credit Union (Our Lady of Lourdes) 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 operational risk reserve. Therefore Ballinasloe Credit Union (Our Lady of Lourdes) 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.

2.21 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”.

2.22 Distribution policy

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

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

- the risk profile of the credit union, particularly in its loan and investments portfolios;
- the board’s desire to maintain a stable rather than a volatile rate of dividend each year; and
- members’ legitimate dividend and loan interest rebate expectations;

all dominated by prudence and the need to sustain the long-term welfare of the credit union.

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

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

2.23 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 €612,915 (2018: €517,188).

Provision for bad debts

Ballinasloe Credit Union (Our Lady of Lourdes) 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 €5,608,648 (2018: €6,151,668) representing 13.22% (2018: 13.65%) 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. Ballinasloe Credit Union (Our Lady of Lourdes) 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. The operational risk reserve of the credit union at the year end was €835,047 (2018: €812,450).

Adoption of going concern basis for financial statements preparation

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

4. Key management personnel compensation

The directors of Ballinasloe Credit Union (Our Lady of Lourdes) Limited are all unpaid volunteers. The key management personnel compensation is as follows.

	2019	2018
	€	€
Short term employee benefits paid to key management	276,651	250,977
Payments to pension schemes	28,803	23,049
Total key management personnel compensation	305,454	274,026



Notes to the financial statements (continued)

For the financial year ended 30 September 2019

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

	2019	2018
	€	€
Bad debts recovered	(979,470)	(1,027,216)
Impairment of loan interest reclassified as bad debt recoveries	(129,063)	(113,529)
Movement in bad debts provision during the year	(543,020)	(1,403,822)
Loans written off during the year	743,552	1,504,697
Net impairment losses/(gains) on loans to members	(908,001)	(1,039,870)

6. Cash and cash equivalents

	2019	2018
	€	€
Cash and balances at bank	8,361,392	10,426,462
Deposits & investments (note 7)	77,691,322	66,387,500
Less: Deposit & investment amounts maturing after three months	(52,834,401)	(47,425,693)
Total cash and cash equivalents	33,218,313	29,388,269

7. Deposits and investments

	2019	2018
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	18,568,236	18,563,403
Collective investment schemes	6,288,685	398,404
Total deposits and investments – cash equivalents	24,856,921	18,961,807
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	36,500,000	35,500,000
Bank bonds	7,455,339	11,070,333
Irish and EEA state securities	2,970,542	-
Central bank deposits	904,524	855,360
Other	5,003,996	-
Total deposits and investments – other	52,834,401	47,425,693
Total deposits and investments	77,691,322	66,387,500

8. Financial assets – loans to members

	2019	2018
	€	€
As at 1 October	45,069,073	41,010,714
Loans granted during the year	14,231,755	21,887,418
Loans repaid during the year	(16,133,005)	(16,324,362)
Gross loans and advances	43,167,823	46,573,770
Bad debts		
Loans written off during the year	(743,552)	(1,504,697)
As at 30 September	42,424,271	45,069,073

Notes to the financial statements (continued)

For the financial year ended 30 September 2019

9. Provision for bad debts

	2019	2018
	€	€
As at 1 October	6,151,668	7,555,490
Movement in bad debts provision during the year	(543,020)	(1,403,822)
As at 30 September	5,608,648	6,151,668

The provision for bad debts is analysed as follows:

	2019	2018
	€	€
Grouped assessed loans	5,608,648	6,151,668
Provision for bad debts	5,608,648	6,151,668

10. Tangible fixed assets

	Premises	Fixtures & fittings	Computer equipment	Total
	€	€	€	€
Cost				
1 October 2018	734,221	353,297	481,200	1,568,718
Additions	-	83,539	90,770	174,309
At 30 September 2019	734,221	436,836	571,970	1,743,027
Depreciation				
1 October 2018	347,325	293,934	410,271	1,051,530
Charge for year	14,684	23,854	40,044	78,582
At 30 September 2019	362,009	317,788	450,315	1,130,112
Net book value				
30 September 2019	372,212	119,048	121,655	612,915
30 September 2018	386,896	59,363	70,929	517,188

11. Prepayments and accrued income

	2019	2018
	€	€
Prepayments	230,038	97,490
Loan interest receivable	131,536	164,528
Accrued income on investments	209,652	229,365
	571,226	491,383



Notes to the financial statements (continued)

For the financial year ended 30 September 2019

12. Members' savings

	2019	2018
	€	€
As at 1 October	100,050,209	90,842,795
Received during the year	101,636,057	104,870,019
Withdrawn during the year	(95,415,845)	(95,662,605)
As at 30 September	106,270,421	100,050,209

Members' savings are analysed as follows:

	2019	2018
	€	€
Members' shares	98,130,261	91,787,608
Members' deposits	4,540,010	4,827,103
Other members' funds	3,600,150	3,435,498
Total members' savings	106,270,421	100,050,209

13. Other liabilities, accruals and charges

	2019	2018
	€	€
Members' prize draw	36,068	10,800
Accruals and other liabilities	493,000	341,009
PAYE/PRSI	22,078	18,293
	<u>551,146</u>	<u>370,102</u>

14. Other provisions

	2019	2018
	€	€
Holiday pay accrual		
At 1 October	-	-
Charged to the income and expenditure account	44,635	-
At 30 September	44,635	-

	2019	2018
	€	€
Pension accrual		
At 1 October	34,189	32,595
Charged to the income and expenditure account	(34,189)	1,594
At 30 September	-	34,189

	2019	2018
	€	€
Total other provisions		
At 1 October	34,189	32,595
Charged to the income and expenditure account	10,446	1,594
At 30 September	44,635	34,189

Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2019

15. Financial instruments

15a. Financial instruments – amortised cost

Financial assets	2019	2018
	€	€
Financial assets measured at amortised cost	115,876,841	117,198,943

Financial liabilities

	2019	2018
	€	€
Financial liabilities measured at amortised cost	106,866,202	100,454,500

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments, accrued income on investments and loans.

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

15b. 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:

At 30 September 2019	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in authorised credit institutions	5,519,610	-	5,519,610	-
Bank bonds	1,001,501	-	1,001,501	-
Collective investment schemes	6,288,685	-	6,288,685	-
Total	12,809,796	-	12,809,796	-

At 30 September 2018	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in authorised credit institutions	3,507,336	-	3,507,336	-
Bank bonds	1,007,717	-	1,007,717	-
Collective investment schemes	398,404	-	398,404	-
Total	4,913,457	-	4,913,457	-

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

16. Reserves

	Balance 01/10/18	Payment of dividends and loan interest rebates	Appropriation of current year surplus	Transfers between reserves	Balance 30/09/19
	€	€	€	€	€
Regulatory reserve	11,715,651	-	710,022	600,000	13,025,673
Operational risk reserve	812,450	-	22,597	-	835,047
Other reserves realised					
Undistributed surplus	1,125,880	-	-	(1,125,880)	-
General reserve	-	-	327,128	2,781,075	3,108,203
Strategic investment reserve	466,929	-	-	(466,929)	-
Dividend and loan interest rebate reserve	2,000,000	(194,726)	-	(1,805,274)	-
Future dividend reserve	-	-	-	50,000	50,000
Special reserve: dividends and loan interest rebate	-	-	25,406	-	25,406
Total realised reserves	3,592,809	(194,726)	352,534	(567,008)	3,183,609
Unrealised					
Interest on loans reserve	164,528	-	-	(32,992)	131,536
Investment income reserve	-	-	10,411	-	10,411
Total unrealised reserves	164,528	-	10,411	(32,992)	141,947
Total reserves	16,285,438	(194,726)	1,095,564	-	17,186,276

17. Credit risk disclosures

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

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

Notes to the financial statements (continued)

For the financial year ended 30 September 2019

17. Credit risk disclosures (continued)

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

	2019		2018	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	29,993,955	70.70%	29,824,925	66.18%
Impaired loans:				
Not past due	1,910,582	4.50%	2,452,560	5.44%
Up to 9 weeks past due	7,285,358	17.17%	9,220,431	20.46%
Between 10 and 18 weeks past due	876,733	2.07%	1,060,993	2.35%
Between 19 and 26 weeks past due	394,423	0.93%	672,766	1.49%
Between 27 and 39 weeks past due	311,906	0.74%	282,094	0.63%
Between 40 and 52 weeks past due	629,073	1.48%	527,438	1.17%
53 or more weeks past due	1,022,241	2.41%	1,027,866	2.28%
Total impaired loans	12,430,316	29.30%	15,244,148	33.82%
Total loans	42,424,271	100.00%	45,069,073	100.00%

18. Related party transactions

18a. Loans

	2019		2018	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	11	76,400	12	73,000
Total loans outstanding to related parties at the year end	26	467,009	23	463,200
Total provision for loans outstanding to related parties		160,191		169,054

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

Total loans outstanding to related parties represents 1.10% of the total loans outstanding at 30 September 2019 (2018: 1.03%).

18b. Savings

The total amount of savings held by related parties at the year end was €320,449 (2018: €305,999).



Notes to the financial statements (continued)

For the financial year ended 30 September 2019

19. Additional financial instruments disclosures

19a. Financial risk management

Ballinasloe Credit Union (Our Lady of Lourdes) 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 Ballinasloe Credit Union (Our Lady of Lourdes) 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 Ballinasloe Credit Union (Our Lady of Lourdes) Limited's credit policy. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

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

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

Interest rate risk: Ballinasloe Credit Union (Our Lady of Lourdes) Limited's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. Ballinasloe Credit Union (Our Lady of Lourdes) 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.

19b. 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.

19c. Interest rate risk disclosures

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

	2019		2018	
	€	Average interest rate %	€	Average interest rate %
Gross loans to members	<u>42,424,271</u>	7.47%	<u>45,069,073</u>	7.36%

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

Notes to the financial statements (continued)

For the financial year ended 30 September 2019

20. Dividends and loan interest rebates

The following distributions were paid during the year:

	2019		2018	
	%	€	%	€
Dividend on shares	<u>0.10%</u>	<u>87,807</u>	<u>0.30%</u>	<u>237,040</u>
Loan interest rebate (on all loans)	<u>3.50%</u>	<u>106,919</u>	<u>10.00%</u>	<u>282,858</u>

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

	2019		2018	
	%	€	%	€
Dividend on shares	<u>0.01%</u>	<u>9,451</u>	<u>0.10%</u>	<u>87,000</u>
Loan interest rebate (2019: on standard rate loans, 2018: on all loans)	<u>5.00%</u>	<u>15,955</u>	<u>3.50%</u>	<u>105,000</u>

21. Events after the end of the financial year

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

22. 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).

23. Capital commitments

There were no capital commitments at 30 September 2019.

24. Lease commitments

At 30 September 2019 the credit union had future minimum lease payments under an operating lease as follows:

	2019	2018
	€	€
Less than 1 year	14,226	14,226
1 to 5 years	-	14,226
At 30 September	<u>14,226</u>	<u>28,452</u>

25. 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2019

26. The Irish League of Credit Unions Republic of Ireland Pension Scheme

Ballinasloe Credit Union (Our Lady of Lourdes) Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees.

The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for Ballinasloe Credit Union (Our Lady of Lourdes) Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, it accounts for the scheme as a defined contribution plan, in accordance with FRS 102.

The Pension's Act requires the trustees of the Scheme to assess whether it could meet a certain prescribed standard, known as the Minimum Funding Standard. This assesses whether, if the scheme was wound up on a specified theoretical valuation date, it could satisfy the Funding Standard at that date. Following the Scheme's actuary certifying a Minimum Funding Standard deficit in the scheme in 2009, Ballinasloe Credit Union (Our Lady of Lourdes) Limited, the ILCU group and the other credit unions participating in the Scheme entered into a funding agreement with the Scheme that was designed to ensure that the Scheme could be reasonably expected to satisfy the Minimum Funding Standard by a specified future date (1 March 2019). This funding plan runs up until 2019 and was approved by the Pensions Authority. Ballinasloe Credit Union (Our Lady of Lourdes) Limited has paid the contributions payable under this funding agreement.

As part of the above solvency assessment process, the Scheme actuary must carry out a separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent Actuarial Funding Certificate was effective as at 1 March 2018 and it certified that the Scheme satisfied the funding standard. Further, the Actuary was reasonably satisfied that as at 28 February 2018 the scheme can be expected to satisfy the funding standard as specified in Section 44 of the Pensions Act, 1990, at 1 March 2019, being the date specified by the Pensions Authority under Section 49(2) (a) of the Act for the purpose of the existing funding proposal.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 1 March 2017 using the Projected Unit valuation method. The principal actuarial assumption used in the valuation was the investment return would be 1.75% higher than the annual salary increases. The market value of the scheme's assets at 1 March 2017 was €216m. The actuarial valuation disclosed a past service deficit of €6.4m at 1 March 2017 calculated under the ongoing Actuarial Valuation method. This valuation method assumes that the Scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. This actuarial review recommended that the rate agreed under the funding proposal, 27.5% of pensionable salary, continues to be paid. The cost of risk benefits is paid in addition to this rate giving a total contribution rate of 30% of Pensionable Salary.

27. Comparative information

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

28. Approval of financial statements

The board of directors approved these financial statements for issue on 19-11-19.

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 13 to 15.

Schedule 1 – Other interest income and similar income

	2019	2018
	€	€
Investment income received/receivable within 1 year	257,638	379,564
Investment income receivable outside of 1 year	10,411	-
Total per income and expenditure account	268,049	379,564

Schedule 2 – Other income

	2019	2018
	€	€
Commissions	35,949	42,558
ECCU rebate	37,175	54,053
Total per income and expenditure account	73,124	96,611



Schedules to the income and expenditure account (continued)

For the financial year ended 30 September 2019

Schedule 3 – Other management expenses

	2019 €	2018 €
Rent and rates	9,158	10,235
Light, heat and cleaning	13,238	11,859
Repairs and renewals	19,023	29,031
Security	11,282	11,501
Printing and stationery	40,094	27,790
Postage and telephone	43,047	43,935
Donation and sponsorship	26,580	52,151
Promotion and advertising	30,535	44,885
Training costs	24,801	20,061
Staff uniform costs	8,129	6,350
Convention expenses	24,516	18,979
AGM expenses	24,523	20,025
Travel and subsistence	15,306	16,003
Bank charges	73,047	65,994
Audit fee	27,060	22,140
Legal and professional fees	290,987	191,546
General insurance	42,346	40,052
Share and loan insurance	431,846	419,923
Death benefit insurance	129,240	129,899
Computer maintenance	150,258	109,573
SPS, affiliation fees and subscriptions	50,066	45,114
Regulatory levies	295,418	224,771
Social development	49,400	48,250
Office expenses	50,710	44,971
Total per income and expenditure account	1,880,610	1,655,038



MEMBERS PRIZE DRAW

The operation of the Members' prize draw is financed completely out of the entry fee of €4.00 per quarter paid by each entrant, nothing is paid from general Credit Union funds.

The draws take place in March, June, September & December. The draw is supervised by our solicitors. The results are published on posters displayed in the office our website on facebook and in our annual report. The number of entrants in the draw varies each quarter. In September 2019, 6126 members took part in the draw. Members in the draw must notify us in writing that they no longer wish to be included in the prize draw and we will remove their entry at the next renewal date. The rules governing the draw are available on the credit union website.

BALLINASLOE CREDIT UNION ACCOUNTS YEAR ENDED 30TH SEPTEMBER 2019 PRIZE DRAW FUND

	2019 (€)	2018 (€)
Opening Balance	10,800	13,222
Members Entry Fee	96,068	99,178
	108,868	112,400
Expenses		
Car Prizes	48,900	65,200
Cash Prizes	22,500	35,000
Legal fees	1,400	1,400
Prize Fund	36,068	10,800



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Credit Unions are regulated by the Central Bank of Ireland.

SAVINGS CAP NOTICE

The board recently carried out a strategic review of its members savings position and has taken the difficult decision to introduce a savings cap of €30,000 with effect from 1st February 2020.

Members who hold more than €30,000 with Ballinasloe Credit Union can maintain their current balance but will not be able to increase it.

Should future withdrawals bring the savings balance below €30,000 at any stage, the limit will apply to future lodgements, so that the overall member savings balance remains below €30,000.

Members with less than €30,000 can continue to save up to the new limit of €30,000

Your Credit Union is committed to continually improving member products and services. In the past year the total amount of member savings has increased by 6% from €100m to €106 million. While the savings increase shows that members have great confidence in the Credit Union, it also means we have a growing amount of surplus funds.

Under Central Bank regulations, we must maintain our regulatory reserve, which is non distributable, at a minimum of 10% of total assets so for every additional €100,000 of savings lodged, we have to allocate €10,000 from our surplus to our capital reserves.

If the current rate of savings growth continues, more of our surplus will have to be channelled into our capital reserve. This limits the Boards ability to propose dividends, or invest in new products / services for members.

Ballinasloe Credit Union currently lends out 40% of all monies saved by members. The other 60% is invested in bonds and bank deposits and the return on these has fallen dramatically over the last few years and continues to fall.

If you are unsure of what these changes mean for you, please refer to our website www.ballinasloecreditunion.ie where we have a frequently asked questions segment on the savings cap. Alternatively you can contact Ballinasloe Credit Union directly by phone on 090-9643179 or in branch.



Social Fund Presentation to Ballinasloe Cancer Support Centre.

Credit Union 2019 Horse of the Fair



E - NOTIFICATIONS

There is a growing trend with people receiving communications through email. At Ballinasloe Credit Union, we are always looking at ways to improve our service to you in a sustainable way and reduce the amount of paper you receive at home. We are currently inviting members to make the switch to receiving regulatory communications from us by email.

Every year, we are required by legislation to send every eligible member an AGM notice and a copy of audited financial accounts. By signing up to electronic notifications, you can help us save the thousands of euros that printing and posting these booklets cost each year. Plus, you'll be doing your bit for our environment. Switching today is quick and costs nothing. These notifications will be delivered straight to your email inbox, which you can easily access whenever you need to.

Members can sign up for e notifications on our website, Cuonline or at the counter in our office. By signing up, you will receive your AGM notification, statements and any other regulatory information from us via email.

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MOTIONS, RULE AMENDMENTS AND ELECTIONS

NOTICE OF MOTIONS

- (1) That a dividend of 0.01% shall be paid on members' shares, and a loan interest rebate of 5% be paid on standard rate loans.
- (2) That €1.75 be deducted from each adult members' share account in respect of the Irish League of Credit Unions' Affiliation fee.
- (3) There are four amendments to the standard rules for credit unions (Republic of Ireland) arising from the League AGM 2019

RESOLUTION 21 FROM LEAGUE AGM 2019 PROVIDED THAT:

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

RESOLUTION 22 FROM LEAGUE AGM 2019 PROVIDED THAT:

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

RESOLUTION 23 FROM LEAGUE AGM 2019 PROVIDED THAT:

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:.....

RESOLUTION 24 FROM LEAGUE AGM 2019 PROVIDED THAT:

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;

ELECTIONS

The Nomination Committee is charged with proposing nominees to fill the vacancies on the Board of Directors and the Board Oversight Committee. All such nominees shall be members of the Credit Union. The nominees shall be assessed by the Nomination Committee for the experience, qualifications and/or skills necessary to perform properly and effectively the functions of a Director or Board Oversight Committee member.

BOARD OF DIRECTORS

The Board of Directors consists of eleven directors. There are two vacancies to be filled. Kevin Murray and Darran Finnerty retire from the Board of Directors and do not offer themselves for re-election.

BOARD OVERSIGHT COMMITTEE

The Committee consists of three members. There are two vacancies to be filled.

ELECTION OF AUDITORS

Grant Thornton were appointed as auditors during the year and in accordance with Section 115 of the Credit Union Act, 1997 (as amended), the auditors Grant Thornton offer themselves for re-election.



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- Transfer Funds from your account to any other account online
- Lodge Funds into your account

CHRISTMAS OFFICE HOURS

Tuesday 24th December	9.30am - 1.00pm
Wednesday 25th December	Closed
Thursday 26th December	Closed
Friday 27th December	Closed
Saturday 28th December	9.30am - 4.30pm
Monday 30th December	9.30am - 5.30pm
Tuesday 31st December	9.30am - 1.00pm
Wednesday 1st January	Closed
Thursday 2nd January	Normal Office Hours.

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www.ballinasloecreditunion.ie