



Annual Report and Financial Statements

for the year ended 30 September 2019



Notice of Annual General Meeting
Monday 27th January 2020 at 8pm
Blackrock Parish Hall, Blackrock, Co. Dublin

Credit Union No: 306CU

Directors

Mary Sharp (Chairperson)
Kevin Fitzgerald (Secretary)
Francesca Briody
Paul Broderick
Ken Browne
Gerry Brennan
Shane O'Brien (Elected Jan 2019)
Aisling O'Connor
Niall O'Callaghan
Grainne Misteil (Retired Jan 2019)

**Board Oversight
Committee**

Joan McCudden (Chairperson)
Des Powell
Loreto Dalton

**Registered Office &
Business Address**

1 Carysfort Avenue
Blackrock, Co. Dublin

Credit Union Number

306CU

Auditors

Keveny Monahan & Co.
Chartered Accountants and Statutory Audit Firm
Herbert House, 18 - 22 Pembroke Road, Dublin 4

Bankers

Bank of Ireland Blackrock, Co. Dublin	Ulster Bank Blackrock, Co. Dublin
--	--------------------------------------

DIRECTORS' ANNUAL REPORT

for the year ended 30 September 2019

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

Principal activities, review and future developments

The principal activity of the Blackrock Credit Union is the provision of savings and loans to members in its common bond. The Credit Union manages its members' savings and loans so that it earns income from the margin between interest receivable and interest payable. Both the level of business and the year-end financial position were satisfactory.

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.

Results and dividends

The surplus for the year is set out in the Income and Expenditure Account on page 8. The Directors recommend a dividend in respect of the year ended 30 September 2019 of €8,000 (0.05%) (2018: €14,900 (0.1%)) and an interest rebate of €12,000 (2%) (2018:€16,800 (3%)).

Principal risks and uncertainties

The credit union is fully aware of its principal risks, monitors these constantly and does everything in its power to minimise all risks and to handle prudently those residual risks over which it has little control. The principal areas currently requiring risk management include:

- Decline in loan interest income.
- Prudent investment selection to maximise investment income.
- The need to increase membership.
- Liquidity management and control of costs.
- Compliance with regulatory and legislative requirements.

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 financial function. The books of account of the Credit Union are maintained at the Credit Union's premises at 1 Carysfort Avenue, Blackrock, Co. Dublin.

Events since the end of the 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 Keveny Monahan offer themselves for re-election.

Directors responsibilities statement

The Credit Union Act 1997, as amended requires the directors to prepare the 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 Account of the Credit Union for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and enable them to ensure that the financial statements are prepared in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland, including the standards issued by the Financial Reporting Council, and in particular FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". They are responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps in the prevention and detection of fraud and other irregularities.

On behalf of the Directors:

Mary Sharp

CHAIRPERSON OF THE
BOARD OF DIRECTORS

Kevin Fitzgerald

MEMBER OF THE
BOARD OF DIRECTORS

STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

for the 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 purpose 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 in relation to the board.

On behalf of the Board Oversight Committee

Des Powell

BOARD OVERSIGHT COMMITTEE

INDEPENDENT AUDITOR'S REPORT

to the Members of Blackrock Credit Union Limited

Opinion

We have audited the financial statements of Blackrock Credit Union Limited for the year ended 30th September 2019, which comprise the Income and Expenditure Account, The Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is Irish Law, including the Credit Union Act, 1997 (as amended) and accounting standards issued by the Financial Reporting Council including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities and financial position of the Credit Union as at 30 September 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council; and
- have been properly prepared in accordance with the requirements of the Credit Union Act, 1997 (as amended) and the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed 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 we consider necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union, and
- The financial statements are in agreement with the accounting records.
- 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 set on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors responsibilities for the audit of the financial statements

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

of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Credit Union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Credit Union's members, as a body, in accordance with section 120 of the Credit Union Act 1997, as amended. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Monahan
for and on behalf of
KEVENY MONAHAN & CO.

DATE: 12th December 2019

Chartered Accountants and Statutory Audit Firm
Herbert House
18 - 22 Pembroke Road
Dublin 4

INCOME AND EXPENDITURE ACCOUNT

for the year ended 30 September 2019

	Sch.	TOTAL 2019 €	TOTAL 2018 €
INCOME			
Interest on members' loans		600,774	557,917
Other interest income and similar income	1	129,091	165,924
Interest payable on members' deposits		(3,646)	(3,135)
		<hr/>	<hr/>
Net interest income		726,219	720,706
Other income	2	24,361	20,409
		<hr/>	<hr/>
TOTAL INCOME		750,580	741,115
		<hr/>	<hr/>
EXPENDITURE			
Employment costs		178,119	178,823
Other management expenses	3	266,601	268,111
Depreciation		11,400	14,780
Bad debts provision – specific loans prone to impairment		27,800	-
Bad debts recovered – recovery of past impairments		(22,835)	(28,362)
Bad debts written off – specific loans impaired		16,863	14,705
		<hr/>	<hr/>
TOTAL EXPENDITURE		477,948	448,057
		<hr/>	<hr/>
SURPLUS FOR THE YEAR		272,632	293,058
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive Income for the year		272,632	293,058
		<hr/>	<hr/>

These financial statements were approved and authorised for issue by the board on the 2nd of January 2020.

On behalf of the Credit Union

Ken Gleeson
MANAGER

Mary Sharp
CHAIRPERSON OF THE
BOARD OF DIRECTORS

Des Powell
MEMBER OF BOARD
OVERSIGHT COMMITTEE

BALANCE SHEET

as at 30 September 2019

	Notes	2019 €	2018 €
ASSETS			
Tangible fixed assets	7	128,876	140,276
Cash and balances at bank	8	205,315	214,068
Deposits and investments - cash equivalents	9	4,632,646	3,670,440
Deposits and investments - other	9	12,606,779	12,626,620
Loans to members	10	7,124,570	6,244,134
Less: Provision for impaired loans	11	(277,800)	(250,000)
Debtors, prepayments and accrued income	12	48,779	44,491
TOTAL ASSETS		24,469,165	22,690,029
LIABILITIES			
Member's shares	13	16,363,783	15,488,264
Member's deposits	13	4,134,028	3,481,714
Other payables	14	58,181	48,149
TOTAL LIABILITIES		20,555,992	19,018,127
ASSETS LESS LIABILITIES		3,913,173	3,671,902
RESERVES			
Regulatory reserve	15	2,500,000	2,300,000
Operational risk reserve	15	80,000	80,000
Other reserves			
- Distribution reserve	15	1,333,173	1,291,902
TOTAL RESERVES		3,913,173	3,671,902

These financial statements were approved and authorised for issue by the board on the 2nd of January 2020.

On behalf of the Credit Union

Ken Gleeson
MANAGER

Mary Sharp
CHAIRPERSON OF THE
BOARD OF DIRECTORS

Des Powell
MEMBER OF BOARD
OVERSIGHT COMMITTEE

STATEMENT OF CHANGES IN RESERVES

for the year ended 30 September 2019

	Distribution reserve €	Regulatory reserve €	Operational risk reserve €	Total €
As at 30 September 2017	1,157,814	2,170,000	80,000	3,407,814
Excess of Income over Expenditure	293,058	-	-	293,058
Dividend paid	(28,970)	-	-	(28,970)
Transfer to Regulatory Reserve	(130,000)	130,000		-
As at 30 September 2018	1,291,902	2,300,000	80,000	3,671,902
Excess of Income over Expenditure	272,632	-	-	272,632
Dividend & interest rebate paid	(31,361)	-	-	(31,361)
Transfer to Regulatory Reserve	(200,000)	200,000		-
As at 30 September 2019	1,333,173	2,500,000	80,000	3,913,173

- (1) The Regulatory reserve of the Credit Union as % of total assets as at 30th September 2019 was 10.22%. (2018: 10.14%).
- (2) In accordance with S45 of the Credit Union Act 1997 (as amended) Blackrock Credit Union Ltd. have created an operational risk reserve of €80,000 in 2016. The Board following the completion of an internal process of assessing the level of the reserve required to cover the operational risk within the Credit Union. Based on the Board's assessment it was deemed appropriate to hold a minimum of 20% of average general operating expenses as an Operational Risk reserve.
The Operational Risk reserve represents .33% of total assets.
- (3) Following commencement of S13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their statutory reserve (now known as the Regulatory reserve) each year has been removed. Notwithstanding this the Board of Blackrock Credit Union Ltd. has transferred €200,000 of its current year surplus to its Regulatory reserve so that the reserve would stand at 10.22% of total assets at current year end which is in excess of the required limit of 10%.

STATEMENT OF CASH FLOWS

for the year ended 30 September 2019

	Notes	2019 €	2018 €
Cash and cash equivalents at 1 October	8	3,884,508	6,215,926
Cash flows from operating activities			
Loans repaid by members		3,973,393	3,815,694
Loans granted to members		(4,870,692)	(4,238,149)
Loan interest received		600,774	557,917
Interest paid on members' deposits		(3,646)	(3,135)
Investment income received		129,091	165,924
Bad debts recovered		22,835	28,362
Dividends & interest rebate paid		(31,361)	(28,970)
Operating expenses		(444,720)	(446,934)
Other income received		24,361	20,409
Movements in other assets and liabilities		5,744	(1,309)
Net cash flows from operating activities		(594,221)	(130,191)
Cash flows from investing activities			
Fixed assets purchases/disposals		-	(3,776)
Decrease/(Increase) in investments		19,841	(3,397,292)
Net cash consumed by investing activities		19,841	(3,401,068)
Cash flow from financing activities			
Members' savings received		6,676,900	6,107,993
Members' savings withdrawn		(5,149,067)	(4,908,152)
Net cash flows from financing activities		1,527,833	1,199,841
Net movement in cash and cash equivalents		953,453	(2,331,418)
Cash and cash equivalents at 30 September	8	4,837,961	3,884,508

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

1. LEGAL AND REGULATORY FRAMEWORK

Blackrock Credit Union Limited is established under the Credit Union Act 1997, as amended. The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is 1 Carysfort Avenue, Blackrock, Co. Dublin.

2. ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

The financial statements have been prepared on the historical cost basis.

CURRENCY

The financial statements are prepared in Euro, which is the functional currency of the Credit Union. Monetary amounts in these financial statements are rounded to the nearest Euro.

GOING CONCERN

The financial statements are prepared on the going concern basis. The directors of Blackrock Credit Union Limited believe this is appropriate as the Credit Union:

- is generating annual surpluses;
- maintains an appropriate level of liquidity; and
- has reserves that are currently above the minimum requirements of the Central Bank.

INCOME

Interest on members' loans

Interest on loans to members is recognised using the effective interest method and is calculated and accrued on a daily basis.

Investment income

The Credit Union currently only has investments that are valued at amortised cost and uses the effective interest method to recognise investment income.

Other income

Other income such as entrance fees and ECCU claims experience refunds arise in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

INTEREST ON MEMBERS' DEPOSITS AND DIVIDENDS TO MEMBERS

Interest on members' deposits

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

Dividends on shares and Loan Interest Rebate

Dividends are made from the distribution reserves set aside for that purpose. The Board's proposed distribution to members each year is based on the dividend policy of the Credit Union.

The rate of dividend and loan interest rebate recommended by the Board will reflect:

- the risk profile of the Credit Union, particularly in its loan and investment 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 also 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.

TAXATION

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of operating cash on hand, cash deposited with banks and investments with original maturity of less than or equal to three months.

BASIC FINANCIAL ASSETS

Basic financial assets are initially measured at the transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method. Basic financial instruments include the following:

Loans to members

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

Investments held at amortised cost

Investments held at amortised cost are measured at amortised cost using the effective interest method less impairment. This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount; minus, in the case of a financial asset, any reduction for impairment or un-collectability. This effectively spreads out the return on such investments over time, but does take account immediately of any impairment in the value of the investment.

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.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the expected cash flows discounted at the asset's original effective interest rate.

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans which are assessed on a loan by loan basis for impairment. Any impairment losses are recognised in the Income and Expenditure account.

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

DE-RECOGNITION OF FINANCIAL ASSETS

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. Blackrock Credit Union Limited does not transfer loans to third parties.

BASIC FINANCIAL LIABILITIES

Basic financial liabilities are initially recognised at the transaction price, including transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial liabilities members' shares and deposits

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

Other payables

Other payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

DE-RECOGNITION OF FINANCIAL LIABILITIES

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

TANGIBLE FIXED ASSETS

Tangible fixed assets comprise of items of property and equipment, which are stated at historical cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Premises - 50 years straight line

Equipment - 5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the Income and Expenditure account.

IMPAIRMENT OF TANGIBLE FIXED ASSETS

At each reporting end date, the Credit Union reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income and Expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying 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.

EMPLOYEE BENEFITS

Blackrock Credit Union Limited operates a defined contribution pension scheme, the assets of which are held separately from those of the Credit Union in independently administered funds. Contributions to the scheme are paid to approved funds held with Zurich Life Assurance plc. Contributions are charged to the income and expenditure account in the year in which they fall due.

Other employee benefits

The costs of short-term employee benefits, including holiday pay, are recognised as a liability and as an expense over the period they are earned.

RESERVES

Regulatory reserve

The Credit Union is required to establish and maintain a Regulatory reserve of at least a minimum 10% of the assets of the Credit Union in accordance with Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

Operational risk reserve

The Credit Union has established an Operational Risk reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its Regulatory reserve. The amount held in the Operational Risk reserve is the predicted impact of operational risk events that may have a material impact on the Credit Union's business.

Other reserves

Other reserves are the accumulated surpluses to date that have not been declared as dividends.

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Credit Union's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are of significant importance to the financial statements are disclosed below:

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

The annual depreciation charge depends primarily on the estimated useful 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 economic lives management considers technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year.

Impairment of buildings

The carrying value of tangible fixed assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. In the event, an impairment loss is recognised as the difference between the carrying amount and the market value. The impairment charge, if applicable, is charged to the Income and Expenditure account in the period in which the related events or changes in circumstances occur.

Bad debt provision – impairment of loans to members

Blackrock Credit Union Limited 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 quarterly basis.

The estimation of loan losses is inherently uncertain and depends upon 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.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act 1997, as amended and have considered an approach to the calculation of the Operational Risk reserve. Blackrock Credit Union Limited deems appropriate to hold a minimum of 20% of average general operating expenses as an Operational Risk reserve.

4. RATE OF INTEREST CHARGED ON LOANS

The rate of interest charged on loans per annum were as follows:

	%	APR %
Standard loans	9.90	10.34
Loans fully secured by savings	6.00	6.15
Home/Education and Medical Loans	8.20	8.49
First Time Loans	6.00	6.15

5. RATE OF INTEREST PAID ON MEMBERS DEPOSITS

The rates of interest paid on members' deposits were as follows:

	2019 %	2018 %
On demand deposit accounts	0.1	0.1

6. KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel was as follows:

	2019 €	2018 €
Short term employee benefits	170,919	171,623
Payments to defined contribution pension scheme	7,200	7,200
	178,119	178,823

Short-term employee benefits include, salaries, social security contributions and paid annual leave.

7. TANGIBLE FIXED ASSETS

	Freehold property	Fixtures, fittings & office equipment	Total
	€	€	€
Cost			
At 1 October 2018	229,227	186,249	415,476
Additions	-	-	-
At 30 September 2019	<u>229,227</u>	<u>186,249</u>	<u>415,476</u>
Depreciation			
At 1 October 2018	99,980	175,220	275,200
Charge for year	4,440	6,960	11,400
At 30 September 2019	<u>104,420</u>	<u>182,180</u>	<u>286,600</u>
Net book value			
At 30 September 2018	129,247	11,029	140,276
At 30 September 2019	<u>124,807</u>	<u>4,069</u>	<u>128,876</u>

8. CASH AND BALANCES AT BANK

	2019	2018
	€	€
Cash and cash equivalents	205,315	214,068
Deposits and investments (note 9)	4,632,646	3,670,440
Total	<u>4,837,961</u>	<u>3,884,508</u>

Deposits and investments categorised under cash and cash equivalents above are those with maturity of less than or equal to three months.

9. DEPOSITS AND INVESTMENTS

	2019	2018
	€	€
Cash Equivalents (Original maturity within 3 months)		
Fixed term deposits with banks		
Other (Original maturity after 3 months)	<u>4,632,646</u>	<u>3,670,440</u>
Fixed term deposits with banks	8,119,993	9,816,503
Irish government stock	-	2,741,510
Central bank minimum deposits	84,075	68,607
Bank Bonds	4,402,711	-
Total other	<u>12,606,779</u>	<u>12,626,620</u>

10. FINANCIAL ASSETS – LOANS

	2019	2018
	€	€
As at 1 October	6,244,134	5,836,384
Loans granted during the year	4,870,692	4,238,149
Loans repaid during the year	(3,973,393)	(3,815,694)
Gross loans and advances to members	<u>7,141,433</u>	<u>6,258,839</u>
Loans written off in year	(16,863)	(14,705)
As at 30 September	<u>7,124,570</u>	<u>6,244,134</u>

11. MOVEMENT IN PROVISION FOR DOUBTFUL DEBTS

	2019	2018
	€	€
As at 1 October	250,000	250,000
Net movement in doubtful debt provision	27,800	-
As at 30 September	<u>277,800</u>	<u>250,000</u>

12. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2019	2018
	€	€
Loan interest receivable	27,002	24,313
Prepayments	21,777	20,178
As at 30 September	<u>48,779</u>	<u>44,491</u>

13. MEMBER SHARES AND DEPOSITS	2019	2018
	€	€
Member shares	16,363,783	15,488,264
Member deposits	4,134,028	3,481,714
	<u>20,497,811</u>	<u>18,969,978</u>

14. OTHER LIABILITIES, CREDITORS, ACCRUALS AND CHARGES	2019	2018
	€	€
Revenue – PAYE/PRSI	3,388	3,782
Other creditors and accruals	54,793	44,367
	<u>58,181</u>	<u>48,149</u>

15. RESERVES	Balance	Payment	Net	Balance
	01/10/18	of dividend	Movement	30/09/19
		& Interest		
		rebate		
	€	€	€	€
Regulatory reserve	2,300,000	-	200,000	2,500,000
Operational risk reserve	80,000		-	80,000
Other reserves				
Distribution reserve	1,291,902	(31,361)	72,632	1,333,173
TOTAL RESERVES	<u>3,671,902</u>	<u>(31,361)</u>	<u>272,632</u>	<u>3,913,173</u>

16. CREDIT RISK DISCLOSURES

Blackrock Credit Union Limited offers loans to members the majority of which are unsecured. The loans to members are secured to the extent where member's savings are pledged for such loans. Individual members may borrow up to €120,000.

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

	2019	2019	2018	2018
	€	%	€	%
LOANS NOT IMPAIRED				
Not past due	5,485,208	77.00%	4,851,58	77.70%
IMPAIRED LOANS				
Not past due	0	0	0	0
Up to 9 weeks past due	1,066,333	15.00%	896,319	14.30%
Between 10 and 18 weeks past due	185,486	2.60%	188,981	3.00%
Between 19 and 26 weeks past due	46,816	0.70%	35,268	0.50%
Between 27 and 39 weeks past due	66,427	0.90%	104,693	2.00%
Between 40 and 52 weeks past due	71,708	1.00%	8,204	0.10%
53 or more weeks past due	202,592	2.80%	159,087	2.40%
TOTAL IMPAIRED LOANS	1,639,362	23.00%	1,392,552	22.30%
TOTAL LOANS	7,124,570	100%	6,244,134	100%

17. RELATED PARTY TRANSACTIONS

	No. of Loans	2019 €
Loans advanced to related parties	3	44,331
Total loans outstanding to related parties at the year end	8	156,375
Total provisions for loans outstanding to related parties		Nil
Total savings due to related parties at the year end		178,602

The related party loans comprise loans to members of the board of directors and the management team and family members of the board of directors and the management team of Blackrock Credit Union Limited.

Total loans outstanding to related parties represents 2.19% of the total loans outstanding at year end.

18. DIVIDENDS AND INTEREST REBATE

A dividend payment on members' shares of €14,758 (0.1%). (2018: €13,870 (0.1%)) and an interest rebate of €16,603 (3%). (2018: €15,100(3%)) of loan interest were paid during the year.

The Directors are proposing a dividend on members' shares of €8,000 (0.05%) and an interest rebate of €12,000 (2%) of loan interest paid for approval by the members at the AGM.

19. POST BALANCE SHEET EVENTS

There are no material events after the balance sheet date to closure.

20. INSURANCE AGAINST FRAUD

The Credit Union has insurance against fraud in the amount of €1,300,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

21. CAPITAL COMMITMENTS

Blackrock Credit Union Ltd had no capital commitments at the current or prior balance sheet date.

22. CONTINGENT LIABILITIES

Blackrock Credit Union Ltd had no contingent liabilities at the current or prior balance sheet date.

23. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

Financial risk management

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

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

Liquidity risk: Blackrock 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 the Credit Union Act 1997(Regulatory Requirements) (as amended).

Market risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. Blackrock Credit Union conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore Blackrock Credit Union is not exposed to any form of currency risk or other price risk.

Interest rate risk: Blackrock Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a credit union's operations. The Credit Union considers rates of interest receivable when deciding on the dividend rate payable on members' shares. Blackrock Credit Union does not use interest rate options to hedge its own positions.

SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2019

NOT SUBJECT TO THE REPORT OF THE AUDITORS

SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

	2019 €	2018 €
Schedule 1 – Investment Income		
Investment income received/receivable within 1 year	129,091	165,924
Schedule 2 – Other income		
ECCU claims experience refund	24,124	20,159
Entrance fees	237	250
	24,361	20,409
Schedule 3 – Other management expenses		
Rates	6,097	6,151
Lighting, heating and cleaning	3,225	5,511
Repairs and renewals	4,693	6,186
Printing and stationery	5,246	4,480
Postage and telephone	4,606	5,360
Debt collection	1,626	2,389
Promotion and advertising	35,156	35,952
Education and training	390	840
Convention/Chapter expenses	1,028	539
General meeting expenses	7,229	7,358
Bank charges	7,149	7,136
Bank Interest	2,925	1,102
Audit fee	7,500	7,575
General insurance	8,978	8,498
Share and loan insurance	98,388	94,970
Maintenance contracts	15,307	15,687
Miscellaneous expenses	596	564
SPS contribution	1,864	1,779
Affiliation fees	7,472	7,195
Regulatory levies and expenses	47,126	48,839
	266,601	268,111

BOARD OVERSIGHT COMMITTEE - 2019

The role of the Board Oversight Committee is defined in Part IVA of the Credit Union and Co-operation with Overseas Regulators Act 2012.

The Board Oversight Committee met regularly during the year, at least one member of the Committee attends at each Board meeting. We reported to the Board quarterly and to date have found no significant matters on non-compliance.

We are satisfied the Board has discharged their duties as defined in Part IV of the Credit Union and Co-operation with Overseas Regulators Act 2012.

We want to thank the Directors, Management and Staff for their co-operation and assistance throughout this year.

Joan McCudden

BOARD OVERSIGHT COMMITTEE

LOANS COMMITTEE REPORT

The Loans Committee meet on a weekly basis and implement credit lending policy and assess loan applications up to a limit of €35,000 above shares. Loans above this value require Board approval.

During the year 1,032 (2018: 1,058) loans to a value of €4,870,693 (2018: €4,238,149) were advanced to members.

The Committee wish to remind members that Loans are offered for a wide variety of purposes and repayment terms are in accordance with the ability of the member to repay. Secured loans are offered to members at a reduced interest rate of 6% so that members may preserve their savings and attached insurance benefits.

Loans are protected by insurance up to the age of 80 at no extra cost to the members. No fees, no hidden charges and no early settlement charges. Competitive rates and payment terms are offered.

Carmel Brennan, Anne Whyte & Paul Broderick.

CREDIT CONTROL COMMITTEE REPORT

The Credit Control Committee reviews loans which are in arrears. We would like to thank the staff again for the excellent effort they put into this unpleasant task. Clearly no loans should go into arrears. Anyone taking out a loan must be clear on the repayments necessary and the need to keep them up to date. Standing order details must fully meet the requirements of the loan. If a payment is missed, or if payments have been less than required, the loss must be made up as well as the payments resumed ensuring that the loan keeps up to date.

We send reminder letters where arrears arise, and unfortunately, sometimes we have to invoke legal action. Members, who received reminder letters regarding previous loans, may have difficulty getting authorisation for subsequent loans.

We do all we can to help people who have difficulty in meeting their repayment schedules and urge anyone with difficulties to contact the Credit Union as early as possible. Where members experience problems in repayments we are open to reviewing the loan and renegotiation where necessary.

The loans written off this year amounted to €16,863 (**2018:** €14,705) and we are working continuously to reduce this figure. Where loans are written off we continue to try to recover the debts. We recovered €22,835 in the year (**2018:** €28,362).

We would like to acknowledge the majority of members who deal with their accounts in a responsible way and never come to the attention of the Credit Control Committee.

Sharon Daly, Gerry Brennan

MEMBERSHIP COMMITTEE REPORT

Membership changes during the year brought the total active membership to 4,700 members at 30th September 2019. Applicants seeking membership of the Credit Union must be living or working within the common bond of the credit union. Credit Unions have a duty to seek identification and confirmation of personal details to support all applications for membership.

Kevin Fitzgerald

INSURANCE REPORT

During the past year we were notified of the deaths of 28 members of Blackrock Credit Union, and we extend our sincere condolences to their families.

€3,749 (**2018:**4,969) in Loan Protection Insurance was received to clear deceased member's loans and €41,334 (**2018:**€27,376) was received and paid to member's nominees in respect of savings insurance. Blackrock Credit Union paid loan protection and life savings premiums of €98,388 (**2018:**€94,970) as an operating expense. Based on claims history a refund of prior years' premiums of €24,124 (**2018:**€20,159) were received during the year. The net cost to the Credit Union is €74,264 (**2018:**€74,811) A brochure explaining the insurance is available in the office.

Careful consideration should be under taken as withdrawals from shares after age 55 can affect the life assurance payable on death. We would remind our members to keep their Nominations Forms up to date. The Staff would be very pleased to assist you if you have any problems.

Ken Gleeson

AMENDMENTS TO STANDING RULES

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

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

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:

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;

AMENDMENT TO THE COMMON BOND

That this Annual General Meeting agrees to an amendment to the Common Bond.

In order to become a member of Blackrock Credit Union you must be within our common bond. The common bond defines the geographic area in which we can operate as a community credit union therefore any person or their family members who are living or working within our common bond are eligible to join.

The Board of Directors of Blackrock Credit Union are proposing an amendment to the above.

The common bond defines the geographic area in which we can operate as a community credit union therefore any person or their family members who are living, working or *attending a school or college* within our common bond are eligible to join.





**GREAT
LOW RATE**

6%
(6.15% APR)



First Time borrower loan

Why
choose
us?

Flexible
repayment
options

We approve
98%
of loan
applications

We can
approve loans
on the spot

PLUS

Some figures
to get you
thinking!



- ▶ **No transaction fees** or admin charges
- ▶ **No penalty** for early repayment of loan balance
- ▶ **Free** loan protection insurance

Loan Amount	Monthly Repayment	Cost of Credit	Total Amount Repayable
€5,000	€ 96.66	€799.84	€5,799.84
€10,000	€193.33	€1,599.68	€11,599.68
€20,000	€386.66	€3,199.36	€23,199.36

First time borrower rate 6% (6.15% APR) 5 year term