



# SECTION 130 PACK

TRANSFER OF ENGAGEMENTS  
Sundrive Credit Union Limited to  
Capital Credit Union Limited



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- Unaudited Management Accounts for 28th February 2019



## MESSAGE FROM THE CHAIRS

### of Capital Credit Union Limited and Sundrive Credit Union Limited.

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Dear Member,

We are delighted to inform you that, on the 6th April 2019, the Board of Directors of Sundrive Credit Union Limited have passed a resolution to transfer their engagements to Capital Credit Union Limited. The Board of Directors of Capital Credit Union Limited have also passed a resolution to accept the engagements of Sundrive Credit Union Limited.

The proposed transfer arises from the belief of the Boards of our Credit Unions that our members can be better served together and we consider it an ideal opportunity to grow and develop our services to members locally. On completion of the proposed Transfer of Engagements, the common bond and services of Capital Credit Union Limited will be extended to include all current members of Sundrive Credit Union Limited. We are confident that the decision to combine our Credit Unions will strengthen our position to be the most trusted, respected and preferred financial services provider for our members, providing good value, modern accessible and tailored services.

Three staff members from Sundrive Credit Union Limited availed of a voluntary redundancy programme as part of this process. The remaining staff of Sundrive Credit Union Limited will transfer to Capital Credit Union Limited under the Transfer of Undertakings (protection of employment) regulations 2006.

We would like to take this opportunity to thank you the members for your continued loyalty to your Credit Union. In particular, we would like to acknowledge the voluntary contribution of the members of the Board of Directors, Board Oversight Committee, and volunteers of Sundrive Credit Union Limited over the years.

Enclosed for your information are the board resolutions approving the proposed transfer and also the statements required under Section 130 of the Credit Union Act, 1997 (as amended).

**Karen Cashman**  
Chair, Capital Credit Union Limited

**Kathleen Murray**  
Chair, Sundrive Credit Union Limited

## PASSED BOARD RESOLUTIONS

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### Passed Board Resolution – Capital Credit Union Limited

That at its meeting of the 6th April 2019, the Board of Directors of Capital Credit Union Limited resolved to undertake the engagements of Sundrive Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

**Ann Walsh**  
Secretary, Capital Credit Union Limited

### Passed Board Resolution – Sundrive Credit Union Limited

That at its meeting of the 6th April 2019, the Board of Directors of Sundrive Credit Union Limited resolved that the Credit Union transfers its engagements to Capital Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

**Robert Hickey**  
Secretary, Sundrive Credit Union Limited



## Statement required under Section 130 of the Credit Union Act 1997 (as amended) in respect of Capital Credit Union

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In accordance with Section 130 of the Credit Union Act, 1997 (as amended), the following matters are required to be stated:

1. The financial position of Capital Credit Union Limited and of Sundrive Credit Union Limited is set out in the form of the audited annual accounts for Capital Credit Union Limited as at 30th September 2018 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 28th February 2019, and the audited annual accounts for Sundrive Credit Union Limited as at 30th September 2018 and the most recent unaudited Income & Expenditure Account and Balance sheet as at 28th February 2019.
2. No payment is proposed to be made to the members of Sundrive Credit Union Limited or Capital Credit Union Limited in consideration of the proposed transfer.
3. There will be no change to the terms governing outstanding loans currently held by members in Sundrive Credit Union Limited or Capital Credit Union Limited. Members with current loans in Capital Credit Union Limited and Sundrive Credit Union Limited will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Capital Credit Union Limited.
4. Staff at Sundrive Credit Union Limited and Capital Credit Union Limited have been fully appraised of all aspects of the Transfer of Engagements and are very much involved in the Transfer of Engagements process. Three staff members from Sundrive Credit Union Limited availed of a voluntary redundancy programme as part of this process. The remaining staff of Sundrive Credit Union Limited will transfer to Capital Credit Union Limited under the Transfer of Undertakings (protection of employment) regulations 2006.

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## MEMBER INFORMATION

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### What does a Transfer of Engagements mean?

A Transfer of Engagement means that Sundrive Credit Union Limited will transfer its assets and liabilities to Capital Credit Union Limited. Members in Capital and Sundrive can continue in exactly the same way as before with the added advantage of access to all of the services that the combined Credit Union can offer, including the provision of low-cost loans and the maintenance of dividends.

### What will happen next?

We envisage that if the Transfer of Engagements is approved by the Central Bank, the affairs of Sundrive Credit Union Limited will be transferred to Capital Credit Union Limited before the end of May 2019.

### How will this change affect me?

For existing members, there will be no noticeable change. The ten branch offices at Dundrum, Ballinteer Shopping Centre, Knocklyon, Balally Shopping Centre, Sandymount, Galtymore Road (Drimnagh), Curzon Street (St. Kevin's), St. Luke's Gate (Francis Street), Leopardstown and Sundrive Road will remain open for members.

- All members will have the added advantage of being able to transact their business, if it is convenient for them to do so, in all ten offices when the transfer takes operational effect.
- If you are a member of Sundrive Credit Union Limited, you will still continue to be able to conduct your business in the Sundrive Road office during the opening hours of that office. In addition, once the transfer takes effect, you will be able to transact your business in all of the other offices of Capital Credit Union Limited also.
- There will be no change to the terms governing outstanding loans currently held by members in Sundrive Credit Union Limited or Capital Credit Union Limited. Members with current loans in Capital Credit Union Limited and Sundrive Credit Union Limited will continue to repay loans under the existing terms of their credit agreements. New loans issued after the Transfer of Engagements will be at the then prevailing loan rate in Capital Credit Union Limited.
- If you are a member of Sundrive Credit Union Limited, the current Death Benefit Insurance which is funded by the Credit Union will be discontinued from the date of the Transfer of Engagements. A new member pay scheme will be available from Capital Credit Union immediately following the Transfer of Engagements.
- The members of Sundrive Credit Union Limited who are currently registered for on-line banking services with Sundrive Credit Union Limited will be required to re-register with Capital Credit Union Limited after the date of the transfer. These members will be notified separately on how to complete this registration.
- If you are a member of Sundrive Credit Union Limited, a new account number will be issued to you. All of your account balances and information will remain exactly the same.

### Do I have to do anything?

We do welcome any views that any member may have on the proposed Transfer of Engagements. Members may write to the secretary of either credit union or email to [info@capitalcu.ie](mailto:info@capitalcu.ie) or [info@sundrivecu.ie](mailto:info@sundrivecu.ie) with any views, comments or queries they may have.

CAPITAL CREDIT UNION LIMITED



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 year. In preparing these financial statements the directors are required to:

- select suitable accounting policies and 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 confirm that they have complied with the above requirements in preparing the financial statements. 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 FRS102 "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 for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Approved on behalf of the Board of Directors

Members of Board of Directors

*Karen Cashman*  
Vice Chair

*Frank Nolan*  
Chairperson

Date: 13 November 2018

## STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

The Credit Union Act, 1997 (as amended) requires the appointment of a Board Oversight Committee to assess whether the board of directors have 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 in respect of which they are to have regard to, in relation to the board.

### Approved on behalf of the Board Oversight Committee

Member of Board Oversight Committee

*Sean Smyth*  
Member of BOC

*Tommy Owens*  
Member of BOC

Date: 13 November 2018

## INDEPENDENT AUDITOR'S REPORT to the Members of Capital Credit Union

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Capital Credit Union Limited for the year ended 30 September 2018 which comprise the Revenue Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Credit Union Act, 1997 (as amended).

#### 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 2018 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"; and
- have been properly prepared in accordance 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 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.



## INDEPENDENT AUDITOR'S REPORT to the Members of Capital Credit Union

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### 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.
- The financial statements are in agreement with the accounting records.

### Matters on which we are required to report by exception

Based on our knowledge and understanding of the Credit Union and its environment obtained during the audit, we have not identified any material misstatements in the directors report.

### Respective responsibilities

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#### Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities as set out 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.

## INDEPENDENT AUDITOR'S REPORT to the Members of Capital Credit Union

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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 the going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

### Auditor's 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 are considered material if, individually or in 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: [www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

The description forms part of our Auditor's 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.

### WHELAN DOWLING & ASSOCIATES

Chartered Accountants and Statutory Auditor Firm  
Block 1 Unit 1 & 4, Northwood Court, Santry, Dublin 9

**13 November 2018**



## REVENUE ACCOUNT

### for the year ended 30 September 2018

	Notes	2018 €	2017 €
<b>Revenue</b>			
Interest on members' loans	5	4,995,969	3,945,706
Other interest income and similar income	6	1,489,920	1,515,995
Net interest income		6,485,889	5,461,701
Other revenue	8	101,371	91,733
Total revenue		6,587,260	5,553,434
<b>Expenditure</b>			
Employment costs		2,195,734	1,507,192
Other management expenses (Schedule 4)		2,845,688	2,366,242
Depreciation		180,077	206,424
Net (recoveries) or losses on loans to members	12.4	(515,789)	(414,008)
Total expenditure		4,705,710	3,665,850
Surplus of expenditure over revenue		1,881,550	1,887,584
Other comprehensive income		200,000	-
<b>Total comprehensive income</b>		2,081,550	1,887,584

The financial statements were approved, and authorised for issue, by the Board on 13 November 2018 and signed on its behalf by;

Chairman of the Board of Directors: Frank Nolan

Member of the Board Oversight Committee: Tommy Owens

Chief Executive Officer: Gerard McConville

Date: 13 November 2018

## STATEMENT OF OTHER COMPREHENSIVE INCOME

### for the year ended 30 September 2018

	2018 €	2017 €
<b>Surplus for the financial year</b>	1,881,550	1,887,584
Revaluation reserve unrealised movement on revaluation of property	200,000	-
<b>Other comprehensive income</b>	200,000	-
Total comprehensive income relating to the year	2,081,550	1,887,584
Total comprehensive income since last annual report	2,081,550	1,887,584

### Note of historical cost gains and losses

The difference between the results as disclosed in the Revenue Account and the result on an unmodified historical cost basis is not material.

### Approved on behalf of the Credit Union Board

Chairman of the Board of Directors: Frank Nolan

Member of the Board Oversight Committee: Tommy Owens

Chief Executive Officer: Gerard McConville

Date: 13 November 2018





## BALANCE SHEET as at 30 September 2018

	Notes	2018 €	2017 €
<b>Assets</b>			
Cash and cash equivalents	10	40,556,133	22,147,582
Property, plant and equipment	11	5,217,754	3,923,780
Loans to members	12.1	64,062,502	47,130,037
Provision for bad debts	12.3	(2,612,723)	(2,074,819)
Prepayments and other debtors	13	924,332	744,610
Deposits and investments	14	103,839,839	87,344,166
<b>Total Assets</b>		<b>211,987,837</b>	<b>159,215,356</b>
<b>Liabilities</b>			
Members' shares	15	176,893,327	132,801,143
Members' deposits	16	25,000	950,380
Money Management Accounts	17	3,621,273	1,831,827
Trade creditors and accruals	18	598,075	414,368
		181,137,675	135,997,718
<b>Members' Resources</b>			
Regulatory reserve	26,500,000	20,000,000	
Operational risk reserve	586,840	468,120	
Other reserves	3,763,322	2,749,518	
		30,850,162	23,217,638
		<b>211,987,837</b>	<b>159,215,356</b>

### Approved on behalf of the Credit Union Board

Chairman of the Board of Directors: Frank Nolan

Member of the Board Oversight Committee: Tommy Owens

Chief Executive Officer: Gerard McConville

Date: 13 November 2018

## STATEMENT OF CHANGES IN RESERVES for the year ended 30 September 2018

	Regulatory reserve €	Distribution reserve €	Operational risk reserve €	Other reserves €	Unrealised income reserve €	Revaluation reserve €	Developmt Reserve €	Total €
At 1 October 2016	19,000,000	-	280,000	1,130,169	678,543	553,349	500,000	22,142,061
Dividends paid during the year	-	(301,509)		-	-			(301,509)
Loan interest rebate paid during the year		(429,522)						(429,522)
Surplus allocation in year	1,000,000	731,031	188,120	-	-	-	-	1,919,151
Other movement in reserves	-	-	-	370,085	(401,652)	(80,976)	-	(112,543)
At 30 September 2017	20,000,000	-	468,120	1,500,254	276,891	472,373	500,000	23,217,638
At 1 October 2017	20,000,000	-	468,120	1,500,254	276,891	472,373	500,000	23,217,638
Dividends paid during the year	-	(163,296)		-	-			(163,296)
Loan interest rebate paid during the year		(401,845)						(401,845)
Surplus allocation in year	1,291,542	565,141	88,720	-	-	-	-	1,945,403
Revaluation of property	-	-		-		200,000		200,000
Other movement in reserves	5,208,458	-	30,000	665,563	(161,173)	59,414	250,000	6,052,262
At 30 September 2018	26,500,000	-	586,840	2,165,817	115,718	731,787	750,000	30,850,162

The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2018 was 12.50% which is in excess of the Credit Union's Regulatory Reserve requirement of 10%. In accordance with section 45 of the Credit Union Act 1997 (as amended) Capital Credit Union Limited put in place an Operational Risk Reserve. Following the commencement of Section 13 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 Capital Credit Union Limited has transferred €1,291,542 of its current year surplus to its regulatory reserve.

Chairman of the Board of Directors: Frank Nolan

Member of the Board Oversight Committee: Tommy Owens

Chief Executive Officer: Gerard McConville

Date: 13 November 2018



## STATEMENT OF CASH FLOWS for the year ended 30 September 2018

	2018	2017
	€	€
Opening cash and cash equivalents	22,147,582	32,535,379
<b>Cash flows from operating activities</b>		
Loans repaid	30,172,756	23,665,706
Loans granted	(35,110,514)	(29,846,354)
Loan interest income	4,995,969	3,945,706
Investment income	1,125,482	1,103,815
Other revenue received	465,809	503,913
Bad debts recovered	696,462	561,391
Dividends paid	(163,296)	(301,509)
Loan interest rebate	(401,845)	(429,522)
Operating expenses	(5,041,422)	(3,873,434)
Movement in other assets	(179,722)	125,262
Movement in other liabilities	183,707	(238,175)
Net cash used in operating activities	(3,256,614)	(4,783,201)
<b>Cash flows from investing activities</b>		
Cash and Investments introduced from transfer of engagements	34,090,560	-
Purchase of property, plant and equipment	(56,001)	(398,077)
Net cash flow from other investing activities	(16,495,673)	(9,219,284)
Net cash used in investing activities	17,538,886	(9,617,361)
<b>Cash flows from financing activities</b>		
Members' shares received	60,436,351	57,085,052
Members' deposits received	478,544	-
Members' shares withdrawn	(55,863,236)	(52,017,354)
Members' deposits withdrawn	(925,380)	(1,054,933)
Net cash generated from financing activities	4,126,279	4,012,765
Net increased/(decrease) in cash and cash equivalents	18,408,551	(10,387,797)
Cash and cash equivalents at end of financial year	10 40,556,133	22,147,582

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 1. LEGAL AND REGULATORY FRAMEWORK

Capital Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the Credit Union is located at Capital Credit Union Limited, Main Street, Dundrum, Dublin 14.

### 2. ACCOUNTING POLICIES

The following principal accounting policies have been applied;

#### Statement of compliance and basis of preparation

The Financial Statements of the Credit Union for the year ended 30th September 2018 have been prepared on the going concern basis and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

#### 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

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.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following criteria must also be met before revenue is recognised:

##### (i) Interest on members' loans

Interest on loans is recognised on an accruals basis. An adjustment is made to the year-end amount receivable for any irrecoverable amounts.

##### (ii) Investment income

Investment income is recognised when received or irrevocably receivable. Investments are recognised at cost less any permanent diminution in capital value but ignoring any increase in capital value or encashment value until realised in the form of cash or cash equivalents.

##### (iii) Other revenue

Other Income such as commission's receivable arise in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is complete.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### Investments

#### *Fixed-term deposit accounts*

Term deposits and fixed interest investment bonds with fixed maturity dates are valued at the lower of cost or encashment value and interest is recognised in the Income Statement when it is received or irrevocably receivable.

#### *Investment bonds with profit*

With profit bonds with capital guaranteed are valued at cost. Declared bonuses are recognised in the Income Statement when irrevocably receivable or earlier if the bond becomes realisable in the form of cash or cash equivalents in a secondary market. Terminal bonuses are recognised in the income statement when the Credit Union becomes irrevocably entitled to receive them.

#### *Bonds with guaranteed capital and variable interest rates*

Interest income is recognised as received. Some bonds pay high rates of interest in early years and lower rates in later years. Paying higher amounts in early years reduces (impairs) the capital value of the bond. The capital value of the bond is tested annually for impairment and impairment losses are taken to the Income Statement. Impairment gains which reverse a previous impairment loss are taken to the Income Statement with any gains in excess of the cost of the product ignored until the bond matures.

#### *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 un-collectability.

#### *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.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

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.

### Property, plant and equipment and depreciation

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

» Land and buildings freehold	» 2%/5% Straight line
» Short leasehold property	» Straight line over the remaining life of the lease
» Long leasehold property	» Straight line over the remaining life of the lease
» Fixtures, fittings and equipment	» 20% per annum straight line
» Computer equipment	» 25% per annum straight line

Tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the net recoverable amount, the assets are written down to their recoverable amount.

### Impairment of tangible fixed assets

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

### 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.

### Bad debt provision

The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local & international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other factors such as legal & regulatory requirements. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is a doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a monthly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

("IBNR") are based on the historical experiences of the Credit Union allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of the pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of time, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

### Pensions

The Credit Union participates in the Irish League of Credit Unions Republic of Ireland Pension Scheme. This is a multi-employer defined benefit scheme with assets invested in separate trustee administered funds. However, as the underlying assets and liabilities attributable to individual employers cannot be identified on a consistent and reasonable basis, the Credit Union is accounting for the pension scheme as if it is a defined contribution scheme. This is in accordance with the rules Financial Reporting Standard 17.

### Distribution

Capital Credit Union Limited's policy is to pay a reasonable rate of dividend and loan interest rebate subject to covering operating expenses and meeting reserve requirements as set out in the Credit Union's Reserve Management Policy.

### Reserves

#### *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.

#### *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.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### *Other reserves*

Other Reserves are the accumulated surpluses to date and Reserves arising on the Transfer of Engagements 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. 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".

### Distribution policy

In respect of each financial year, the Credit Union will allocate surplus funds to the statutory reserve and other reserves in accordance with the provisions of the Credit Union Act 1997 (as amended) and regulations issued by the Registry of Credit Unions, Central Bank of Ireland. The Board of Directors may also decide to hold reserves in excess of minimum statutory requirements, taking prudent account of the scale and complexity of the Credit Union's business, its risk profile and prevailing market conditions. The basis of the dividend is the distributable income of the Credit Union after meeting its reserve requirements. It is the policy of the Credit Union to maintain the undistributed surplus in a general reserve that may be used in future years for the payment of dividends.

### Reserves

#### *Regulatory reserve*

The Credit Union is required to maintain and establish a minimum Regulatory reserve of at least 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.

#### *Non-Distributable Investment Income reserve*

Investment income that has been recognised in the financial statements but will not be received within 12 months of the Balance Sheet date is classified as "non-distributable" and is not distributable as a dividend in accordance with Section 31 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. A reclassification between non-distributable and distributable is made as investments come to within 12 months of maturity date.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

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### *Revaluation Reserve*

Land and buildings held for use in the supply of services, or for administrative purposes, are stated in the Balance Sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation increase arising on the revaluation of such land and buildings is credited to the Properties Revaluation Reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the Income Statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued buildings is charged to the profit and loss account. On the subsequent sale or scrapping of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

### *Use of Estimates and Judgements*

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying Capital Credit Union Limited's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

### *Impairment losses on loans to members*

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. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions ("IBNR") are based on the historical experiences of the Credit Union's allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is impaired, the impairment loss is the difference between the carrying amount of the

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

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loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of time, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

### 3. GOING CONCERN

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The Directors of Capital Credit Union Limited believe that it is appropriate to prepare the Financial Statements on the going concern basis.





## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 4. TRANSFER OF ENGAGEMENTS

During the year under review Capital Credit Union Limited (CCU) accepted the transfers of Drimnagh Credit Union Limited (DCU), St Kevin's Parish Credit Union Limited (SKPCU) and Francis Street Credit Union Limited (FSCU). The Assets and Liabilities at the dates of transfer were incorporated into the Balance Sheet at those dates.

CCU did not pay any consideration in respect of any of the Transfers of Engagement. On the date of transfers, members of the Transferor Credit Unions became members of CCU and thereby became entitled to member interest with such membership. In applying the acquisition method of accounting for these business combinations, the members' interest transferred by CCU represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the member's interests in the Transferor Credit Unions (the fair value of the Transferor Credit Unions) at the dates of transfer, and is reflected as an adjustment in Reserves within the Statement of Changes in Equity.

The fair values of the net assets acquired are detailed in the table below

	Fair Value of DCU assets and liabilities acquired by CCU	Fair Value of SKPCU assets and liabilities acquired by CCU	Fair Value of FSCU assets and liabilities acquired by CCU	Total
	2018 €	2018 €	2018 €	€
Tangible fixed assets	685,000	195,000	340,000	1,220,000
Cash on hand and at bank	5,037,269	2,755,142	2,348,591	10,141,002
Deposits and investments	13,617,240	3,995,658	6,611,962	24,224,860
Loans	6,046,886	2,405,790	3,902,311	12,354,987
Provision for bad debts	(348,292)	(103,219)	(266,000)	(717,511)
Member savings and money management accounts	(21,861,416)	(8,307,106)	(10,661,449)	(40,829,971)
Other liabilities, creditors, accruals and charges	(128,391)	(107,920)	-	(236,311)
Debtors and accrued income	100,461	20,835	10,259	131,555
Total	3,148,757	854,180	2,285,674	6,288,611

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 5. INTEREST ON MEMBERS' LOANS

	2018 €	2017 €
Loan interest received in year	4,995,969	3,945,706
	<u>4,995,969</u>	<u>3,945,706</u>

### 6. OTHER INTEREST INCOME AND SIMILAR INCOME

	2018 €	2017 €
Investment income received	1,125,482	1,103,815
Surplus / (deficit) on sale of perpetual bonds	364,438	412,180
	<u>1,489,920</u>	<u>1,515,995</u>

### 7. INTEREST PAYABLE AND DIVIDENDS

	2018 €	2017 €
Deposit interest payable	4,731	12,751

The interest expense for the Credit Union comprises of interest payable on deposits as above.

		2018 €		2017 €
	%		%	
Dividends on shares	0.125	163,296	0.25	301,509
Loan interest rebate	10.00	401,845	12.50	429,522
		<u>565,141</u>		<u>731,031</u>

The above dividends refer to those paid out in those years from the surplus earned in previous years.

### Proposed dividends and loan interest rebate

At the year-end the directors have allocated the amount of €892,500 to the Distribution Reserve which may be returned to the members by way of dividend and a loan interest rebate by way of resolution by a majority of the members at the annual general meeting. The proposed distribution for the year ended 30 September 2018 is as follows:





## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

		2018		2017
	%	€	%	€
Dividends on shares	0.25	397,500	0.125	164,506
Loan interest rebate	10.00	495,000	10.00	394,570
		<u>892,500</u>		<u>559,076</u>

### 8. OTHER REVENUE

	2018	2017
	€	€
ECCU Rebate	22,277	57,355
Rent received	38,154	-
Other income - Commissions	40,940	34,378
	<u>101,371</u>	<u>91,733</u>

### 9. KEY MANAGEMENT PERSONNEL

The directors of Capital Credit Union Limited are all unpaid volunteers. The management personnel compensation is as follows:

	2018	2017
	€	€
Short term employee benefits	435,994	443,463
Pension contribution	68,507	66,343
Total key management personnel compensation	<u>504,501</u>	<u>509,806</u>

### 10. CASH AND CASH EQUIVALENTS

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

	2018	2017
	€	€
Cash and bank balances	18,139,413	5,459,531
Cash equivalents	22,416,720	16,688,051
	<u>40,556,133</u>	<u>22,147,582</u>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings freehold	Short leasehold property	Long leasehold property	Fixtures, fittings and equipment	Computer equipment	Total
	€	€	€	€	€	€
<b>Cost or Valuation</b>						
At 1 October 2017	3,475,000	194,325	363,517	286,679	354,263	4,673,784
Additions	20,203	-	-	4,170	31,628	56,001
Transfers	1,220,000	-	-	-	-	1,220,000
Revaluation	200,000	-	-	-	-	200,000
At 30 September 2018	<u>4,915,203</u>	<u>194,325</u>	<u>363,517</u>	<u>290,849</u>	<u>385,891</u>	<u>6,149,785</u>
<b>Depreciation</b>						
At 1 October 2017	-	194,325	132,320	159,866	263,493	750,004
Charge for the year	84,089	-	15,391	34,782	45,815	180,077
Transfers	1,950	-	-	-	-	1,950
At 30 September 2018	<u>86,039</u>	<u>194,325</u>	<u>147,711</u>	<u>194,648</u>	<u>309,308</u>	<u>932,031</u>
<b>Net book value</b>						
At 30 September 2018	<u>4,829,164</u>	<u>-</u>	<u>215,806</u>	<u>96,201</u>	<u>76,583</u>	<u>5,217,754</u>
At 30 September 2017	<u>3,475,000</u>	<u>-</u>	<u>231,197</u>	<u>126,813</u>	<u>90,770</u>	<u>3,923,780</u>

During the year as part of the transfer of engagement process the directors engaged the services of an independent valuer Vincent Finnegan Commercial to carry out a valuation on the credit union's acquired land and buildings freehold in accordance with the relevant technical statements issued by the Society of Chartered Surveyors in the Republic of Ireland. This resulted in an increase of €200,000 in the value of the credit unions land and buildings freehold. It is the opinion of the Directors that the valuation in the accounts reflects the valuation of the land and buildings freehold.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 12. LOANS TO MEMBERS – FINANCIAL ASSETS

#### 12.1 LOANS TO MEMBERS

	2018	2017
	€	€
As at 1 October	47,130,037	41,196,970
Advanced during the year	35,110,514	29,846,354
Repaid during the year	(30,172,756)	(23,665,706)
Transfer of engagement movement	12,354,987	-
Loans written off	(360,280)	(247,581)
Gross loans to members	12.2 <u>64,062,502</u>	<u>47,130,037</u>

#### 12.2 CREDIT RISK DISCLOSURES

	2018	2018	2017	2017
	%	€	%	€
Gross loans not impaired				
Not past due	79.77	51,100,411	79.92	37,669,014
Gross loans individually impaired				
Not past due	1.09	696,462	1.36	641,960
Up to 9 weeks past due	15.61	9,998,367	14.76	6,955,920
Between 10 and 18 weeks past due	1.34	860,727	1.31	615,771
Between 19 and 26 weeks past due	0.40	258,860	0.70	328,839
Between 27 and 39 weeks past due	0.51	325,755	0.23	106,144
Between 40 and 52 weeks past due	0.32	206,752	0.16	74,848
53 or more weeks past due	0.96	615,168	1.56	737,542
Total impaired loans	20.23	12,962,091	20.08	9,461,024
Total gross loans	100.00	64,062,502	100.00	47,130,038
Total carrying value		<u>64,062,502</u>		<u>47,130,038</u>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 12.3 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2018	2017
	€	€
As at 1 October	2,074,819	2,175,017
Allowance for loan losses made during the year	(360,280)	(247,581)
Allowances reversed during the year	180,673	147,383
Transfer of engagement movement	717,511	-
Increase/(Decrease) in loan provision during the year	537,904	(100,198)
As at 30 September	<u>2,612,723</u>	<u>2,074,819</u>

#### 12.4 NET RECOVERIES OR LOSSES RECOGNISED FOR THE YEAR

	2018	2017
	€	€
Bad debts recovered	(696,462)	(561,391)
Increase/(Decrease) of Provision	(179,607)	(100,198)
	<u>(876,069)</u>	<u>(661,589)</u>
Loans written off	360,280	247,581
Net (recoveries)/losses on loans to members recognised for the year	<u>(515,789)</u>	<u>(414,008)</u>

### 13. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2018	2017
	€	€
Prepayments	294,068	226,617
Accrued income	630,264	517,993
	<u>924,332</u>	<u>744,610</u>





## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 14. DEPOSITS AND INVESTMENTS

	2018	2017
	€	€
Fixed-term deposit accounts	71,127,811	53,253,668
Investment bonds with profit	5,631,286	5,838,745
Central bank deposits	1,512,162	1,157,722
Equity fund investments	25,568,580	27,094,031
	<u>103,839,839</u>	<u>87,344,166</u>

### 15. MEMBERS' SHARES - FINANCIAL LIABILITIES

	2018	2017
	€	€
As at 1 October	132,801,143	127,733,445
Received during the year	60,436,351	57,085,052
Repaid during the year	(55,863,236)	(52,017,354)
Members' shares non-cash movement	39,519,069	-
As at 30 September	<u>176,893,327</u>	<u>132,801,143</u>

	2018	2017
	€	€
Regular share accounts	<u>176,893,327</u>	<u>132,801,143</u>

### 16. MEMBERS' DEPOSITS - FINANCIAL LIABILITIES

	2018	2017
	€	€
As at 1 October	950,380	1,781,174
Repaid during the year	(925,380)	(830,794)
As at 30 September	<u>25,000</u>	<u>950,380</u>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 17. MONEY MANAGEMENT ACCOUNTS

	2018	2017
	€	€
As at 1 October	1,831,827	2,055,966
Received during the year	478,544	-
Repaid during the year	-	(224,139)
Members' money management accounts non-cash movement	1,310,902	-
As at 30 September	<u>3,621,273</u>	<u>1,831,827</u>

### 18. OTHER CREDITORS AND ACCRUALS

	2018	2017
	€	€
Accruals	<u>598,075</u>	<u>414,368</u>

The Credit Union Holiday Pay Accrual was calculated for the year ended 30 September 2018. The accrual was deemed immaterial to the financial statements.

### 19. FINANCIAL INSTRUMENTS

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

#### Credit Risk:

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Capital Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board of Directors approves Capital Credit Union Limited'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.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### Liquidity Risk:

Capital Credit Union Limited'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 objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

### Market Risk:

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

### 19.1 LIQUIDITY RISK DISCLOSURE

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans.

## 20. PENSION SCHEME

Capital Credit Union 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 Capital Credit Union 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, Capital Credit Union 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. In accordance with the requirements of FRS102, Capital Credit Union Limited has recognised a liability for its outstanding contributions payable under this funding agreement to the extent that they relate to the deficit.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

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.

### New Ireland Pension Scheme

This is a defined contribution pension scheme. The assets of the scheme are held separately from those of the Credit Union, in an independently administered fund. Contributions are charged to the income and expenditure account in the year in which they fall due.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 21. RELATED PARTY TRANSACTIONS

Directors, supervisors and staff (i.e. officers) of the Credit Union during the financial year ended 30 September 2018 operated share and loan accounts with the Credit Union. All loans advanced to directors, supervisors and staff are approved in accordance with Section 36(4) Credit Union Act, 1997 (as amended). The following transactions and balances existed with members who were officers during the financial year ended 30 September 2018:

Total Loans outstanding to Related Parties represents 0.42% of the total loans outstanding at year ended 30 September 2018

	No. of loans	2018 €
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Loans advanced to Related Parties during the year	9	139,620
Total loans outstanding to Related Parties at the year end	18	<u>268,847</u>

There are no other related party transactions identified in the period under review.

### 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 Acts 1997 to 2012

### 23. TREASURY MANAGEMENT AND FINANCIAL INSTRUMENTS

Capital Credit Union Limited is a provider of personal and business loans and also provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

The main financial risks arising from Capital Credit Union Limited'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 Capital Credit Union, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves Capital 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.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

#### Liquidity risk:

Capital 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 objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. The notes provides further details about the impact of the maturity mismatch on the going concern status of Capital Credit Union.

#### Market risk:

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

#### Interest rate risk:

Capital 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. Capital Credit Union does not use interest rate options to hedge its own positions.

#### Capital Risk:

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current Regulatory reserves are in excess of the minimum requirement set down by the Central Bank of Ireland, and stand at 12.5% of the total assets of the Credit Union at the Balance Sheet date.

### 24. CAPITAL COMMITMENTS

There were no known capital commitments that would require disclosure in the financial statements.

### 25. POST-BALANCE SHEET EVENTS

There have been no significant events affecting the Credit Union since the year-end.

### 26. CONTINGENT LIABILITIES

In September 2018, all Credit Unions received correspondence from the Central Bank on a potential matter relating to accrued interest outstanding on members top up loans, which may have led to a potential liability for over collection of interest. Capital Credit Union has commenced their review to ascertain whether any top up loans to members might be



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

impacted by these circumstances, and to determine what actions may need to be taken, in consultation with the Central Bank. 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 in the future.

### 27. IAASA - ETHICAL STANDARDS - NON AUDIT SERVICES

In common with many other Credit Unions, from time to time, our auditors provide us with advisory and consulting services.

### 28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board on 13 November 2018.



**School Saving Scheme**  
*Rewards for you and  
your school when you join*

Capital Credit Union Limited is regulated by the Central Bank of Ireland.

## SCHEDULES TO THE REVENUE ACCOUNT for the year ended 2018

### SCHEDULE 1 - Interest on Loans

	2018 €	2017 €
Interest on Loans		
Interest on members' loans receivable	4,995,969	3,945,706
	<u>4,995,969</u>	<u>3,945,706</u>

### SCHEDULE 2 - Investment Income

	2018 €	2017 €
Investment Income		
Investment Income	1,125,482	1,103,815
Surplus on sale of perpetual bonds	364,438	412,180
	<u>1,489,920</u>	<u>1,515,995</u>

### SCHEDULE 3 - Other Revenue

	2018 €	2017 €
Other Revenue		
ECCU Rebate	22,277	57,355
Rent received	38,154	-
Other income - Commissions	40,940	34,378
	<u>101,371</u>	<u>91,733</u>



## SCHEDULES TO THE REVENUE ACCOUNT for the year ended 2018

	2018	2017
	€	€
<b>Other Management Expenses</b>		
Training expenses	28,326	37,372
Rental income expenses	6,990	-
Rent	136,918	110,367
Savings protection fund	17,380	40,178
Share and loan insurance	617,671	469,717
Insurance	62,475	47,045
Light, heat & cleaning	65,538	52,415
Repairs and renewals	23,404	43,247
Equipment maintenance	43,908	33,263
Printing and stationery	39,207	34,627
Promotion & sponsorship	205,973	242,328
Directors expenses	828	5,700
Telephone and postage	54,465	37,261
Computer costs	364,973	367,186
Affiliation fees	52,438	47,182
Merger costs	89,592	-
Deposit Interest Paid	4,731	12,751
Travelling and subsistence	13,757	4,944
Social expenses	7,024	3,231
A.G.M. expenses	59,017	36,961
Convention expenses	8,592	22,797
Oversight Committee Expenses	500	650
Legal and professional fees	268,335	125,668
Strategy	4,824	4,180
Community development fund	40,000	-
Audit	29,805	25,215
Regulatory Levies	304,823	324,045
Bank charges	83,253	74,011
Security	86,505	70,411
Debt collection	115,927	85,554
General expenses	8,509	7,936
<b>Total</b>	<b>2,845,688</b>	<b>2,366,242</b>

## UNAUDITED MANAGEMENT ACCOUNTS for 28th February 2019

### Income and Expenditure Account

	2019
	€
<b>Income</b>	
Interest Income	2,367,394
Investment Income (Rec'd/Receivable within 1 year)	470,896
Other	
Investment Gains	3,138
Investment Losses	
Bad Debts Recovered	314,230
Other Income	36,776
Exceptional Gains	
Financial Support	
<b>Total revenue</b>	<b>3,192,434</b>
<b>Expenditure</b>	
Net Loan Protection / Life Savings Insurance	273,020
Salaries and Related Expenses	1,016,109
Interest on Borrowings	
Interest on Deposits	
Bad Debts Written Off	138,290
Bad Debts Provision	
Other Expenses	971,117
Exceptional Losses	
<b>Total expenditure</b>	<b>2,398,536</b>
<b>YTD Surplus (Deficit)</b>	<b>793,898</b>

### Balance Sheet

	2019
	€
<b>Assets</b>	
Cash and Current Accounts	15,980,908
Minimum Reserve Deposit Held	1,508,530
Deposit Protection Account	3,565
<b>Investments</b>	
Accounts in Authorised Credit Institutions	123,040,910
Bank Bonds	5,510,496
Other	131,142
<b>Total Investments</b>	<b>128,682,548</b>
Loans	64,454,333
Less Provision For Bad Debts	(2,612,723)
Fixed Assets less Depreciation	5,396,464
Other Assets	1,324,620
<b>Total Assets</b>	<b>214,738,245</b>
<b>Liabilities</b>	
Member Shares Regular	180,031,669
Member Deposits	10,000
Other Member Funds	3,445,687
Other Liabilities	503,042
<b>Total Liabilities</b>	<b>183,990,398</b>
<b>Net Worth</b>	<b>30,747,847</b>
Represented By:	
<b>Reserves</b>	
Regulatory Reserve	26,500,000
Operational Risk Reserve	586,840
Undistributed Surplus Brought Forward	1,277,688
YTD Surplus (Deficit)	793,898
Other Reserves	750,000
Realised	839,421
Unrealised	
<b>Total Reserves</b>	<b>30,747,847</b>



SUNDRIVE CREDIT UNION LIMITED



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Credit Union Acts, 1997 to 2012 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 year. In preparing these financial statements the directors are required to:

- select suitable accounting policies and 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 confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at anytime the financial position of the Credit Union and to 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 FRS102 "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 for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the Credit Union's auditor in connection with preparing the auditor's report) of which the Credit Union's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information

Approved on behalf of the Board of Directors

Members of Board of Directors *Kieran J. Clancy* *Robert Hickey*  
Director Director

Date: 23 October 2018

## STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

The Credit Union Acts, 1997 to 2012 (as amended) require the appointment of a Board Oversight Committee to assess whether the board of directors has operated in accordance with Part IV, Part IVA and any regulations made for the purposes of Part IV or Part IVA of the Credit Union Act, 1997 (as amended) and any other matter prescribed by the Bank in respect of which they are to have regard to, in relation to the board.

Approved on behalf of the Board Oversight Committee

Member of Board Oversight Committee *Frances Valerio*  
Member of BOC

Date: 23 October 2018

## INDEPENDENT AUDITOR'S REPORT to the Members of Sundrive Credit Union

### Opinion

We have audited the financial statements of Sundrive Credit Union Limited for the year ended 30 September 2018 which comprise the Income & Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Credit Union Act, 1997 (as amended).

### 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 2018 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"; and
- have been properly prepared in accordance 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 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 IAASA 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.





## INDEPENDENT AUDITOR'S REPORT to the Members of Sundrive Credit Union

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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.
- The financial statements are in agreement with the accounting records.

### Respective responsibilities

#### Responsibilities of directors for the financial statements

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 the going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

#### Auditor's 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 are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### Further information regarding the scope of our responsibilities as auditor

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

We communicate 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 we identify during our audit.

### 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.

### MC CANN & CO.

Registered Auditors & Accountants

Suite A, Ashtown Business Centre, Navan Road, Dublin 15

**November 2018**





## REVENUE ACCOUNT

### for the year ended 30 September 2018

	Notes	2018 €	2017 €
<b>Income</b>			
Interest on members' loans	5	533,031	521,064
Investment income	6	149,918	288,788
Net interest income		682,949	809,852
Other income	8	11,180	15,325
Total revenue		694,129	825,177
<b>Expenditure</b>			
Employment costs		279,013	276,36
Other management expenses (Schedule 1)	4	531,634	528,076
Depreciation		22,265	23,184
Net (recoveries) or losses on loans to members	12.4	(138,259)	(163,965)
Total expenditure		694,653	663,660
Surplus of expenditure over revenue		(524)	161,517
Other comprehensive income		-	-
<b>Total comprehensive income</b>		(524)	161,517

The financial statements were approved, and authorised for issue, by the Board on 24 October 2018 and signed on its behalf by;

Director: Kieran J. Clancy

Member of the Board Oversight Committee: Francis Valerio

Chief Executive Officer: Deirdre Little

Date: 24 October 2018

## BALANCE SHEET

### as at 30 September 2018

	Notes	2018 €	2017 €
<b>Assets</b>			
Cash and cash equivalents	10	2,543,950	6,259,143
Tangible fixed assets	11	660,721	640,313
Loans to members	12	5,821,547	5,831,937
Provision for bad debts	12	(145,524)	(215,000)
Prepayments and other debtors	13	65,519	54,150
Accrued income	13	13,339	11,249
Deposits and investments	14	23,963,134	20,534,392
<b>Total Assets</b>		32,922,686	33,116,183
<b>Liabilities</b>			
Members' shares	15	26,586,752	26,729,414
Money Management Accounts	16	429,359	429,301
Trade creditors and accruals	17	78,031	61,671
		27,094,142	27,220,386
<b>Members' Resources</b>			
Regulatory reserve	18	3,538,191	3,538,191
Operational risk reserve	18	52,000	52,000
Other reserves		2,238,353	2,305,606
		5,828,544	5,895,797
<b>Total Liabilities</b>		32,922,686	33,116,183

### Approved on behalf of the Credit Union Board

Director: Kieran J. Clancy

Member of the Board Oversight Committee: Francis Valerio

Chief Executive Officer: Deirdre Little

Date: 24 October 2018



## STATEMENT OF CHANGES IN EQUITY for the year ended 30 September 2018

	Regulatory reserve	Distribution reserve	Operational risk reserve	Other reserves	Unrealised income reserve	Capital reserve	Bad debt reserve	Total
	€	€	€	€	€	€	€	€
At 1 October 2016	3,508,191	–	52,000	2,021,716	10,733	105,100	102,541	5,800,281
Distribution in year	–	(66,001)	–	–	–	–	–	(66,001)
Surplus allocation in year	–	66,001	–	–	516	–	–	96,517
Other movement in reserves	30,000	–	–	65,000	–	–	–	65,000
At 30 September 2017	3,538,191	–	52,000	2,086,716	11,249	105,100	102,541	5,895,797
At 1 October 2017	3,538,191	–	52,000	2,086,716	11,249	105,100	102,541	5,895,797
Distribution in year	–	(66,729)	–	–	–	–	–	(66,729)
Surplus allocation in year	–	66,729	–	–	2,090	–	–	68,819
Other movement in reserves	–	–	–	(69,343)	–	105,100	–	(69,343)
At 30 September 2018	3,538,191	–	52,000	2,017,373	13,339	105,100	102,541	5,828,544

The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2018 was 10.75% which is in excess of the Credit Union's Regulatory Reserve requirement of 10%. In accordance with section 45 of the Credit Union Act 1997 (as amended) Sundrive Credit Union Limited put in place an Operational Risk Reserve in year ended 30 September 2016. The Board approved a transfer of €52,000 in 2016 to the Operational Risk Reserve, following the completion of an internal process of assessing the level of the reserve required to cover the operational risk within the Credit Union. No further transfer is required in year ended 30 September 2018.

## STATEMENT OF CASH FLOWS for the year ended 30 September 2018

	2018 €	2017 €
Opening cash and cash equivalents	6,259,143	7,248,703
Cash flows from operating activities		
Loans repaid	3,942,232	3,950,409
Loans granted	(3,944,115)	(3,871,680)
Loan interest received	533,031	521,064
Investment income	149,918	288,788
Other income received	11,180	15,325
Bad debts recovered	81,055	77,583
Dividends paid	(66,729)	(66,001)
Operating expenses	(810,647)	(804,441)
Movement in other assets	(13,459)	5,362
Movement in other liabilities	16,360	1,890
Net cash (used in) generated from operating activities	(101,174)	118,299
Cash flows from investing activities		
Purchase of tangible fixed assets	(42,673)	(4,466)
Net cash flow from other investing activities	(3,428,742)	(1,193,237)
Net cash used in investing activities	(3,471,415)	(1,197,703)
Cash flows from financing activities		
Members' shares received	5,377,154	5,649,689
Members' deposits received	609,872	654,847
Members' shares withdrawn	(5,519,816)	(5,543,699)
Members' deposits withdrawn	(609,814)	(670,993)
Net cash (used in) generated from financing activities	(142,604)	89,844
Net increase in cash and cash equivalents	(3,715,193)	(989,560)
Cash and cash equivalents at end of financial year	10 2,543,950	6,259,143



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 1. LEGAL AND REGULATORY FRAMEWORK

Sundrive Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the Credit Union is located at 116 Sundrive Road, Dublin 12.

### 2. ACCOUNTING POLICIES

The following principal accounting policies have been applied;

#### Statement of compliance and basis of preparation

The financial statements of the Credit Union for the year ended 30th September 2018 have been prepared on the going concern basis and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

#### 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

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.

#### Income recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following criteria must also be met before revenue is recognised:

##### (i) Interest on members' loans

Interest on Members' Loans is recognised using the effective interest method and is calculated and accrued on a daily basis.

##### (ii) Investment income

Investment Income is accounted for differently depending on how the different investments are designated at the outset and based on meeting certain criteria. The credit union uses the following accounting methods:

##### *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

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

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. 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.

##### *Held to Maturity investments*

Investments designated on initial recognition as held-to-maturity are investments that the credit union intends, and is able to, hold to maturity. These are carried at amortised cost using the effective interest method. The fair value of some investment products will change during their life, but they will have a fixed maturity value at some future date. When designated as held-to-maturity, any change in the fair value during the term of the investment is ignored, with the credit union only accounting for interest received. Gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. Investments intended to be held for an undefined period are not included in this classification.

##### (iii) Other income

Other income such as commissions receivable on insurance products and foreign exchange services arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

#### Investments

##### *Held at amortised cost*

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

##### *Central Bank Deposits*

Credit Unions are obliged to maintain certain 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



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

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.

### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

» Land and buildings freehold	» 2%
» Fixtures, fittings and equipment	» 20%
» Computer equipment	» 25%

### *Impairment of tangible fixed assets*

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

### *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.

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

### *Bad Debt provision*

Allowances for impaired loans represent reserves and/or provisions made during the year less amounts utilised or realised charged against the surplus for the year. Allowances are created after a detailed review of individual loans and groups of loans. Allowances are established by reviewing the credit worthiness of individual borrowers and the value of collateral underlying the loan. Bad debts in the Credit Union are recognised when there is a reasonable doubt that the full amount of principal will not be collected, or the financial capacity of the borrower has deteriorated such that the recovery of the whole or part of an outstanding loan advanced is in doubt. In all cases where it is impractical to estimate the recoverable amount the carrying amount is reduced to zero.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

## Basic Financial liabilities

### *Members' shares*

Members' shares in Sundrive Credit Union Limited are redeemable and therefore are classified as financial liabilities. They are recognised at the amount of cash deposited.

### *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.

### *Pensions*

Sundrive Credit Union 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 Sundrive Credit Union 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. There is an agreed funding plan in respect of the Pension Scheme as a result of a Minimum Funding Standard deficit certified by the Scheme's Actuary in 2009. Consequently, Sundrive Credit Union Limited recognises a liability at each balance sheet date for its outstanding contributions payable under the agreed funding plan to the extent that they relate to committed funding in respect of the deficit to which the funding plan relates.

### *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.

### *Distribution*

Sundrive Credit Union Limited's policy is to pay a reasonable rate of dividend and loan interest rebate subject to covering operating expenses and meeting reserve requirements as set out in the Credit Union's Reserve.

## Reserves

### *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 nondistributable.

This reserve is similar in nature and replaces the Statutory Reserve which was a



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

requirement of previous legislation.

### *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 calculation of the operational risk reserve based on appropriate guidance issued by the Central Bank. In assessing the identified risks the directors considered the frequency of them occurring, what insurance cover the Credit Union has in place for insurable risks, past events and what if the consequences of same.

### *Other reserves*

Other Reserves are the accumulated surpluses to date and Reserves arising on the Transfer of Engagements 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. 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"

## 3. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

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

### *Bad debts on loans to members*

The Credit Unions Policy for bad debt provision is outlined in the accounting policies note. 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.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

Loan Loss provisioning is monitored by the Credit union and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union's estimates of provisions for loans with similar credit risk characteristics are based on the historical experiences of the Credit Union allied to the Credit Unions judgement if relevant conditions in the wider environment in which the credit union operates. It is the policy and procedure within the credit union to provide 100% for all loans that are greater than 9 weeks in arrears. Loans which do not fall into this category are considered on a line by line basis. After a period of time when it is concluded that there is no real prospect of recovery of loans which have been subject to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

## 4. GOING CONCERN

The financial statements are prepared on the going concern basis. The directors of Sundrive Credit Union 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.

## 5. INTEREST ON MEMBERS' LOANS

	2018	2017
	€	€
Closing accrued loan interest receivable	13,339	11,249
Loan interest received in year	530,941	520,548
Opening accrued loan interest receivable	11,249	(10,733)
<b>Total Interest on members loans</b>	<b>533,031</b>	<b>521,064</b>

## 6. OTHER INTEREST INCOME AND SIMILAR INCOME

	2018	2017
	€	€
Investment income received	43,377	187,339
Investment income receivable within 12 months	106,541	101,449
	<b>149,918</b>	<b>288,788</b>



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 7. INTEREST PAYABLE AND DIVIDENDS

The interest expense for the Credit Union comprises of interest payable on deposits, and was as follows for the current and prior year:

		2018		2017
	%	€	%	€
Dividends on shares	0.25	66,729	0.25	66,001
		<u>66,729</u>		<u>66,001</u>

The above dividends refer to those paid out in those years from the surplus earned in previous years.

#### Proposed dividends

The Board is not recommending a dividend this year.

		2017
	%	€
Dividends on shares	0.25	<u>66,975</u>

### 8. OTHER INCOME

	2018	2017
	€	€
Commissions	8,595	8,954
Entrance fees	126	131
Miscellaneous income	<u>2,459</u>	<u>6,240</u>
	<u>11,180</u>	<u>15,325</u>

### 9. KEY MANAGEMENT PERSONNEL

The directors of Sundrive Credit Union Limited are all unpaid volunteers. The management personnel compensation is as follows:

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

	2018	2017
	€	€
Short term employee benefits	153,917	154,054
Payments to pension scheme	<u>31,920</u>	<u>32,351</u>
Total key management personnel compensation	<u>185,837</u>	<u>186,405</u>

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

### 10. CASH AND CASH EQUIVALENTS

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

	2018	2017
	€	€
Cash and bank balances	470,454	268,675
Cash equivalents	<u>2,073,496</u>	<u>5,990,468</u>
	<u>2,543,950</u>	<u>6,259,143</u>



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 11. TANGIBLE FIXED ASSETS

	Land and buildings freehold	Fixtures, fittings and equipment	Computer equipment	Total
	€	€	€	€
<b>Cost or Valuation</b>				
At 1 October 2017	847,036	152,788	126,860	1,126,684
Additions	-	5,164	37,509	42,673
At 30 September 2018	847,036	157,952	164,369	1,169,357
<b>Depreciation</b>				
At 1 October 2017	218,680	150,105	117,586	486,371
Charge for the year	12,149	1,553	8,563	22,265
At 30 September 2018	230,829	151,658	126,149	508,636
<b>Net book value</b>				
At 30 September 2018	616,207	6,294	38,220	660,721
At 30 September 2017	628,356	2,683	9,274	640,313

### 12. LOANS TO MEMBERS FINANCIAL ASSETS

#### 12.1 LOANS TO MEMBERS

	2018	2017
	€	€
As at 1 October	5,831,937	5,921,783
Advanced during the year	3,944,115	3,871,680
Repaid during the year	(3,942,232)	(3,950,409)
Loans written off	(12,273)	(11,117)
Gross loans to members	12.2 5,821,547	5,831,937

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 12.2 CREDIT RISK DISCLOSURES

	2018	2018	2017	2017
	%	€	%	€
Gross loans not impaired				
Not past due	5,508,607	94.63	5,426,882	93.06
Gross loans individually impaired				
Not past due	133,889	2.30	138,044	2.37
Up to 9 weeks past due	19,518	0.34	33,356	0.57
Between 10 and 18 weeks past due	21,577	0.37	20,128	0.35
Between 19 and 26 weeks past due	2,129	0.03	-	-
Between 27 and 39 weeks past due	3,586	0.06	18,856	0.32
Between 40 and 52 weeks past due	9,290	0.16	12,482	0.21
53 or more weeks past due	122,951	2.11	182,189	3.12
Total	312,940	5.37	405,055	6.94
Total gross loans	5,821,547	100.00	5,831,937	100.00
<b>Gross loans not impaired</b>				
Individually significant loans	(145,523)		(215,001)	
Total carrying value	5,676,024		5,616,936	

Sundrive Credit Union does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 12.3 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2018	2017
	€	€
As at 1 October	215,001	312,500
Allowances reversed during the year	(69,477)	(97,499)
Increase/(Decrease) in loan provision during the year	(69,477)	(97,499)
As at 30 September	145,524	215,001

### 12.4 NET RECOVERIES OR LOSSES RECOGNISED FOR THE YEAR

	2018	2017
	€	€
Bad debts recovered	(81,055)	(77,583)
Increase	(69,477)	(97,499)
	(150,532)	175,082)
Loans written off	12,273	11,117
Net (recoveries)/losses on loans to members recognised for the year	(138,259)	163,965)

### 13. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2018	2017
	€	€
Prepayments	65,019	53,650
Other debtors	500	500
Accrued income	13,339	11,249
	78,858	65,399

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 14. DEPOSITS AND INVESTMENTS

	2018	2017
	€	€
Fixed-term deposit accounts	22,257,212	19,815,049
Bank bonds	702,988	719,343
Return of Capital Guaranteed	1,002,934	-
	23,963,134	20,534,392

Included in fixed term deposit accounts balance are monies held in, Central Bank Reserve account €139,024 (2017: €139,030) and Central Bank Deposit Guarantee account €0 (2017: €21,751).

### 15. MEMBERS' SHARES - FINANCIAL LIABILITIES

	2018	2017
	€	€
As at 1 October	26,729,414	26,623,424
Received during the year	5,377,154	5,649,689
Repaid during the year	(5,519,816)	(5,543,699)
As at 30 September	26,586,752	26,729,414

  

	2018	2017
	€	€
Regular share accounts	11,888,429	12,179,287
Special share accounts	14,698,322	14,550,127
Total	26,586,751	26,729,414





## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 16. MONEY MANAGEMENT ACCOUNTS

	2018	2017
	€	€
As at 1 October	429,301	445,447
Received during the year	609,872	654,847
Repaid during the year	(609,814)	670,993)
As at 30 September	<u>429,359</u>	<u>429,301</u>

### 17. OTHER CREDITORS AND ACCRUALS

	2018	2017
	€	€
Accruals	<u>78,031</u>	<u>61,671</u>

### 18. CREDIT UNION RESERVES

	Regulatory reserve	Distribution reserve	Operational risk reserve	Other	Total
	€	€	€	€	€
At 1 October 2017	3,538,191	-	52,000	2,305,606	5,895,797
Distribution in year	-	(66,729)	-	-	(66,729)
Surplus allocation in year	-	66,729	-	2,090	68,819
Other movement in reserves	-	-	-	(69,343)	(69,343)
At 30 September 2018	<u>3,538,191</u>	<u>-</u>	<u>52,000</u>	<u>2,238,353</u>	<u>5,828,544</u>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 19. FINANCIAL INSTRUMENTS

#### Financial Risk Management

Sundrive Credit Union Limited is a provider of loans and provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to member shares. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing excess fund of the Credit Union.

The main financial risks arising from Sundrive Credit Union Limited's activities are credit risk, market risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### Credit Risk:

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Sundrive Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board of Directors approves Sundrive Credit Union Limited'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. The credit risk on members loans is disclosed in note 19.

The Credit Unions Investments are also exposed to credit risk and Sundrive Credit Union mitigates the risk by only placing investments with financial institutions where the counter parties have strong credit ratings and using investment products authorised by the Central Bank.

#### Liquidity Risk:

Sundrive Credit Union Limited'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 objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Sundrive 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 (regulatory Requirements) Regulations 2016.

#### Market Risk:

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



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### Interest Rate Risk:

Sundrive 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 on investments and members loans when deciding on the dividend rate payable on members' shares and any loan interest rebate.

### Interest rate disclosures

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

	2018		2017	
	Amount	Average Interest Rate	Amount	Average Interest Rate
	€	%	€	%
Financial Assets				
Loans to members	<u>5,821,547</u>	8.73	<u>5,831,937</u>	8.73
The interest rates applicable to loans to members are fixed and range from 6.5% to 10.95%.				
	€	%	€	%
Financial liabilities				
Members Shares	<u>26,586,752</u>	0.25	<u>26,729,414</u>	0.25

The dividend on shares is determined on the basis of income less administrative expenses and, as can be seen above a consistent margin is maintained between interest receivable and dividend on shares. As a result the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

### Liquidity risk disclosure

All Sundrive Credit Union's financial liabilities are repayable on demand. The Credit Union retains, at all times, liquid assets amounting to a minimum of 20% of unattached savings.

### 19.1 LIQUIDITY RISK DISCLOSURE

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

### 20. PENSION SCHEME

Sundrive Credit Union 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 Sundrive Credit Union 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, Sundrive Credit Union 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. Sundrive Credit Union 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 2015 and it certified that the Scheme satisfied the funding standard. Further, the Actuary was reasonably satisfied that as at 28 February 2017 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



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 2018

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, 27.7% 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.

21. RELATED PARTY TRANSACTIONS

Directors, supervisors and staff (i.e. officers) of the Credit Union during the financial year ended 30 September 2018 operated share and loan accounts with the Credit Union. All loans advanced to directors, supervisors and staff are approved in accordance with Section 36(4) Credit Union Act, 1997 (as amended). The following transactions and balances existed with members who were officers during the financial year ended 30 September 2018:

	No. of loans	2018
		€
Loans advanced to Related Parties during the year	42	81,990
Total loans outstanding to Related Parties at the year end	27	102,376
Total provision charge during the year for loans outstanding to Related Parties		2,243

During the year printing services to the value of €3,906 (2017 €3,645) were provided by a company owned by one of the directors of Sundrive Credit Union Limited. The related party loans stated above comprise of loans to members of the board of directors, the management team and members of the family of a member of the board of directors and the management team of Sundrive Credit Union Limited. Total loans outstanding to related parties represents 1.76% of the total loans outstanding at 30 September 2018.

22. INSURANCE AGAINST FRAUD

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

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 2018

23. CAPITAL COMMITMENTS

There have been no significant events affecting the Credit Union since the year-end.

24. POST-BALANCE SHEET EVENTS

There have been no significant events affecting the Credit Union since the year-end.

25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 October 2018.



## SCHEDULES TO THE INCOME & EXPENDITURE ACCOUNT for the year ended 30 September 2018

	2018	2017
	€	€
<b>Other Management Expenses</b>		
Training and seminars	7,550	3,833
Rates payable	6,817	6,697
Board oversight committee expenses	-	308
General insurance	15,802	17,090
Net Loan Protection and Life Savings Insurance	259,225	257,797
Security and cash transit	5,129	4,517
Light and heat	4,435	4,137
Cleaning and hygiene	3,390	3,717
Repairs and renewals	3,786	8,756
Computer and equipment maintenance	36,658	35,127
Printing and stationery	7,589	8,801
Promotion and advertising	5,765	5,381
Telephone and postage	6,844	8,093
AGM expenses	4,779	6,051
Chapter expenses	290	120
Convention expenses	885	125
Travelling and subsistence	935	1,018
Legal and professional fees	32,203	33,758
Debt collection	4,594	734
Risk and compliance costs	6,914	7,605
Audit fee	13,530	15,990
CUSOP costs	19,852	3,261
Bank interest and charges	6,746	7,643
Miscellaneous expenses	7,267	6,378
Cash short	317	138
Donations and sponsorship	3,500	3,700
Affiliation fees	14,294	21,536
Deposit Guarantee Contribution Fund	24,389	24,363
Regulation levy	28,149	31,402
<b>Total</b>	<b>531,634</b>	<b>528,076</b>

## UNAUDITED MANAGEMENT ACCOUNTS for 28th February 2019

### Income and Expenditure Account

	2019
	€
<b>Income</b>	
Interest Income	224,444
Investment Income	
Rec'd/Receivable within 1 year	60,407
Other	
Bad Debts Recovered	30,191
Other Income	3,555
<b>Total revenue</b>	<b>318,597</b>
<b>Expenditure</b>	
Net Loan Protection / Life Savings Insurance	98,783
Salaries and Related Expenses	113,980
Bad Debts Provision	(28,519)
Other Expenses	179,316
Fixed Asset Impairment	236,147
<b>Total expenditure</b>	<b>599,707</b>
<b>YTD Surplus (Deficit)</b>	<b>(281,110 )</b>

### Balance Sheet

	2019
	€
<b>Assets</b>	
Cash and Current Accounts	386,162
Minimum Reserve Deposit Held	139,022
<b>Investments</b>	
Irish and EEA State Securities	
Accounts in Authorised Credit Institutions	24,637,055
Collective Investment Schemes	824,848
Other	700,451
<b>Total Investments</b>	<b>26,162,354</b>
Loans	5,737,289
Less Provision For Bad Debts	(117,003)
Fixed Assets less Depreciation	412,709
Other Assets	66,737
<b>Total Assets</b>	<b>32,787,270</b>
<b>Liabilities</b>	
Members' shares	
Regular	11,833,804
Special	14,936,613
Other Member Funds	439,779
Other Liabilities	29,703
<b>Total Liabilities</b>	<b>27,239,899</b>
<b>Net Worth</b>	<b>5,547,371</b>
 Represented By:	
<b>Reserves</b>	
Regulatory Reserve	3,538,191
Operational Risk Reserve	52,000
Undistributed Surplus Brought Forward	2,017,310
YTD Surplus (Deficit)	(281,110 )
Other Reserves	
Realised	207,641
Unrealised	13,339
<b>Total Reserves</b>	<b>5,547,371</b>



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Capital Credit Union is regulated by the Central Bank of Ireland.

