



Crosshaven Carrigaline

CREDIT UNION LIMITED

Serving the community for over 50 years

Financial Statements



2020

Crosshaven Office
Point Road,
Crosshaven, Co. Cork



Carrigaline Office
Old Waterpark,
Carrigaline, Co. Cork

Tel. (021) 483 1441

Email: info@croscarcu.ie Website: www.croscarcu.ie

Crosshaven Carrigaline Credit Union Limited is regulated by the Central Bank of Ireland



IMPORTANT NOTICE

DUE TO THE CURRENT COVID 19 PANDEMIC AND THE RESTRICTIONS IN PLACE IN RELATION TO THE NUMBER OF PEOPLE WHO CAN MEET IN INDOOR LOCATIONS, AND IN THE BEST INTEREST OF THE HEALTH & SAFETY OF ALL OUR MEMBERS, VOLUNTEERS AND STAFF, CROSSHAVEN/ CARRIGALINE CREDIT UNION LIMITED WILL NOT BE ABLE TO HOLD A PHYSICAL AGM THIS YEAR.

WE WILL HOWEVER, HOLD A VIRTUAL AGM ONLINE ON MONDAY 22ND MARCH 2021 AT 8PM

TO REGISTER YOUR INTEREST IN ATTENDING THE VIRTUAL AGM, IT IS IMPORTANT THAT YOU CONTACT CROSSHAVEN/CARRIGALINE CREDIT UNION ON 0214831441 OR BY EMAIL carrig@croscarcu.ie BY CLOSE OF BUSINESS ON FRIDAY 19TH MARCH 2021

**To allow time for collation and counting, voting will take place before the Virtual AGM.
Each registered member will be sent a unique and secure online link to allow them to vote. This will ensure a secure and accurate election result.
Voting must be completed
by 16:00 on Monday 22nd March 2021**

WE THANK YOU IN ADVANCE FOR YOUR CO-OPERATION AND APOLOGISE FOR ANY INCONVENIENCE CAUSED.



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Standing Orders for Credit Unions for Virtual - Annual General Meeting (ROI)

1. **Voting**

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

Since this year's AGM will be a virtual meeting, voting on motions and elections will be by electronic means. Each member will be given the opportunity to exercise their vote electronically before the meeting.

2. **Election Procedure – Electronic Voting**

Elections to the Board of Directors, to the Board Oversight Committee and the position of Auditor shall be by majority vote and by secret ballot. Due to the fact that this year's AGM will be a virtual meeting, voting on motions and elections will be by electronic means. Voting will take place via electronic means before the virtual AGM. Members must attend the webinar for their vote to be counted. The results will be reviewed by the Tellers and announced by the Chairman.

3 – 4 **Motions**

Due to the specific difficulties we are facing in holding an Annual General Meeting this year due to COVID-19, the purpose of this year's AGM is to deal with the essential business of the credit union. This includes reporting to members on the financial status of the credit union, declare a dividend / interest rebate, and elect officers. While all items in the usual Order of Business will be referenced, there will be less interaction than in person. Members will be welcome to submit questions to the board in advance of the AGM. Questions can also be put forward via the "Q&A" function of Zoom during the AGM. The board will address these during the AGM, and same will be included in the minutes of the AGM.

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

5 – 9 **Miscellaneous**

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

6. The Chairperson may at his/her discretion, extend the privilege of the floor to any person who is not a member.

7. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the Chairperson. At a virtual AGM in the current circumstances, this may not be practical, however, the option may be invoked if required.

8. The Chairperson shall have a second or casting vote in addition to his/her own vote on matters other than voting at elections where there is an equality of votes (Standard Rule 99(1)).

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

10. **Adjournments**

Adjournments of the AGM shall take place only in accordance with sections 81(1) and 80A of the Credit Union Act, 1997 (as amended).

11. We wish to inform you that this meeting is being recorded.

AGENDA

- 1 The acceptance by the board of directors of the authorised representatives of members that are not natural persons.
- 2 Ascertainment that a quorum is present.
- 3 Adoption of Standing Orders.
- 4 Reading and approval (or correction) of the minutes of the last annual general meeting, and any intervening special general meeting.
- 5 Chairman's Report.
- 6 Report of the Board of Directors.
- 7 Declaration of Dividend and Interest Rebate (if any)
- 8 Report of the Auditor and consideration of accounts.
- 9 Report of the Board Oversight Committee.
- 10 Report of the Credit Committee.
- 11 Report of the Credit Control Committee.
- 12 Report of the Marketing Committee.
- 13 Report of the Membership Committee.
- 14 Report of the Nomination Committee.
- 15 Resolutions.
- 16 Appointment of Tellers.
- 17 Election of Auditor.
- 18 Elections to fill vacancies on the Board of Directors.
- 19 Elections to fill vacancies on the Board Oversight Committee.
- 20 Notice of Motion (Amendment to Rules).
- 21 Any other business.
- 22 Announcement of election results.
- 23 Close of Meeting.

NOTICE OF ELECTIONS

Elections will be held to fill the following vacancies:

- The Position of Auditor.
- 4 positions on the Board of Directors
- 2 positions on the Board Oversight Committee

RULE AMENDMENT

Amendment to Standard Rules

That this Annual General Meeting agrees to amend Rule 98 of the Standard Rules of Crosshaven Carrigaline Credit Union Limited by the inclusion of a new sub rule (8) to read as follows;

- “(8) A Credit Union need not hold a general meeting at a physical venue but may conduct the meeting wholly or partly by the use of electronic communications technology as long as all attendees have a reasonable opportunity to participate in the meeting in accordance with this section.”



OFFICERS AND COMMITTEES

BOARD OF DIRECTORS

Chairperson	Sean Roberts
Vice Chairperson	Michael Coniry
Secretary	Jackie O'Herlihy
Directors	Fred Vickery Mary Robinson Michael Coffey Helen De Puis Ronan Kenny Conor Middleton

BOARD OVERSIGHT COMMITTEE

Barry Jenkins
John Buckley
Gabi Keller

BUSINESS ADDRESS

Point Road
Crosshaven
Co. Cork

AUDITOR

Crowley & McCarthy
6th Floor
26/27 South Mall
Cork

BANKERS

Allied Irish Bank Plc
Carrigaline
Co. Cork

SOLICITORS

Brendan O'Sullivan
Solicitor
43 South Mall
Cork

CHAIRPERSON'S REPORT

For the year ended 30th September 2020



I am delighted to welcome you here, to our AGM and to present to you, the members, the Chairman's report for the year ended September 2020. This is a unique AGM in the strangest of times, and therefore we have had to organise this meeting online. We look forward to better times when we can once again meet face to face.

You will see in our balance sheet that your Credit Union continues to be in a strong position. We have once again produced a small surplus, and our reserves are strong. However, the return from our considerable investments remains at an historically low rate and is predicted to remain low for the foreseeable future. Therefore, the main source of income for your Credit Union is, and will be, from our loan book.

Considerable effort continued to be put into promoting, maintaining and growing the loan book over the last year. This resulted in continued growth in the early part of the year. But COVID disrupted our plans. The take up of loans dried up for a while and has been slow since. This has resulted in an overall drop of 2.97% in the loan book over the year. While this might be disappointing in a normal year, it is a significant achievement under the present circumstances. With the vaccine being rolled out, we look forward to a resurgent economy and a return to healthy growth. However, this may take some time. The Board will monitor the situation carefully and if necessary, will take action to protect members' interests.

The Board wishes to take this opportunity to congratulate the Manager and our excellent staff in coping with the unprecedented situation we faced during the year. They managed to continuously provide full service to our members by their dedication and flexibility and indeed managed to improve our online services during the year.

This year the Board are once again not proposing a dividend or rebate. Instead, we are again increasing our reserves as the financial climate continues to be uncertain and investment returns remain low. This will ensure that your Credit Union will remain in a secure position.

Other difficult decisions have also been taken by the Board. Because the Central Bank requires 10% of all shares to be put into reserves, the Board has taken action to limit the balance on share accounts to €20k for adult members.



CHAIRPERSON'S REPORT

At last year's AGM the Board warned that it might be necessary to reduce the Death Benefit Insurance (DBI). The time has come to make this difficult decision due to the cost of the premium at a time when the Credit Union is developing a small surplus. From 1st April 2021, the DBI benefit will be reduced to €1,000. It is only fair to mention that it may be necessary in coming years to eliminate DBI benefit altogether. Members will be informed if this is to happen. From 1st July the Life Saving Insurance will be reduced to €3,000. It is important to emphasise that loan balances will continue to be insured. These decisions will result in a combined savings of €106k.

The Carrigaline office has been closed on Mondays but will continue to open on Saturdays. This means that Crosshaven-Carrigaline Credit Union has offices open five –and-a-half days a week. Services are also available online and by phone.

I would like to take this opportunity to thank our very diligent and hardworking Risk Officer, Keith Winters, our Compliance Officer, Thora Mac Mahon and our Board Oversight Committee, whose advice and supervision is very much appreciated by the Board and who help us in so many ways to carry out our duties.

Looking to the future, because of the continued prudent management of the Credit Union by the present and past Board of Directors, as mentioned above, the Credit Union continues to be in a strong position and we look forward to a return to sustained growth once normal times return.

We wish all our members the best in the coming year. On behalf of the Board, I wish to extend our sympathies to the families and friends of members who died during the year.

Thank you

Seán Roberts
Chairman



DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their report for the financial year ended 30 September 2020.

Principal Activities

The principal activity of Crosshaven/Carrigaline Credit Union Limited is the provision of savings and loans to members in its common bond. The Credit Union manages its members' shares, capital and loans to members so that it earns income from the margin between interest receivable and interest payable.

Authorisations

The Credit Union is authorised as follows:

- Entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.

Business review

The Directors are satisfied with the performance and the financial position of the Credit Union. Total investment income decreased by 11%. The overall loan book decreased by 3% at year end in comparison to the previous year end due to the Covid 19 restrictions imposed throughout the year. The Covid 19 pandemic has had a significant effect on the operations of the Credit Union. There has been a build up of savings together with a low interest rate environment on investments which combined with lower demand for lending has resulted in the transfer to the regulatory reserve for the year being in excess of the surplus for the year.

Principal Risks and Uncertainties

The main financial risks arising from the activities of Crosshaven/Carrigaline Credit Union Limited are credit risk, liquidity risk, interest rate risk and continuous compliance with regulatory and legislative requirements. The Board reviews and agrees policies for managing each of these risks which are summarised at note 19.

Results and Dividends

The results for the year are set out in detail on page 13. The surplus for the financial year amounted to €65,193 (2019: €210,151).

The Directors do not recommend payment of a dividend or a loan interest rebate for the year ended 30th September 2020.

Accounting Records

The Directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997, as amended, with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Credit Union are maintained at the Credit Union's premises at Point Road, Crosshaven, Co. Cork.

Post Balance Sheet Events

There have been no significant events affecting the Credit Union since the balance sheet date.

Auditor

In accordance with the Credit Union Act 1997, as amended, the auditors offer themselves for re-election.

Approved by the board of directors and signed on its behalf by:

Sean Roberts
Director



Michael Coniry
Director



7 December 2020



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 the Income and Expenditure Account of the Credit Union for that period. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and enable them to ensure that the financial statements are prepared in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland, including the standards issued by the Financial Reporting Council, and in particular 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 in the prevention and detection of fraud and other irregularities.

On behalf of the board

Sean Roberts
Chairman

Michael Coniry
Director

7 December 2020

STATEMENT OF BOARD OVERSIGHT COMMITTEE RESPONSIBILITIES

The Credit Union Act 1997, as amended, requires the appointment of a Board Oversight Committee to assess whether the Board of Directors has operated in accordance with Part IV, Part 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 Central Bank in respect of which they are to have regard in relation to the board.

On behalf of the Board Oversight Committee

Barry Jenkins
Chairperson

7 December 2020



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CROSSHAVEN/CARRIGALINE CREDIT UNION LIMITED

Opinion on Financial Statements

We have audited the financial statements of Crosshaven/Carrigaline Credit Union Limited for the year ended 30 September 2020 which comprise the Income And Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and the notes to the financial statements, including the summary of significant accounting policies. The relevant financial reporting framework that has been applied in their preparation is Irish law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council.

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 2020 and of its income and expenditure and cashflows 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 described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the provisions available to small entities, in the circumstances set out in Note 26 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions Relating to Going Concern

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

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

Other information

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

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

We have nothing to report in this regard.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CROSSHAVEN/CARRIGALINE CREDIT UNION LIMITED

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

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the credit union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the credit union or to cease operations, or has no realistic alternative but to do so.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/International-Standards-on-Auditing-\(Ireland\)/ISA-700-\(Ireland\)](http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/International-Standards-on-Auditing-(Ireland)/ISA-700-(Ireland)). This 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.

Crowley & McCarthy

Chartered Accountants and Statutory Audit Firm

6th Floor
26/27 South Mall
Cork

7 December 2020

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Schedule	2020 €	2019 €
Interest on Members' Loans		913,294	844,891
Other Interest Receivable and Similar Income	1	<u>336,520</u>	<u>378,423</u>
Net Interest Income		1,249,814	1,223,314
Other Income	2	<u>20,616</u>	<u>31,791</u>
Total Income		1,270,430	1,255,105
Expenditure			
Employment Costs		328,827	322,427
Other Management Expenses	3	710,285	725,722
Depreciation		51,675	38,947
Net Recoveries on Loans to Members		<u>114,450</u>	<u>(42,142)</u>
Total Expenditure		<u>1,205,237</u>	<u>1,044,954</u>
Surplus for the Year		<u>65,193</u>	<u>210,151</u>

There is no other comprehensive income, other than that passing through the income and expenditure account.

The financial statements were approved, and authorised for issue, by the Board on 7 December 2020 and signed on its behalf by:

Sean Roberts

Sean Roberts
Chairperson

Barry Jenkins

Barry Jenkins
Board Oversight Committee

Sean O'Brien

Sean O'Brien
Manager

**BALANCE SHEET****AS AT 30 SEPTEMBER 2020**

	Notes	2020 €	2019 €
Assets			
Cash and Balances at Bank		1,311,937	2,591,138
Deposits and Investments – Cash Equivalents	8	8,150,150	7,871,070
Deposits and Investments – Other	8	34,257,034	31,990,780
Loans to Members	9	10,148,059	10,458,471
Less: Provision for Bad and Doubtful Debts	10	(659,433)	(559,971)
Tangible Assets	11	873,337	894,932
Prepayments and Accrued Income		<u>172,786</u>	<u>164,080</u>
Total Assets		54,253,870	53,410,500
Liabilities			
Members' Shares	14	46,349,942	45,544,575
Other Liabilities, Creditors, Accruals and Charges	15	<u>44,443</u>	<u>71,632</u>
Total Liabilities		46,394,385	45,616,207
Assets Less Liabilities		<u>7,859,485</u>	<u>7,794,293</u>
Reserves			
Regulatory Reserves		5,626,148	5,538,690
Operational Risk Reserve		242,388	242,388
Other Reserve		22,669	22,669
Retained Earnings		<u>1,968,280</u>	<u>1,990,546</u>
Total reserves		<u>7,859,485</u>	<u>7,794,293</u>

The financial statements were approved, and authorised for issue, by the Board on 7 December 2020 and signed on its behalf by:

Sean Roberts
Chairperson

Barry Jenkins
Board Oversight Committee

Sean O'Brien
Manager

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Retained Earnings €	Regulatory Reserve €	Other Reserve €	Operational Risk Reserve €	Total €
Balance at 1 October 2018	1,940,470	5,378,690	22,593	242,388	7,584,141
Year ended 30 September 2019:					
Surplus and Total Comprehensive Income for the year	210,151	-	-	-	210,151
Transfers to Regulatory Reserve	(160,000)	160,000	-	-	-
Transfers to Reorganisation Reserve	(76)	-	76	-	-
Balance at 30 September 2019	1,990,545	5,538,690	22,669	242,388	7,794,292
Balance at 1 October 2019	1,990,545	5,538,690	22,669	242,388	7,794,292
Year ended 30 September 2020:					
Surplus and Total Comprehensive income for the year	65,193	-	-	-	65,193
Transfers to Regulatory Reserve	(87,458)	87,458	-	-	-
Balance at 30 September 2020	1,968,280	5,626,148	22,669	242,388	7,859,485

Note

- (1) The Regulatory reserve of the Credit Union as a percentage of total assets as at 30th September 2020 was 10.37% (2019: 10.37%).
- (2) In accordance with S45 of the Credit Union Act 1997 (as amended) Crosshaven/Carrigaline Credit Union Limited. has put in place an Operational Risk reserve. The Board has not transferred additional funds to the Operational Risk reserve in the current period, following the completion of an internal process of assessing the level of the reserve required to cover the operational risk within the Credit Union. The Operational Risk reserve as a % of the total assets as at 30th September 2020 was 0.45%. (2019: 0.45%).
- (3) Following commencement of S13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their statutory reserve (now known as the Regulatory reserve) each year has been removed. Notwithstanding this the Board of Crosshaven/Carrigaline Credit Union Limited has transferred €87,458 (2019: €160,000) of its retained earnings to its Regulatory reserve so that the reserve would stand at 10.37% at current year end, in excess of the required limit of 10%.



CASH FLOW STATEMENT

For the year ended 30th September 2020

	2020 €	2020 €	2019 €	2019 €
Cash flows from operating activities				
Members' Loans Repaid		5,676,907		5,657,928
Members' Loans Granted		(5,443,773)		(6,964,641)
Members' Loan Interest Received		913,294		844,895
Investment Interest Received		336,520		378,423
Bad Debts Recovered		62,290		68,271
Operating Expenses		(1,039,112)		(1,048,149)
Other Receipts		20,615		31,785
Increase in Prepayments		(8,706)		(4,664)
Increase/(Decrease) in Other Liabilities, Accruals and Charges		<u>(27,190)</u>		<u>30,333</u>
Net cash flows from operating activities		490,845		(1,005,819)
Cashflows from Investing Activities				
Purchase of Tangible Fixed Assets	(30,079)		(223,949)	
Net Cash Outflow From Managing Liquid Deposits	<u>(2,266,254)</u>		<u>377,948</u>	
Net Cash (Used in)/Generated from Investing Activities		(2,296,333)		153,999
Financing Activities				
Members' Shares Received	18,513,247		19,998,381	
Members' Shares Withdrawn	<u>(17,707,880)</u>		<u>(18,712,356)</u>	
Net Cash Generated from Financing Activities		<u>805,367</u>		<u>1,286,025</u>
Net (Decrease)/Increase in Cash and Cash Equivalents		(1,000,121)		434,205
Cash and Cash Equivalents at Beginning of Year		<u>10,462,208</u>		<u>10,028,003</u>
Cash and Cash Equivalents at End of Year		<u><u>9,462,087</u></u>		<u><u>10,462,208</u></u>
Relating to:				
Cash and Balances at Bank		1,311,937		2,591,138
Deposits and Investments With Original Maturity Within Three Months		<u><u>8,150,150</u></u>		<u><u>7,871,070</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th September 2020

1 Legal and Regulatory Framework

Crosshaven/Carrigaline Credit Union Limited is established under the Credit Union Act 1997, as amended. Crosshaven/Carrigaline Credit Union Limited is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business of the credit union is Point Road, Crosshaven Co. Cork.

2 Accounting Convention and Basis of Preparation

Statement of Compliance and Basis of Preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention. They have been prepared 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 euros, which is the functional currency of the credit union.

Going Concern

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

- Is generating annual surpluses;
- Maintains an appropriate level of liquidity; and
- Has reserves that are currently above the minimum requirements of the Central Bank.

3 Accounting Policies

3.1 Income

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.

Interest on Members' Loans

Interest on loans to members is recognised using the effective interest method, and is calculated and accrued on a daily basis. An approximation of the effective interest rate method is calculated by taking the interest accrual at the reporting period adjusted for any accrual relating to impaired loans.

Investment Income

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

The Credit Union is obliged to maintain certain deposits with the Central Bank to which the credit union has restricted access. The funds on deposit with the Central Bank attract nominal interest. The deposits will not ordinarily be returned to the credit union while it is a going concern. The balances stated are at amounts deposited plus nominal interest earned and are not subject to impairment reviews.

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.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2020

3.2 Tangible Fixed Assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold Premises	2% Reducing Balance
Office equipment	25% Reducing Balance
Fixtures and fittings	25% Reducing Balance
Computer Equipment	33% Reducing Balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

3.3 Impairment of Fixed Assets

Where there is objective evidence that the recoverable amount of an asset is less than its carrying value the carrying amount of the asset is reduced to its recoverable amount resulting in an impairment loss. Impairment losses are recognised immediately in the income and expenditure account, with the exception of losses on previously revalued tangible fixed assets, which are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in reserves, in respect of that asset.

Where the circumstances causing an impairment of an asset no longer apply, then the impairment is reversed through the income and expenditure account, except for impairments on previously revalued tangible assets, which are treated as revaluation increases to the extent that the revaluation was recognised in equity.

The recoverable amount of tangible fixed assets is the higher of the fair value less cost to sell of the asset and its value in use. The value in use of these assets is the present value of the cash flows expected to be derived from those assets. This is determined by reference to the present value of the future cash flows of the credit union which is considered by the directors to be a single cash generating unit

3.4 Cash and Cash Equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

3.5 Financial Instruments

The credit union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the credit union's statement of financial position when the credit union becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2020

3.6 Basic financial assets

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

Loans to Members

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

Investments Held at Amortised Cost

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

3.7 Other Receivables

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

3.8 Impairment of Financial Assets

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

Any impairment losses are recognised in the Income and Expenditure account.

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

Bad and Doubtful Debts

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

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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2020

3.9 Derecognition of Financial Assets

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

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

3.10 Basic Financial Liabilities

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

Financial Liabilities – Members' Shares and Deposits

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

Other Payables

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

3.11 Derecognition of Financial Liabilities

Financial liabilities are derecognised when, and only when, the credit union's obligations are discharged, cancelled, or they expire.

3.12 Taxation

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

3.13 Employee Benefits

Defined Benefit Retirement Plan: Crosshaven/Carrigaline 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 Crosshaven/Carrigaline 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.

Other Employee Benefits: Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

Termination benefits are recognised immediately as an expense when the Credit Union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2020

3.14 Reserves

Retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to members. The retained earnings 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 as a dividend in accordance with the Central Bank direction. All other income is classified as “realised”. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date.

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 and comprise realised financial reserves that are unrestricted and non-distributable. This reserve is similar in nature and replaces the Statutory Reserve which was a requirement of previous legislation.

Operational Risk Reserve

Section 45(5)(a) of the 1997 Act 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 indicative guidance issued by the Central Bank.

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.

3.15 Interest on Members' Deposits and Dividends to Members

Interest on members' deposits

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

Dividends on shares and loan interest rebates

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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2020

3.15 Interest on Members' Deposits and Dividends to Members (continued)

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

- The requirements as set out in the credit union's Liquidity Management Policy;
- Legal and regulatory requirements and guidance, including those relating to liquidity, lending, savings, borrowings and investments;
- The credit union's strategic plan taking account of the funding strategy proposed to support the projected balance sheet structure;
- The current economic climate and business operating environment;
- The nature, scale and complexity of the credit union;
- The risk profile of the credit union including the level of credit and market risk;
- The risk tolerance of the credit union as decided by the directors and set out in the risk management policy; and
- The credit union's policy in relation to the type, maturity and limits for lending, borrowing, savings and investments and pricing strategies for lending and saving.

4 Judgements and Key Sources of Estimation Uncertainty

In the application of the credit union's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The following are the credit union's key sources of estimation uncertainty:

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the credit union has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Impairment of members loans

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 3.8. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed and other external factors such as legal and regulatory requirements. The total amount of members loans and the impairment charge at financial year end is disclosed in notes 9 and 10.

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

Tangible fixed assets represent a significant portion of total assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives, the directors consider technological change, patterns of consumption, physical condition, and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the financial year end is disclosed in note 11.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2020

4 Judgements and Key Sources of Estimation Uncertainty (continued)**Operational risk reserve**

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have developed an approach to the calculation of the operational risk reserve. The operational risk reserve of the credit union at 30 September 2020 was €242,388 (2019: €242,388).

5 Interest on Members' Loans

	2020 €	2019 €
Closing Accrued Loan Interest Receivable	26,378	26,268
Loan interest Received in the Year	913,184	846,297
Opening Accrued Loan Interest Receivable	<u>(26,268)</u>	<u>(27,669)</u>
	<u>913,294</u>	<u>844,896</u>

6 Employees

The average monthly number of persons employed by the credit union during the year was:

	2020 Number	2019 Number
Full Time Employees	3	3
Part Time Employees	<u>9</u>	<u>9</u>
	<u>12</u>	<u>12</u>

Their aggregate remuneration comprised:

	2020 €	2019 €
Wages and Salaries	300,750	300,760
Pension Costs	<u>28,077</u>	<u>21,667</u>
	<u>328,827</u>	<u>322,427</u>

7 Dividend and Interest Rebate

The Directors do not recommend payment of a dividend or loan interest rebate for the year ended 30th September 2020.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30th September 2020

8 Deposits and Investments

The Credit Union holds investments with the following:

	Credit Rating	2020 €	2019 €
Bank Bonds			
Allied Irish Bank	Baa1	-	4,029,754
Santander	A1	2,010,854	2,010,874
Rabo Bank	Aa3	983,216	-
BNP Paribas	A2	999,824	-
Citibank N.A	Aa3	1,515,453	1,505,461
Crédit Agricole	Aa3	1,001,599	-
Nationwide Building Society	A1	500,602	497,595
		<u>7,011,548</u>	<u>8,043,684</u>
Deposits			
Allied Irish Bank PLC	Baa1	20,283	20,283
Bank of Ireland PLC	A2	-	7,061,401
Ulster Bank Ireland DAC	Baa1	3,003,929	3,091,400
KBC Bank Ireland PLC	A1	-	1,705,232
Permanent TSB PLC	Baa2	3,548,329	1,548,469
Investec Bank PLC	A1	1,507,468	2,002,780
Goldman Sachs International Bank	A1	5,038,631	3,018,157
Deutsche Bank	A3	2,517,912	2,518,215
Royal Bank of Scotland PLC	A2	1,004,673	1,004,673
Close Brothers Limited	Aa3	1,000,680	1,000,773
BNP Paribas	A2	1,002,945	1,002,949
BBVA S.A.	A3	2,019,738	2,016,325
Norddeutsche Landesbank Girozentrale	A3	1,001,100	1,001,229
Natwest	Baa2	2,510,592	2,510,860
Barclays PLC	Baa2	7,293,297	1,000,022
Santander	A1	-	1,002,891
Intesa Sanpaolo S.p.a	Baa1	1,000,001	-
Societe Generale	Baa2	1,001,297	-
		<u>33,470,875</u>	<u>31,505,659</u>
Central Bank		<u>1,924,761</u>	<u>312,507</u>
Total Deposits and Investments		<u>42,407,184</u>	<u>39,861,850</u>
Deposits and investments comprise of the following:			
Cash Equivalents (Original Maturity within 3 months)			
Fixed Term Deposits with Banks		<u>8,150,150</u>	<u>7,871,070</u>
Total Cash Equivalents		<u>8,150,150</u>	<u>7,871,070</u>
Other (Original Maturity after 3 months)			
Bank Bonds		7,011,548	8,043,684
Fixed Term Deposits with Banks		26,920,725	23,634,589
Central Bank Minimum Deposits		324,761	312,507
		<u>34,257,034</u>	<u>31,990,780</u>

9 Loans to Members

	2020 €	2019 €
At 1 October	10,458,471	9,177,887
Advanced During the Year	5,443,773	6,964,641
Repaid During the Year	(5,676,907)	(5,657,928)
Loans Reclassified/Impaired During the Year	(77,278)	(26,129)
At 30 September	<u>10,148,059</u>	<u>10,458,471</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2020

10 Provision for Doubtful Debts

	2020 €	2019 €
Opening Provision for Doubtful Debts	559,971	560,060
Increase/(Decrease) in Provision in the Year	99,462	(89)
Closing Provision for Doubtful Debts	659,433	559,971

11 Tangible Fixed Assets

	Freehold buildings €	Office equipment €	Fixtures & fittings €	Computer €	Total €
Cost					
At 1 October 2019	1,118,607	22,502	144,084	430,359	1,715,552
Additions	–	3,454	4,777	21,848	30,079
At 30 September 2020	1,118,607	25,956	148,861	452,207	1,745,631
At 1 October 2019	324,659	17,307	119,930	358,723	820,619
Depreciation Charged in the Year	15,879	1,929	6,279	27,588	51,675
At 30 September 2020	340,538	19,236	126,209	386,311	872,294
Carrying Amount					
At 30 September 2020	778,069	6,720	22,652	65,896	873,337
At 30 September 2019	793,947	5,195	24,154	71,636	894,932

12 Credit risk disclosures

Crosshaven/Carrigaline Credit Union Limited does not offer mortgages. There are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30th September 2020

12 Credit risk disclosures (continued)

	2020 Amount €	2020 Proportion %	2019 Amount €	2019 Proportion %
Not impaired / fully recoverable:				
Total Loans not Impaired	8,121,218	80.02%	8,307,230	79.43%
Individually Impaired				
Not Past Due	786,495	7.75%	973,390	9.31%
Up to 9 Weeks Past Due	832,781	8.21%	761,585	7.28%
Between 10 and 18 Weeks Past Due	122,586	1.21%	124,741	1.19%
Between 19 and 26 Weeks Past Due	68,336	0.67%	64,821	0.62%
Between 27 and 39 Weeks Past Due	52,372	0.52%	62,705	0.60%
Between 40 and 52 Weeks Past Due	61,955	0.61%	22,394	0.21%
53 or more weeks past due	<u>102,316</u>	<u>1.01%</u>	<u>141,605</u>	<u>1.36%</u>
Total Loans	10,148,059	100.00%	10,458,471	100.00%
Bad Debt Provision	<u>(659,433)</u>		<u>(559,971)</u>	
Total Carrying Value	<u>9,488,626</u>		<u>9,898,500</u>	

13 Net Recoveries on Loans to Members

	2020 €	2019 €
Bad Debts Recovered	62,290	68,182
(Increase)/Reduction in Loan Provisions		
During the Year	<u>(99,462)</u>	<u>89</u>
	(37,172)	68,271
Loans Written Off/Reclassified	<u>(77,278)</u>	<u>(26,129)</u>
Net Recoveries on Loans to Members		
Recognised for the Year	<u>(114,450)</u>	<u>42,142</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2020

14 Members' Shares

	2020	2019
	€	€
At 1 October	45,544,575	44,258,549
Received During the Year	18,513,248	19,998,381
Repaid During the Year	(17,707,880)	(18,712,356)
At 30 September	<u>46,349,943</u>	<u>45,544,574</u>

Members' shares are repayable on demand except for shares attached to loans. The breakdown of the shares between attached and unattached is as follows:

	2020	2019
	€	€
Unattached Shares	42,734,710	41,589,304
Attached Shares	<u>3,615,232</u>	<u>3,955,271</u>
	<u>46,349,942</u>	<u>45,544,575</u>

15 Other Liabilities, Creditors, Accruals and Charges

	2020	2019
	€	€
PAYE/PRSI	5,450	10,332
Pension and Other Payroll Accruals	-	254
Creditors and Other Accruals	<u>38,993</u>	<u>61,046</u>
	<u>44,443</u>	<u>71,632</u>

16 Cash and Cash Equivalents

	2020	2019
	€	€
Cash and Current Account Balances	1,311,937	2,591,138
Deposits with Banks and Other Investments	42,407,184	39,861,850
Less: Amounts Invested Originally Maturing After Three Months	<u>(34,257,034)</u>	<u>(31,990,780)</u>
	<u>9,462,087</u>	<u>10,462,208</u>

17 Retirement Benefit Schemes

Crosshaven/Carrigaline 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 Crosshaven/Carrigaline 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, Crosshaven/Carrigaline 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,

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 30th September 2020**

the Scheme could be reasonably expected to satisfy the Minimum Funding Standard by a specified future date (1 March 2019). This funding plan was approved by the Pensions Authority. The Scheme exited the funding plan as scheduled on 1 March 2019 meeting its statutory funding obligations on that date.

As part of the 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.

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. The 2020 actuarial review is underway and is expected to be concluded by 30 November 2020.

The total pension contributions payable by the Credit Union in the year relating to the accounting period amounted to €28,077 (2019: €21,667). Contributions totaling €11,106 (2019: €11,548) were prepaid at the year end and are included in prepayments.

18 Financial instruments

	2020 €	2019 €
Financial assets		
Measured at amortised cost:		
Cash at Bank and in Hand	1,311,937	2,591,138
Deposits and Investments	42,407,184	39,861,850
Loans to Members (Net of Bad Debts Provision)	9,488,626	9,898,499
Prepayments and Accrued Income	172,786	164,080
Total measured at amortised cost	53,380,533	52,515,567
Financial liabilities		
Measured at amortised cost:		
Members' Shares	46,349,942	45,544,575
Other Liabilities, Creditors, Accruals and Charges	44,443	71,632
Total measured at amortised cost	46,394,385	45,616,207

The Credit Union does not hold any financial instruments at fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2020

19 Additional Financial Instruments Disclosures

Financial Risk Management

Crosshaven/Carrigaline Credit Union Limited manages its members' shares and loans to members so that it earns income from the margin between interest receivable and dividends payable. The main financial risks arising from Crosshaven/Carrigaline 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 Crosshaven/Carrigaline Credit Union Limited, resulting in financial loss to the Credit Union.

In order to manage this risk, the Board approves Crosshaven/Carrigaline 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.

Liquidity Risk:

Crosshaven/Carrigaline 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.

All of Crosshaven/Carrigaline Credit Union Limited's financial liabilities are repayable on demand except for some members' shares attached to loans. The Credit Union retains, at all times, liquid assets amounting to a minimum of 20% of unattached savings.

Market Risk:

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

Interest Rate Risk:

Crosshaven/Carrigaline Credit Union Limited'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. Crosshaven/Carrigaline Credit Union Limited does not use interest rate options to hedge its own positions.

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

	2020 Amount €	2020 Average interest rate %	2019 Amount €	2019 Proportion %
Financial Assets				
Loans to members	10,148,059	8.86%	10,458,470	8.61%

Capital

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 reserve is in excess of the minimum requirement set down by the Central Bank and stands at 10.37% of the total assets of the Credit Union at the Balance Sheet date.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30th September 2020

20 Rates of interest charged on Members' Loans (before loan interest rebate)

	Per month	APR
Standard Loan Rate	0.92%	11.46%
Loans Within Shares(Secured)	0.50%	6.16%
Student Loans	0.50%	6.16%
First Time Borrowers Loan	0.58%	7.22%
Community Loans	0.42%	5.13%
Car Loans	0.67%	8.30%
Home Renovation Loans	0.67%	8.30%
Home Energy Loan	0.58%	7.22%

21. Insurance Against Fraud

Crosshaven/Carrigaline Credit Union Limited has insurance against fraud in the amount of €2.6 million in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

22. Post Balance Sheet Events

There have been no significant events affecting the credit union since the balance sheet date.

23. Related Party Transactions

During the year loans amounting to €149,700 (2019: €90,477) were approved for officers/ related parties of the Credit Union. These loans were in accordance with Standard Credit Union Rules. The aggregate amount of loans owed by officers/related parties at 30 September 2020 was €281,960 (2019: €220,521). The aggregate amount of shares held by officers/related parties at 30 September 2020 was €595,753 (2019: €513,927).

Remuneration of Key Management Personnel

Executive Directors and certain senior employees who have authority and responsibility for planning, directing and controlling activities of the credit union are considered to be key management personnel. Total remuneration in respect of these individuals in the year was €87,021 (2019 – €84,465). The Directors of Crosshaven/Carrigaline Credit Union Limited are all unpaid volunteers.

25. Approval of Financial Statements

The directors approved the financial statements on the 7 December 2020

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

1. Other Interest Receivable and Similar Income

	2020 €	2019 €
Income Received at the Balance Sheet Date	179,101	228,300
Income Receivable Within Twelve Months of the Balance Sheet Date	157,419	150,123
Total per Income and Expenditure Account	336,520	378,423

2. Other Income

	2020 €	2019 €
Foreign Exchange Commission	7,814	8,945
ECCU Rebate	–	20,378
Other Income	12,802	2,462
Total per Income and Expenditure Account	20,616	31,785





SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

3. Other Management Expenses

	2020 €	2019 €
Staff Training	5,272	5,170
Rates	6,948	10,639
Share and Loan Insurance	149,993	152,485
Savings Protection Fund	4,860	4,444
General Insurance	17,559	16,535
Death Benefit Insurance	149,709	143,174
Security Costs	19,376	17,873
Power, Light and Heat	3,041	4,944
Repairs and Renewals	7,367	8,271
Computer Running Costs	65,266	56,614
Travelling and Subsistence	1,867	2,859
Chapter Expenses	440	4,013
AGM Expenses	9,704	12,071
Affiliation Fees	18,945	19,238
Regulatory Fees	32,809	40,913
Deposit Guarantee Scheme	50,000	47,087
Legal and Professional Fees	71,277	82,362
Audit Fees	13,516	14,876
Bank Charges	23,507	21,564
Postage and Stationery	25,013	23,071
Promotion and Advertising	17,335	24,510
Telephone	5,016	4,310
Sundry Expenses	11,465	8,699
Total per Income and Expenditure Account	710,285	725,722

REPORT OF THE BOARD OVERSIGHT COMMITTEE

The role of the Board Oversight Committee (hereinafter referred to as the BOC) is to assess whether the Board of Directors (hereinafter referred to as the BOD) of Crosshaven Carrigaline Credit Union Ltd is operating in accordance with the Credit Union Acts 1997, as amended, and any regulation or direction from the Registrar or Central Bank.

The BOC must meet at least once a month, and the BOC must meet the BOD at least 4 times per year to facilitate the carrying out of its role. The BOC may meet more times with the BOD if it wishes. The BOC also ensures that at least one of its members attends every normal meeting of the BOD as an observer. The BOC is also entitled to attend all meetings of Committees within the Credit Union. A BOC shall have 3 or 5 members and works on a voluntary basis. We have 3 BOC members. Associate members, non-voting, are also permitted within our terms of reference so as to allow for succession. Very early in the year our associate member, Gabi Keller, replaced Conor Middleton as a full member of the BOC when Conor joined the BOD. Throughout the year we attended a number of training workshops. We also worked closely with the Compliance and Risk Management Officers and we attended all board meetings as well as a number of subcommittee meetings.

According to the Act, the BOC shall have access, at all times, to the books and documents of the Credit Union. We confirm that the BOD has agreed to all requests by us to access documents.

The BOC may notify the Central Bank of any concern it has that the BOD has not complied with any requirements of the BOC. The BOC shall report to the members of the Credit Union at AGM, and if it thinks fit, at a special general meeting, on whether the BOD has operated in accordance with the Act.

For the year ended 30 September 2020, the BOC wish to report that no matters have come to our attention that indicates the BOD have not complied with the Act, or any regulation or direction of the Registrar or Central Bank.

We extend our thanks to the BOD, Manager, Compliance Officer, Risk Management Officer and all the Staff for their courtesy, assistance and co-operation during the year.

BOARD OVERSIGHT COMMITTEE MEMBERS:

Chairperson: Barry Jenkins

Secretary: John Buckley

Member: Gabi Keller



REPORT OF THE CREDIT COMMITTEE

We, the Credit Committee wish to report work undertaken by us on your behalf for the past year ended September 2020.

A total of 1149 loans were passed totaling €5,424,672.71. This represented a drop of €1,606,767.04 on the previous year which was to be expected during a year of huge uncertainty, a year that no one could have foreseen. As a result of this our overall loan book fell by €310,412.38 to €10,148,058.62.

However, our First Time Borrower Loan is proving very popular and it is very reassuring to see new members joining and borrowing, as the future of our Credit Union depends on the interest received and returns received which at the moment are at an all-time low.

As a committee, we regularly check a sample of loans passed for payments. Our primary consideration is that there is evident capacity to repay the loan.

Our sincere thanks to our Marketing Committee, our Senior Loans Officer and our IT Team for their great commitment over the past year.

I would like to thank my fellow committee members, Jackie O Herlihy and Michael Desmond and all who assisted us over the past year, especially Sean O Brien and Avril Dowling for their ongoing commitment to our Loan book.

We are looking forward to the coming year and we ask you, our members, to choose your Credit Union for all your borrowing needs and help us as we strive to sustainably grow your Credit Union.

Credit Committee Members:

Chairperson: Helen De Puis

Secretary: Michael Desmond

Member: Jackie O Herlihy



REPORT OF THE CREDIT CONTROL COMMITTEE



The Credit Control Committee of Crosshaven Carrigaline Credit Union monitors the loans in arrears in the Credit Union and ensures that all steps are taken to reduce the amount overdue on these loans.

We meet on a monthly basis to discuss these loans. Since last March all of our meetings have been virtual. Our Credit Controller attends these meetings and provides us with reports on member loans which are problematic and not performing in accordance with their agreements. Individual loans are discussed and we agree on a course of action to endeavour to bring the loan back out of arrears. Action can include using a debt collector and, in some instances, when all else fails we have no option but to use legal proceedings. This is not an action that we like to pursue but one that the Credit Union will use to recoup our members money.

This has been a very unusual year for Credit Control. Due to Covid, some special arrangements were put in place at the first lockdown. Most of these members are back paying their loans now again. The Credit Controller helps our members, should they fall into difficulty. We would encourage anyone with financial problems to contact our Credit Controller as quickly as possible to discuss their situation. We can assure members of a friendly and practical approach to help them in their difficulties. We would like to thank Noreen Linehan, our Credit Control Officer, for all her hard work throughout the year.

Bad Debts written off for the year ended 30th September, 2020 amounted to €77,278. Our loans outstanding on that date were €10,148,059. The write off represents 0.76% of total loans.

Bad Debts recovered for the period amounted to €62,290.

Credit Control Committee Members:

Chairperson: Mary Robinson

Secretary: Helena Burke

Member: Michael Coniry



REPORT OF THE MARKETING COMMITTEE

Our Marketing Committee meet on a weekly basis to look at how best to promote our Credit Union and how to support local clubs and community events by sponsorship and donations.

Our activity on social media continued to grow with advertising on Facebook and Instagram and various online competitions being run throughout the year.

Various campaigns were run throughout the year advertising Home Renovations Loans, Car Loans, Personal Loans, Secured Loans and our very popular First Time Borrower Loan.

Loan applications are now taken over the phone with documentation uploaded or emailed in. This is in order to keep both staff and members safe. We would ask our members to consider us for any loans they might need throughout the year with our competitive rates and community values.

Our online facilities were updated with members now being able to transfer money from their Credit Union Accounts online rather than having to come in. The request for pins for online access has increased hugely.

A mail drop was undertaken during the year to our Common Bond, advertising our loan products and online facilities.

2020 was a year like no other and as a result of this our school Credit Unions are temporarily on hold. We look forward to brighter times when we are back in the schools instilling an ethos of saving in the young people of the area.

A special thank you to Dave Mulcahy, our Marketing Officer, for all his hard work throughout the year.

We would like to take this opportunity to wish all our members health and happiness for 2021 and to stay safe.

MARKETING COMMITTEE MEMBERS:

Chairman: Sean O'Brien

Secretary: Avril Dowling

Members: Sean Roberts, Noreen Linehan, Michael Coffey.

REPORT OF THE MEMBERSHIP COMMITTEE

Every Credit Union depends on members for its success and it is most important that its numbers should grow consistently. All applications for membership were examined to ensure that applications were eligible for membership. A person must be resident or employed within the Common Bond to join the Credit Union.

Due to the Covid -19 pandemic, it was decided that the best way forward for members to join was to set up online membership applications. This is proving to be quite successful and also aids in the health and safety of all our members and staff due to the amount of time saved by not completing these applications at the counter with the forthcoming member.

We welcomed 444 new members to our Credit Union this year which brings our total membership at 30th September 2020 to 15382.

Credit Unions are owned by their members. We are a 'not for profit' financial co-operative and any surplus income is returned to our members as a dividend or interest rebate.

We would like to express our appreciation to all Staff and fellow Directors during the past year.

MEMBERSHIP COMMITTEE MEMBERS:

Chairman: Fred Vickery

Secretary: Rita Croghan

Member: Donna Pace





REPORT OF THE NOMINATION COMMITTEE

The Nomination Committee is established by the Board of Directors on an annual basis.

The key Roles of the committee are:

- Identifying suitable candidates to be nominated for appointment to the Board of Directors and informing them of the required time commitment.
- Accepting nominations of candidates proposed to be appointed to the Board of Directors.
- Proposing candidates, for election by a general election, to be members of the Board
- Ensuring that all newly appointed Directors receive adequate induction training within six months of appointment
- Ensuring that there is an appropriate succession plan in place for the Board of Directors.

The Nominations Committee would like to thank the Board members who have worked under very difficult circumstances over the past eleven months during the Covid pandemic.

It is important to remind all of our members that all Directors on the Board (BOD) and Board Oversight Committee are Volunteers.

Your three Board Members proposed by the Nominations Committee for the years 2021, 2022, 2023 are Sean Roberts, Mary Robinson and Conor Middleton.

For the years 2021 and 2022 it is John Buckley.

Sean Roberts is our outgoing Chairman after serving for four years. Due to the Central Bank regulations a Chairman can only serve a maximum term of four years.



REPORT OF THE NOMINATION COMMITTEE (CONTINUED)

On behalf of the Nominations Committee we would like to thank Sean for his hard work through the past four years where he faced some unprecedented challenges.

Mary Robinson is a valued Board Member. Mary brings a lot of experience due to her being a former staff member so is still working on behalf of all members.

Conor Middleton started as a member of the Credit Committee before moving onto the BOC. He then became a Director. Conor is one of the Credit Unions young Board Members which your Credit Union depends on to take it into the future.

John Buckley has been Secretary of the BOC for the last four years. John was co-opted to the Board when Fred Vickery retired on the 31st of December 2020 after many successful years.

John brings a lot of knowledge and experience and in his role on the BOC gained a lot of insights into the work of our Credit union. John will be a great asset to the Board.

The Members going forward for The Board Oversight Committee whose main function is to ensure the BOD are performing their duties are as follows, Gabi Keller for 2021,2022,2023 and Paul Drummond for 2021.

Gabi first joined the BOC as an associate member and was elected a full member in 2020.

Paul Drummond became an associate member of the BOC in 2020. Paul is going forward as a full member in 2021.

Your Credit Union are very fortunate to have Volunteers with such abilities.

The Nominations Committee would like to thank all of our volunteers past and present for ensuring the survival of your Credit Union.

NOMINATION COMMITTEE MEMBERS:

Chairperson: Helen De Puis

Secretary: Conor Middleton

Members: Michael Coffey, Ronan Kenny and Mary Robinson.

WE ARE CURRENTLY LOOKING FOR VOLUNTEERS

Why Volunteer?

Becoming a volunteer means you can:

- gain skills and experience with a professional financial service provider
- **personal development**
- work with fellow members, members of your community and expand your network
- **give something back to your community**
- be part of something that works for the good of our Members and the community at large

For further information, please call into either Crosshaven or Carrigaline offices. You can also make contact with us by calling us at 021 - 4831441 or by emailing us at info@croscarcu.ie. A Volunteer application form can also be found on our website www.croscarcu.ie.



LET'S GO GREEN!!



GO GREEN, GO PAPERLESS & HELP US REDUCE OUR CARBON FOOTPRINT!!

To help Crosshaven Carrigaline Credit Union reduce its Carbon Footprint, we are currently asking members to provide us with their email address, so that we can send obligatory, non-marketing communications (e.g. AGM Notifications) via email.

You can provide your email at either our Crosshaven or Carrigaline office or by logging onto your account and selecting the option to allow you receive statements and EAGM notifications via email.

Further information is available on our website (www.croscarcu.ie)



Crosshaven Carrigaline

CREDIT UNION LIMITED

Serving the community for over 50 years

Crosshaven Office
Point Road,
Crosshaven, Co. Cork



Carrigaline Office
Old Waterpark,
Carrigaline, Co. Cork

Tel. (021) 483 1441

Email: info@croscarcu.ie Website: www.croscarcu.ie

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

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