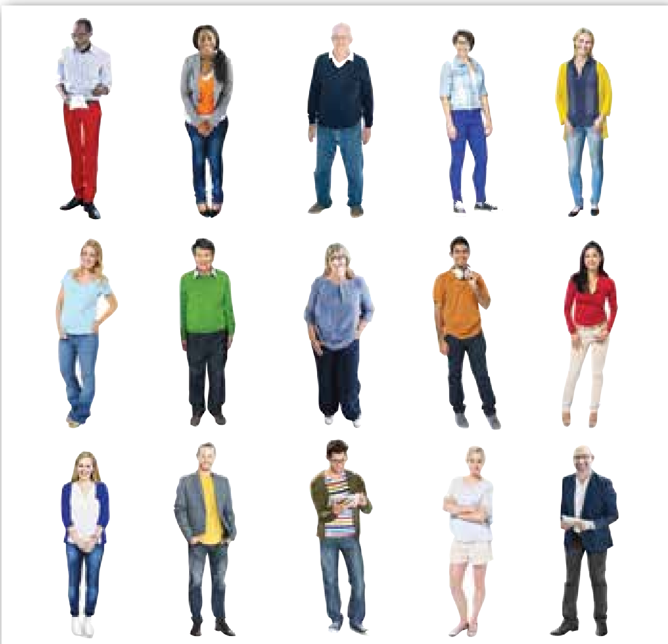
Transfer of Engagements

Clontarf Credit Union Ltd. &
East Wall Credit Union Ltd.
To
Progressive Credit Union Ltd.

Progressive
Credit Union



Progressive Credit Union Ltd. is regulated by the Central Bank of Ireland

Progressive Credit Union

Member Death Benefit Insurance Programme

€3,500 towards your funeral costs

For only €1.00 per week

TERMS AND CONDITIONS APPLY

Progressive Credit Union Ltd. is regulated by the Central Bank of Ireland

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MEMBER INFORMATION

What Does a Transfer of Engagement Mean?

A Transfer of Engagement means that Clontarf Credit Union Limited and East Wall Credit Union Limited will transfer its assets and liabilities to Progressive Credit Union and will in effect, become branches of Progressive Credit Union. Members of Clontarf Credit Union and East Wall Credit Union can continue in exactly the same way as before with the added advantage of access to all of the services, both face to face through the extensive branch network and online that Progressive Credit Union offer. Members savings and loan accounts are unaffected by the transfer.

Why is this Transfer of Engagements necessary?

The Board of Directors of Clontarf Credit Union and East Wall Credit Union have spent considerable time examining how members would be better served. Being a smaller credit union inevitably restricts the range and access to services that they can offer to their members. The decision to seek a Transfer of Engagement was made in order to offer additional services to their members whilst ensuring compliance with all relevant rules and regulations. The transfer will secure the continuation of credit union services to their members.

The Board of Directors of Progressive Credit Union have been committed to mergers as key strategic priority and believe the transfer of the engagements of Clontarf Credit Union and East Wall Credit Union will provide additional opportunity for growth and development.

I am currently a member of Progressive Credit Union. How will this change affect me?

- Members will be able to transact business through a larger branch network and on-line.
- The larger common bond would greatly enhance growth opportunities
- Better efficiency through sharing costs resulting in better value for members

I am currently a member of Clontarf Credit Union Limited or East Wall Union Limited. How will this change affect me?

- It gives you access to a broader range of savings and loans services at competitive rates.
- Progressive Credit Union Limited is a strong, viable and compliant Credit Union with healthy reserves.
- Members will be able to transact business through a larger branch network and on-line.
- The larger common bond would greatly enhance growth opportunities
- Better efficiency through sharing costs resulting in better value for members
- You will receive a new account number and your own personal BIC and IBAN.
- The Free Life Cover on your savings will be €3,000.
- The Free Life cover on your loan will remain the same.
- All members that joined the credit union before the age of 71 will be eligible to join our Members Pay Death Benefit Insurance Scheme subject to terms and conditions.

Do I have to do anything?

Yes, we ask that you attend your Credit Unions Annual General Meeting and vote in favour of the proposed Special Resolutions to proceed with the Transfer of Engagements.

In the meantime, should you have any further queries in relation to the proposal, please email info@progressivecu.ie or call 01 690 1500

What will happen next?

We envisage that the transfers to Progressive Credit Union will complete during 2019, subject to members approval and approval of the Central Bank.

Progressive Credit Union Limited will then write to members of Clontarf Credit Union Limited and East Wall Credit Union Limited advising them of their new account number.

MESSAGE FROM THE CHAIRPERSON OF PROGRESSIVE CREDIT UNION

Dear Member,

I am delighted to inform you that your credit union has been approached by Clontarf Credit Union Limited and East Wall Credit Union Limited to build a lasting alliance. The Boards of Directors of Clontarf Credit Union and East Wall Credit Union have been seeking a partner to enhance the services currently provided by their credit union. Clontarf Credit Union has assets of over €13.6 million and a membership of approximately 4,100. East Wall Credit Union has assets of over €9.2 million and a membership of approximately 2,200.

This coming together of the three credit unions is known as a "Transfer of Engagements" and will, if approved by the members of all credit unions, result in a stronger, vibrant Credit Union with increased membership. We believe that our members' needs can be better served together and the larger asset and membership base will bring increased opportunities for growth and development.

I am confident that the proposal to join forces with Clontarf Credit Union Limited and East Wall Credit Union Limited will strengthen our position and help us to continue to provide an efficient and effective service to all our members.

There will be no impact to the existing members of Progressive Credit Union, you will continue to benefit from the services you have heretofore and will meet the same staff you have always dealt with. You will have access to credit union services through a branch network with a choice of offices, all of which will offer the same friendly, professional service and suite of loan products and financial services.

Members will see no change in the day to day operations of the credit union. Members savings and loan accounts are unaffected by the transfer.

The Board trust that members will share our enthusiasm for this proposal, and we welcome the opportunity of presenting details of this proposed transfer of engagements to you at our Annual General Meeting. In the meantime, should you have any further queries in relation to the proposal, please email

info@progressivecu.ie or call 01 690 1500.

Yours sincerely
FINIAN KILTY
CHAIRMAN

MESSAGE FROM THE CHAIRPERSON OF CLONTARF CREDIT UNION

Dear Member,

I am pleased to confirm that after due consideration by the Board of Clontarf Credit Union we have decided to recommend to you a transfer of our credit union to Progressive Credit Union.

Progressive Credit Union is an amalgamation of Balbriggan, Donabate, Skerries, Howth/Sutton, Baldoyle/Portmarnock, Swords/Rivervalley and The Victory Credit Union in Glasnevin and extended its common bond into Rush and Lusk after the closure of Rush Credit Union.

It is a very strong credit union and I am confident that the proposal to join forces with them will strengthen our position and help to ensure that an efficient and effective service continues to be provided to all our members.

We will become a branch of Progressive Credit Union and will continue to have a physical presence in the area. Members will see no change in the day to day operations of the credit union. Members' savings and loan accounts will be unaffected by the transfer. Most important, members will have access to enhanced financial products and services.

The Board trusts that members will share our enthusiasm for this proposal and we welcome the opportunity to present further details and facilitate a discussion at our AGM. In the meantime, should you have any questions in relation to the proposal, please email clontarfcu@clontarfcu.ie or phone on 01 833 1687.

Yours sincerely
Derek McGrath
Chairperson
On behalf of the Board of Clontarf Credit Union

MESSAGE FROM THE CHAIRPERSON OF EAST WALL CREDIT UNION

Dear Member,

I am pleased to inform you that the Board of Directors of East Wall Credit Union Limited is recommending the transfer of engagements to Progressive Credit Union Limited.

The proposed transfer arises from the belief of the Boards of both Credit Unions that members will be better served together. On completion of the transfer of engagements, the common bond and services of Progressive Credit Union will be extended to all current members of East Wall Credit Union. Members savings and loans will be unaffected by the transfer and initially members will see no significant changes in the day to day operation of the Credit Union.

Progressive Credit Union is an amalgamation of a number of community credit unions with a presence in Balbriggan, Donabate, Skerries, Sutton, Baldoyle, Swords and Glasnevin. It is a vibrant modern member focussed credit union with over 45,000 members across North Dublin.

I am confident that the decision to join forces with Progressive Credit Union will ensure the continued provision of community based credit union services for members, providing good value, modern and accessible services.

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, sub-committees and volunteers of East Wall Credit Union Limited over the years.

Cormac McCarthy
Chair, East Wall Credit Union

PROGRESSIVE CREDIT UNION PROPOSED SPECIAL RESOLUTIONS FOR CONSIDERATION

The Board of Progressive Credit Union Limited are pleased to present the following Special Resolutions to the members for consideration at the annual general meeting to be held on 11 December 2018.

TRANSFER OF ENGAGEMENT FROM CLONTARF CREDIT UNION

This Annual General Meeting of Progressive Credit Union Limited hereby resolves to undertake the Transfer of Engagements of Clontarf Credit Union Limited to Progressive Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

TRANSFER OF ENGAGEMENT FROM EAST WALL CREDIT UNION

This Annual General Meeting of Progressive Credit Union Limited hereby resolves to undertake the Transfer of Engagements of East Wall Credit Union Limited to Progressive Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

JILL KIERNAN
SECRETARY

PROGRESSIVE CREDIT UNION STATEMENT REQUIRED UNDER SECTION 130 OF THE CREDIT UNION ACT 1997 (AS AMENDED)

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

1. The financial position of Progressive Credit Union Limited, Clontarf Credit Union Limited and East Wall Credit Union Limited is set out in the form of
    a. Unaudited Income & Expenditure Account and Balance Sheet as at 30 September 2018
    b. Audited Financial Statements of each Credit Union as at 30 September 2018
2. No payment to the members of Progressive Credit Union Limited or the members of Clontarf Credit Union Limited or East Wall Credit Union Limited is proposed in connection with the Transfer of Engagements
3. Following the Transfer of Engagements, all new loans or amendments to existing loans to the former members of Clontarf Credit Union Limited and East Wall Credit Union Limited will be subject to the current terms and conditions and interest rates of loans due to Progressive Credit Union Limited. Existing Loans to former members of Clontarf Credit Union Limited and East Wall Credit Union Limited will remain subject to their current terms and conditions.
4. The staffs of Progressive Credit Union Limited, Clontarf Credit Union Limited and East Wall Credit Union Limited have been consulted regarding the Transfer of Engagements, with no issues arising.

CLONTARF CREDIT UNION PROPOSED SPECIAL RESOLUTION FOR CONSIDERATION

Proposed Member Special Resolution Regarding Clontarf Credit Union Limited

The Board of Clontarf Credit Union Limited are pleased to present the following Special Resolution to the members for consideration at the Annual General Meeting to be held on 11 December 2018.

TRANSFER OF ENGAGEMENT TO PROGRESSIVE CREDIT UNION

This Annual General Meeting of Clontarf Credit Union Limited hereby resolve to undertake the Transfer of Engagements of Clontarf Credit Union Limited to Progressive Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

ELIZABETH DOYLE
SECRETARY

CLONTARF CREDIT UNION STATEMENT REQUIRED UNDER SECTION 130 OF THE CREDIT UNION ACT 1997 (AS AMENDED)

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

1. The financial position of Progressive Credit Union Limited, Clontarf Credit Union Limited and East Wall Credit Union Limited is set out in the form of
   a. Unaudited Income & Expenditure Account and Balance Sheet as at 30 September 2018
   b. Audited Financial Statements of each Credit Union as at 30 September 2018

2. No payment to the members of Progressive Credit Union Limited or the members of Clontarf Credit Union Limited or East Wall Credit Union Limited is proposed in connection with the Transfer of Engagements

3. Following the Transfer of Engagements, all new loans or amendments to existing loans to the former members of Clontarf Credit Union Limited and East Wall Credit Union Limited will be subject to the current terms and conditions and interest rates of loans due to Progressive Credit Union Limited. Existing Loans to former members of Clontarf Credit Union Limited and East Wall Credit Union Limited will remain subject to their current terms and conditions.

4. The staffs of Progressive Credit Union Limited, Clontarf Credit Union Limited and East Wall Credit Union Limited have been consulted regarding the Transfer of Engagements, with no issues arising.

EAST WALL CREDIT UNION PROPOSED SPECIAL RESOLUTION FOR CONSIDERATION

Proposed Member Special Resolution Regarding East Wall Credit Union Limited

The Board of East Wall Credit Union Limited are pleased to present the following Special Resolution to the members for consideration at the Annual General Meeting to be held on 11 December 2018.

TRANSFER OF ENGAGEMENT TO PROGRESSIVE CREDIT UNION

This Annual General Meeting of East Wall Credit Union Limited hereby resolve to undertake the Transfer of Engagements of Clontarf Credit Union Limited to Progressive Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

THEO DUNNE
SECRETARY

EAST WALL CREDIT UNION STATEMENT REQUIRED UNDER SECTION 130 OF THE CREDIT UNION ACT 1997 (AS AMENDED)

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

1. The financial position of Progressive Credit Union Limited, Clontarf Credit Union Limited and East Wall Credit Union Limited is set out in the form of
   a. Unaudited Income & Expenditure Account and Balance Sheet as at 30 September 2018
   b. Audited Financial Statements of each Credit Union as at 30 September 2018

2. No payment to the members of Progressive Credit Union Limited or the members of Clontarf Credit Union Limited or East Wall Credit Union Limited is proposed in connection with the Transfer of Engagements

3. Following the Transfer of Engagements, all new loans or amendments to existing loans to the former members of Clontarf Credit Union Limited and East Wall Credit Union Limited will be subject to the current terms and conditions and interest rates of loans due to Progressive Credit Union Limited. Existing Loans to former members of Clontarf Credit Union Limited and East Wall Credit Union Limited will remain subject to their current terms and conditions.

4. The staffs of Progressive Credit Union Limited, Clontarf Credit Union Limited and East Wall Credit Union Limited have been consulted regarding the Transfer of Engagements, with no issues arising.

PROGRESSIVE CREDIT UNION LIMITED

Unaudited Income & Expenditure Account

and Balance Sheet as at 30 September 2018

Audited Financial Statements as at 30 September 2018

CLONTARF CREDIT UNION LIMITED

Unaudited Income & Expenditure Account

and Balance Sheet as at 30 September 2018

Audited Financial Statements as at 30 September 2018

EAST WALL CREDIT UNION LIMITED

Unaudited Income & Expenditure Account

and Balance Sheet as at 30 September 2018

Audited Financial Statements as at 30 September 2018

PROGRESSIVE CREDIT UNION LIMITED – UNAUDITED MANAGEMENT ACCOUNTS

30 September 2018

INCOME AND EXPENDITURE ACCOUNT

	€
INCOME	
Interest Income	4,229,975
Investment Income	2,117,283
Bad Debts Recovered	586,062
Other Income	310,224
Total Income	7,243,544
EXPENDITURE	
Loan Protection / Life Savings Insurance	379,442
Salaries and Related Expenses	2,244,445
Bad Debts Written Off	717,221
Bad Debts Provision	(1,035,952)
Other Expenses	2,276,903
Total Expenditure	4,582,059
YTD Surplus	2,661,485

BALANCE SHEET

	€
ASSETS	
Cash and Current Accounts	959,545
Minimum Reserve Deposit Account	1,311,169
Investments	127,048,887
Loans to Members	48,303,686
Less Provision for Bad Debts	(2,672,745)
Fixed Assets Less Depreciation	4,908,477
Other Assets	222,843
Total Assets	180,081,862
Liabilities	
Member Shares	152,289,276
Member Deposits	2,715,179
Other Liabilities	1,030,485
Reserves	
Regulatory Reserve	19,828,922
Operational Risk Reserve	1,302,335
Realised Reserves	2,769,531
Unrealised Reserves	146,134
Total Liabilities & Reserves	180,081,862

DIRECTOR'S REPORT

For the financial year ended 30 September 2018

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2018.

Principal activity

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

Authorisation

The credit union is authorised as follows:

- Insurance/reinsurance intermediary under the European Communities (Insurance Mediation) Regulations, 2005 (as amended).
- Investment Intermediaries (Restricted Activity Investment Product Intermediary) pursuant to Section 26 of the Investment Intermediaries Act, 1995 (as amended).
- Service Providers holding appointments from IIA product producers, including intermediaries that may issue appointments, appearing in the register maintained under Section 31 of the Investment Intermediaries Act, 1995 (as amended).
- Entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.
- To act on behalf of a payment institution in providing payment services.

Business review

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

Dividends

The surplus for the financial year is set out in the income and expenditure account on page 17. The directors are proposing a dividend in respect of the year ended 30 September 2018 of €145,629 (0.10%) (2017: €129,972 (0.10%)).

Principal risks and uncertainties

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

Credit risk

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

Lack of loan demand

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

Market risk

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

Liquidity risk

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

Operational risk

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

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

Credit risk

In order to manage this risk, the board of directors regularly reviews and approves the credit union's lending policy. 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.

Lack of Loan Demand

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

Market Risk

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

Liquidity Risk

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

Operational Risk

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

Accounting records

The directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the credit union are maintained at the credit union's premises at Harper House, 43-45 Dublin Street, Balbriggan, Co. Dublin.

Events after the end of the financial year

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

Auditors

In accordance with Section 115 of the Credit Union Act, 1997 (as amended), the auditors Grant Thornton offer themselves for re-election.

This report was approved by the board on 29 October 2018 and signed on its behalf by:

FINIAN KILTY	**JILL KIERNAN**
Chairperson of the board of directors	**Member of the board of directors**

29 OCTOBER 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

For the financial year ended 30 September 2018

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

In preparing those financial statements the directors are required to:

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

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

This statement was approved by the board on 29 October 2018 and signed on its behalf by:

FINIAN KILTY
JILL KIERNAN
Chairperson of the board of directors
Member of the board of directors
29 October 2018

BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES STATEMENT

For the financial year ended 30 September 2018

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

This statement was approved by the board oversight committee on 29 October 2018 and signed on its behalf by:

MIRIAM KINANE
CHAIRPERSON OF THE BOARD OVERSIGHT COMMITTEE
29 OCTOBER 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROGRESSIVE CREDIT UNION LIMITED

Opinion

We have audited the financial statements of Progressive Credit Union Limited, which comprise the income and expenditure account, the statement of comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2018, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law including the Credit Union Act, 1997 (as amended) and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Practice in Ireland).

In our opinion, Progressive Credit Union Limited's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the credit union's affairs as at 30 September 2018 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by the Credit Union Act, 1997 (as amended)

Based solely on the work undertaken in the course of the audit, we report that:

- we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- in our opinion proper accounting records have been kept by the credit union;
- the financial statements are in agreement with the accounting records of the credit union;
- the financial statements contain all primary statements, notes and significant accounting policies required to be included in accordance with section 111(1)(c) of the Act.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the auditor for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the credit union's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the credit union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

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

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

Denise O'Connell FCA
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Audit Firm
Mill House, Henry Street, Limerick

29 October 2018

INCOME AND EXPENDITURE ACCOUNT

For the financial year ended 30 September 2018

	Schedule	2018 €	2017 €
Income			
Interest on members' loans		4,109,378	3,510,543
Members' deposit and other interest expense and similar charges		-	(2,976)
Other interest and similar income	1	2,117,283	2,808,843
Net interest income		**6,226,661**	**6,316,410**
Other income	2	305,075	831,280
Total income		**6,531,736**	**7,147,690**
Expenditure			
Employment costs		2,244,444	2,004,703
Other management expenses	3	2,307,618	2,582,375
Depreciation		343,576	316,540
Net impairment losses/(gains) on loans to members (note 5)		(1,025,390)	(73,369)
Total expenditure		**3,870,248**	**4,830,249**
Surplus for the financial year		**2,661,488**	**2,317,441**

The financial statements were approved and authorised for issue by the board on 29 November 2018 and signed on behalf of the credit union by:

FINIAN KILTY	**MIRIAM KINANE**	**SEAN STAUNTON**
Member of the board of directors	**Member of the board oversight committee**	**CEO**

29 October 2018

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2018

	2018 €	2017 €
Surplus for the financial year	2,661,488	2,317,441
Other comprehensive income	-	-
Total comprehensive income for the year	**2,661,488**	**2,317,441**

The financial statements were approved and authorised for issue by the board on 29 November 2018 and signed on behalf of the credit union by:

FINIAN KILTY	**MIRIAM KINANE**	**SEAN STAUNTON**
Member of the board of directors	**Member of the board oversight committee**	**CEO**

29 October 2018

The notes on pages 19 to 26 form part of these financial statements.

BALANCE SHEET

As at 30 September 2018

	Notes	2018 €	2017 €
Assets			
Cash and balances at bank		959,543	1,079,647
Deposits and investments – cash equivalents	7	24,780,517	25,247,050
Deposits and investments – other	7	103,579,541	90,600,639
Loans to members	8	48,303,686	45,443,556
Provision for bad debts	9	(2,672,745)	(3,708,697)
Tangible fixed assets	10	4,908,478	4,984,213
Debtors, prepayment and accrued income	11	222,845	219,710
Total assets		**180,081,865**	**163,866,118**
Liabilities			
Members' shares	12	152,289,276	138,075,862
Members' deposits	12	2,715,179	3,439,615
Other liabilities, creditors, accruals and charges	13	982,739	639,292
Other provisions	14	47,746	39,344
Total liabilities		**156,034,940**	**142,194,113**
Reserves			
Regulatory reserve	16	19,828,922	18,028,922
Operational risk reserve	16	1,302,335	1,095,893
Other reserves			
- Realised reserves	16	2,769,534	2,360,685
- Unrealised reserves	16	146,134	186,505
Total reserves		**24,046,925**	**21,672,005**
Total liabilities and reserves		**180,081,865**	**163,866,118**

The financial statements were approved and authorised for issue by the board on 29 October 2018 and signed on behalf of the credit union by:

FINIAN KILTY	**MIRIAM KINANE**	**SEAN STAUNTON**
Member of the board of directors	**Member of the board oversight committee**	**CEO**

29 October 2018

The notes on pages 19 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

For the financial year ended 30 September 2018

	Regulatory reserve	Operational risk reserve	Realised reserves	Unrealised reserves	Total
	€	€	€	€	€
As at 1 October 2016	**16,008,922**	**1,022,374**	**2,429,067**	**158,691**	**19,619,054**
Surplus for the financial year	1,520,000	-	643,785	153,656	2,317,441
Dividends paid	-	-	(112,631)	-	(112,631)
Payments from reserves	-	-	(151,859)	-	(151,859)
Transfer between reserves	500,000	73,519	(447,677)	(125,842)	-
As at 1 October 2017	**18,028,922**	**1,095,893**	**2,360,685**	**186,505**	**21,672,005**
Surplus for the financial year	1,800,000	206,442	623,058	31,988	2,661,488
Dividends paid	-	-	(129,431)	-	(129,431)
Payments from reserves	-	-	(157,137)	-	(157,137)
Transfer between reserves	-	-	72,359	(72,359)	-
As at 30 September 2018	**19,828,922**	**1,302,335**	**2,769,534**	**146,134**	**24,046,925**

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2018 was 11.01% (2017: 11.00%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2018 was 0.72% (2017: 0.67%).

The notes on pages 19 to 26 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2018

	Notes	2018 €	2017 €
Opening cash and cash equivalents		**26,326,697**	**25,181,210**
Cash flows from operating activities			
Loans repaid	8	24,338,258	22,510,571
Loans granted	8	(27,915,609)	(28,976,520)
Interest on members' loans		4,109,378	3,510,543
Members' deposits and other interest expense and similar charges		-	(2,976)
Other interest income and similar income		2,117,283	2,808,843
Bad debts recovered and recoveries		706,659	666,371
Dividend paid		(129,431)	(112,631)
Operating expenses		(4,552,062)	(4,587,078)
Other receipts		305,075	831,280
Other disbursements		(157,137)	(151,859)
Movement in other assets and liabilities		348,714	133,059
Net cash flows from operating activities		**(828,872)**	**(3,370,397)**
Cash flows from investing activities			
Purchase of loan book		-	(5,576,397)
Fixed assets (purchases)/disposals		(267,841)	(955,503)
Net cash flow from other investing activities		(12,978,902)	(8,251,217)
Net cash flows from investing activities		**(13,246,743)**	**(14,783,117)**
Cash flows from financing activities			
Members' savings received		86,528,545	84,865,223
Members' savings withdrawn		(73,039,567)	(65,566,222)
Net cash flow from financing activities		**13,488,978**	**19,299,001**
Net (decrease)/increase in cash and cash equivalents		**(586,637)**	**1,145,487**
Closing cash and cash equivalents	6	**25,740,060**	**26,326,697**

The notes on pages 19 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

1. Legal and regulatory framework

Progressive 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 Harper House, 43-45 Dublin Street, Balbriggan, Co. Dublin.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Statement of compliance

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

2.3 Going concern

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

2.4 Income

Interest on members' loans

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

Deposit and investment income

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

Other income

Other income is recognised on an accruals basis.

2.5 Investments

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

Held at amortised cost

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

Central Bank Deposits

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

Investments at Fair Value

Investments held for trading and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category. Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They are valued at fair value (market value) at the year-end date and all gains and losses are taken to the income and expenditure account.
The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market these assets will be carried at cost less impairment.

2.6 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Premises	2% and 10% straight line per annum
Furniture, fittings and equipment	20% straight line per annum
Computer equipment	33.33% straight line per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains' or 'other losses' in the income and expenditure account.

2. Accounting policies (continued)

2.7 **Impairment of tangible fixed assets**At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income and expenditure account. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure Accounts.

2.8 **Operating leases**

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

2.9 **Taxation**

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

2.10 **Cash and cash equivalents**

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

2.11 **Financial assets – loans to members**

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

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

2.12 **Bad debts provision**

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

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

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

2.13 **Other receivables**

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

2.14 **Financial liabilities – members' shares and member's deposits**

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

2.15 **Members deposits**

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

2.16 **Holiday pay**

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

2.17 **Pension costs**

The Credit Union operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the credit union pays fixed contributions into a separate entity. Once the contributions have been paid the credit union has no further payment obligations.

The contributions are recognised as an expense in the income and expenditure account when they fall due. Amounts not paid are shown in accruals as a liability on the balance sheet. The assets of the plan are held separately from the credit union in independently administered funds.

2.18 **Other payables**

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

2.19 **Derecognition of financial liabilities**

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

2.20 **Distribution policy**

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

The rate of dividend recommended by the board will reflect:

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

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

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

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

2. Accounting policies (continued)

2.21 Regulatory Reserve

The Credit Union Act, 1997 (Regulatory Requirements) Regulations 2016 requires credit unions to establish and maintain a minimum regulatory reserve requirement of at least 10 per cent of the assets of the credit union. This Reserve is to be perpetual in nature, freely available to absorb losses, realised financial reserves that are unrestricted and non-distributable.

2.22 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. Progressive Credit Union Limited uses the Basic Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the operational risk reserve. Therefore Progressive Credit Union Limited will hold an operational risk reserve which will at a minimum equal 15% of the average positive gross income for the previous three years. For any year in which there was a deficit, this will be excluded from the calculation. An additional amount has been included in the operational risk reserve for the Member Personal Current Account Service ("MPCAS") in line with the guidance issued by the Central Bank of Ireland.

2.23 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. The credit union has a community and social responsibility reserve to be used by the credit union for social, cultural and charitable purposes in accordance with section 44 of the Credit Union Act, 1997 (as amended) and this is included in realised reserves. 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. Judgements in applying accounting policies and key source of estimation uncertainty

Preparation of the financial statements requires the directors to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

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

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the year end was €4,908,478 (2017: €4,984,213).

Provision for bad debts

Progressive Credit Union Limited's accounting policy for impairment of loans is set out in the accounting policy in note 2.12. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements. The provision for bad debts in the financial statements at the year end was €2,672,745 (2017: €3,708,697) representing 5.53% (2017: 8.16%) of the total gross loan book.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have developed an approach to the calculation of the operational risk reserve. Progressive Credit Union Limited uses the basic indicator approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the minimum operational risk reserve. An additional amount has been included in the operational risk reserve for the Member Personal Current Account Service ("MPCAS") in line with the guidance issued by the Central Bank of Ireland. The operational risk reserve of the credit union at the year end was €1,302,335 (2017: €1,095,893).

Adoption of going concern basis for financial statements preparation

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

4. Key management personnel compensation

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

	2018 €	2017 €
Short term employee benefits paid to key management	632,367	571,537
Payments to pension schemes	60,647	56,202
Total key management personnel compensation	**693,014**	**627,739**

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

	2018 €	2017 €
Bad debts recovered	(586,062)	(510,144)
Impairment of loan interest reclassed as bad debt recoveries	(120,597)	(156,227)
Movement in bad debt provision during the year	(1,035,952)	110,179
Loans written off	717,221	482,823
Net impairment losses/(gains) on loans to members	**(1,025,390)**	**(73,369)**

6. Cash and cash equivalents

	2018 €	2017 €
Cash and balances at bank	959,543	1,079,647
Deposits & investments (note 7)	128,360,058	115,847,689
Less: Deposit & investment amounts maturing after three months	(103,579,541)	(90,600,639)
Total cash and cash equivalents	**25,740,060**	**26,326,697**

7. Deposits and investments

Deposits and investments – cash equivalents	2018 €	2017 €
Accounts in authorised credit institutions (Irish and non-Irish based)	24,680,517	25,147,050
Other	100,000	100,000
Total deposits and investments – cash equivalents	**24,780,517**	**25,247,050**
	-	-
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	72,800,904	51,312,921
Irish and EEA state securities	15,705,676	12,615,404
Bank bonds	2,000,000	21,857,642
Other	11,761,792	3,554,195
Central Bank deposits	1,311,169	1,260,477
Total deposits and investments – other	**103,579,541**	**90,600,639**
Total deposits and investments	**128,360,058**	**115,847,689**

8. Financial assets – loans to members

	2018 €	2017 €
As at 1 October	45,443,556	32,752,960
Loans arising on purchase of loan book	-	6,707,470
Loans granted during the year	27,915,609	28,976,520
Loans repaid during the year	(24,338,258)	(22,510,571)
Gross loans and advances	**49,020,907**	**45,926,379**
Bad debts		
Loans written off during the year	(717,221)	(482,823)
As at 30 September	**48,303,686**	**45,443,556**

9. Provision for bad debts

	2018 €	2017 €
As at 1 October	3,708,697	2,467,445
Provision arising on loans purchased	-	1,131,073
Movement in bad debts provision during the year	(1,035,952)	110,179
As at 30 September	**2,672,745**	**3,708,697**

The provision for bad debts is analysed as follows:

	2018 €	2017 €
Grouped assessed loans	2,672,745	3,708,697
Provision for bad debts	**2,672,745**	**3,708,697**

10. Tangible fixed assets

	Premises €	Fixtures, fittings and equipment €	Computer equipment €	Total €
COST				
1 October 2017	7,066,958	532,163	271,061	7,870,182
Additions	-	29,296	238,545	267,841
Disposals	-	(15,050)	(45,086)	(60,136)
At 30 September 2018	**7,066,958**	**546,409**	**464,520**	**8,077,887**
DEPRECIATION				
1 October 2017	2,641,058	147,812	97,099	2,885,969
Charge for year	129,749	109,536	104,291	343,576
Disposals	-	(15,050)	(45,086)	(60,136)
At 30 September 2018	**2,770,807**	**242,298**	**156,304**	**3,169,409**
NET BOOK VALUE				
30 September 2018	**4,296,151**	**304,111**	**308,216**	**4,908,478**
30 September 2017	4,425,900	384,351	173,962	4,984,213

11. Prepayments and accrued income

	2018 €	2017 €
Prepayments	62,919	75,834
Other debtors and receivables	35,678	29,730
Loan interest receivable	124,248	114,146
	222,845	**219,710**

12. Members' savings

	2018	2017
	€	€
As at 1 October	141,515,477	122,216,476
Received during the year	86,528,545	84,865,223
Withdrawn during the year	(73,039,567)	(65,566,222)
As at 30 September	**155,004,455**	**141,515,477**

Members' Savings are analysed as follows:

Members' shares	152,289,276	138,075,862
Members' deposits	2,715,179	3,439,615
Total members' savings	**155,004,455**	**141,515,477**

13. Other liabilities, creditors, accruals and charges

	2018	2017
	€	€
Other creditors and accruals	920,269	552,559
Members' draw balance	16,547	40,915
PAYE/PRSI	45,923	45,818
	982,739	**639,292**

14. Other provisions

Holiday pay accrual	2018	2017
	€	€
At 1 October	39,344	21,749
Charged to the income and expenditure account	8,402	17,595
At 30 September	**47,746**	**39,344**

15. Financial instruments

15a. Financial instruments – amortised cost

Financial assets	2018	2017
	€	€
Financial assets measured at amortised cost	**166,497,358**	**152,932,453**

Financial liabilities	2018	2017
	€	€
Financial liabilities measured at amortised cost	**156,034,940**	**142,194,113**

Financial assets measured at amortised cost comprise cash and balances at bank, deposits and investments, loans and other debtors.

Financial liabilities measured at amortised cost comprise member savings, creditors and accruals and provisions.

15b. Financial instruments – fair value measurements

FRS 102 requires fair value measurements to be disclosed by the source of inputs, using a three level hierarchy:

- Quoted prices for identical instruments in active market (level 1);
- Prices of recent transactions for identical instruments and valuation techniques using observable market data (level 2), and
- Valuation techniques using unobservable market data (level 3).

The table below sets out fair value measurements using the fair value hierarchy:

At 30 September 2018	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in Authorised Credit Institutions	5,507,415	-	5,507,415	-
Bank bonds	2,000,000	-	2,000,000	-
Other	3,654,192	-	3,654,192	-
Total	**11,161,607**	**-**	**11,161,607**	**-**

At 30 September 2017	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in Authorised Credit Institutions	5,813,974	-	5,813,974	-
Other	3,654,196	-	3,654,196	-
Total	**9,468,170**	**-**	**9,468,170**	**-**

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2018 (2017: €Nil).

16. Reserves

	Balance 01/10/17 €	Payment of dividends €	Payments from reserves €	Appropriation of current year surplus €	Transfers between reserves €	Balance 30/09/18 €
Regulatory reserve	**18,028,922**	**-**	**-**	**1,800,000**	**-**	**19,828,922**
Operational risk reserve	**1,095,893**	**-**	**-**	**206,442**	**-**	**1,302,335**
Other reserves						
Realised						
General reserve	2,025,375	-	-	177,429	72,900	2,275,704
Special reserve: proposed dividends	129,972	(129,431)	-	145,629	(541)	145,629
Future dividend reserve	-	-	-	100,000	-	100,000
Community and social responsibility reserve	205,338	-	(157,137)	200,000	-	248,201
Total realised reserves	**2,360,685**	**(129,431)**	**(157,137)**	**623,058**	**72,359**	**2,769,534**
Unrealised						
Interest on loans reserve	114,146	-	-	10,102	-	124,248
Investment income reserve	72,359	-	-	21,886	(72,359)	21,886
Total unrealised reserves	**186,505**	**-**	**-**	**31,988**	**(72,359)**	**146,134**
Total reserves	**21,672,005**	**(129,431)**	**(157,137)**	**2,661,488**	**-**	**24,046,925**

17. Credit risk disclosures

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

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

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

	2018 €	2018 %	2017 €	2017 %
LOANS NOT IMPAIRED				
Total loans not impaired, not past due	45,197,555	93.57%	37,430,066	82.37%
IMPAIRED LOANS:				
Not past due	885,499	1.84%	1,547,532	3.40%
Up to 9 weeks past due	339,354	0.70%	3,717,378	8.18%
Between 10 and 18 weeks past due	528,515	1.09%	589,518	1.30%
Between 19 and 26 weeks past due	199,422	0.41%	414,625	0.91%
Between 27 and 39 weeks past due	323,242	0.67%	464,445	1.02%
Between 40 and 52 weeks past due	168,922	0.35%	423,066	0.93%
53 or more weeks past due	661,177	1.37%	856,926	1.89%
Total impaired loans	3,106,131	6.43%	8,013,490	17.63%
TOTAL LOANS	**48,303,686**	**100.00%**	**45,443,556**	**100.00%**

18. Related party transactions

	2018 No. of loans	2018 €	2017 No. of loans	2017 €
Loans advanced to related parties during the year	15	138,432	22	130,550
Total loans outstanding to related parties at the year end	21	253,048	28	280,922
Total provision for loans outstanding to related parties		3,009		12,631

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 members of the board of directors and the management team of Progressive Credit Union Limited.

Total loans outstanding to related parties represents 0.52% of the total loans outstanding at 30 September 2018 (2017: 0.62%).

19. Additional financial instruments disclosures

19a. Financial risk management

Progressive 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 Progressive Credit Union Limited's activities are credit risk, market risk, liquidity risk and interest rate risk. The board of directors reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves Progressive Credit Union Limited's lending policy. 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.

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

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

Interest rate risk: Progressive Credit Union Limited's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. Progressive Credit Union Limited reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable.

19b. Liquidity risk disclosures

The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The credit union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in regulatory requirements.

19c. Interest rate risk disclosures

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

	2018 €	2018 Average interest rate %	2017 €	2017 Average interest rate %
Gross loans to members	48,303,686	8.93%	45,443,556	9.14%

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

20. Dividends

The following distributions were paid during the year:

	2018 %	2018 €	2017 %	2017 €
Dividend on shares	0.10%	129,431	0.10%	112,631

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

	2018 %	2018 €	2017 %	2017 €
Dividend on shares	0.10%	145,629	0.10%	129,972

21. Events after the end of the financial year

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

22. Insurance against fraud

The credit union has Insurance against fraud in the amount of €5,200,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

23. Capital commitments

There were no capital commitments at 30 September 2018.

24. Contingent liabilities

24a. There is a contingent liability included in the letter of authority held by Bank of Ireland with regard to a VISA Business Card 12/2008 in the sum of €22,500 and Electronic Funds Transfer in the sum of €40,000.

24b. There is a possible contingent liability at 30 September 2018 relating to a HR matter. The outcome of this matter is not known, however the credit union expect that any potential liability, if any, arising therefrom may be covered by its policy of insurance.

24c. In September 2018, the Registry of Credit Unions advised all credit unions of a potential matter in relation to accrued interest outstanding on certain top-up loans which may have led to a potential over-collection of interest. The credit union has commenced a review to ascertain whether any top-up loans made to members might be impacted by these circumstances, and if so, to determine what actions may need to be taken. Consequently it is impracticable at this time to estimate the impact, financial or otherwise, if any, of this matter and whether any net amounts will become payable or not in the future.

25. Leasing commitments

The credit union entered into a three month lease on 17 September 2018 with a break clause of one month's notice after the initial 3 months. At 30 September 2018 the credit union had future minimum lease payments as follows:

	2018	2017
	€	€
Less than 1 year	5,536	-
At 30 September	**5,536**	**-**

26. Comparative information

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

27. Approval of financial statements

The board of directors approved these financial statements for issue on 29 October 2018.

SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT

For the financial year ended 30 September 2018

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditors' report on pages 15 to 16.

SCHEDULE 1 – OTHER INTEREST INCOME AND SIMILAR INCOME

	2018 €	2017 €
Investment income received/receivable within 1 year	1,603,736	1,803,541
Gains on sale of investments	491,661	965,792
Investment income receivable outside of 1 year	21,886	39,510
Total per income and expenditure account	**2,117,283**	**2,808,843**

SCHEDULE 2 – OTHER INCOME

	2018 €	2017 €
ECCU refund	56,596	73,206
Commission and fees	39,769	29,592
Rental income	27,000	25,000
ILCU capital contribution	181,710	529,000
Profit on disposal of fixed assets	-	174,482
Total per income and expenditure account	**305,075**	**831,280**

SCHEDULE 3 – OTHER MANAGEMENT EXPENSES

	2018 €	2017 €
Affiliation fees	57,778	59,827
Savings protection scheme	13,178	37,242
Education and training	34,149	33,001
Rent and rates	70,067	68,723
General insurance	67,677	58,638
LP/LS insurance	379,442	430,792
AGM and convention expenses	48,490	53,060
Light and heat	44,690	42,703
Risk, internal audit and compliance	57,745	78,560
Office cleaning	29,878	26,749
Repairs and maintenance	83,491	126,154
Printing and stationery	59,043	73,083
Advertising and marketing	88,090	99,038
Postage	42,003	46,113
Telephone	20,179	25,384
Computer maintenance	322,822	269,427
Legal and professional fees	295,449	259,549
Audit fee	39,975	39,975
Bank charges	92,928	91,916
Office administration and general expenses	163,257	131,764
Regulatory levies	279,909	322,587
Lease payments	2,768	-
Restructuring and rationalisation costs	-	38,329
50th anniversary	-	29,761
Product development	14,610	140,000
Total per income and expenditure account	**2,307,618**	**2,582,375**

CLONTARF CREDIT UNION – UNAUDITED MANAGEMENT ACCOUNTS

30 September 2018

INCOME AND EXPENDITURE ACCOUNT

	€
INCOME	
Interest Income	239,436
Investment Income	42,199
Bad Debts Recovered	28,612
Other Income	1,535
Total Income	311,782
EXPENDITURE	
Loan Protection / Life Savings Insurance	45,395
Salaries and Related Expenses	102,107
Bad Debts Written Off	74,505
Bad Debts Provision	(74,063)
Other Expenses	164,952
Total Expenditure	312,896
YTD Deficit	(1,114)

BALANCE SHEET

	€
ASSETS	
Cash and Current Accounts	446,379
Investments	10,735,105
Loans to Members	1,928,503
Less Provision for Bad Debts	(194,631)
Fixed Assets Less Depreciation	708,386
Other Assets	38,906
Total Assets	13,662,648
Liabilities	
Member Shares	11,721,232
Other Liabilities	35,819
Reserves	
Regulatory Reserve	1,366,265
Operational Risk Reserve	60,000
Realised Reserves	479,32
Total Liabilities & Reserves	1,366,265
Realised Reserves	60,000
Unrealised Reserves	479,32
Total Liabilities & Reserves	13,662,648

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 September 2018.

Principal Risks and Uncertainties

The principal risks and challenges facing this credit union are loan default; not lending a sufficient proportion of funds so that too much of the credit union's resources are tied up in investment products; poor performance of investments; the risk that we will not have sufficient cash resources to meet day to day running costs and repay members savings when demanded (liquidity risk). These risks are managed by the credit union board so as to achieve an acceptable balance of growth and security for members' resources.

Business Review

Both the level of the business and the year end financial position were satisfactory. No significant change in the context of the credit union's activities is expected in the foreseeable future. A detailed review of the activities of the credit union will be presented in the officer and committee reports to be presented at the Annual General Meeting.

Accounting Records

The directors believe that they comply with the requirements of Section 108 of the Credit Union Acts, 1997 - 2012 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 3 Churchgate Avenue, Clontarf, Dublin 3.

Post Balance Sheet Events

The Credit Union is at an advanced stage of discussions with another Credit Union in relation to a possible transfer of engagement in the foreseeable future. There were no other events since the year end that are required to be disclosed in the financial statements.

Auditors

The auditors, McInerney Saunders, have indicated their willingness to continue in office in accordance with Section 115 of the Credit Union Act, 1997 (as amended).

Approved on behalf of the Board of Directors

Member of the Board of Directors	**Aileen Morrissey**
Member of the Board of Directors	**Elizabeth Doyle**
Date	**7 November 2018**

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". They are responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps 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 and to establish that the Credit Union's auditor is aware of that information.

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 the Board Oversight Committee	**Hilda Wynne**
Date	**7 November 2018**

INDEPENDENT AUDITOR'S REPORT

to the Members of Clontaf Credit Union Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Clontarf 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 results 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.

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

As explained more fully in the Statement of Directors' Responsibilities as set out on page 29, 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 the 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 Acts 1997 – 2012. 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.

MCINERNEY SAUNDERS
Chartered Accountants and Statutory Audit Firm
38 Main Street
Swords
Co. Dublin

Date: 7 November 2018

INCOME & EXPENDITURE ACCOUNT

for the year ended 30 September 2018

	Notes	2018 €	2017 €
Income			
Interest on members' loans	4	**239,436**	275,105
Investment income	5	**42,199**	40,412
Net interest income		**281,635**	315,517
Other income	7	**1,534**	1,627
Total income		**283,169**	317,144
Expenditure			
Employment costs		**102,107**	105,171
Other management expenses (Schedule 1)		**191,321**	205,300
Depreciation		**19,026**	18,225
Net (recoveries) or losses on loans to members	11.4	**(28,170)**	(31,961)
Total expenditure		**284,284**	296,735
Deficit of income over expenditure		**(1,115)**	20,409
Total comprehensive income		**(1,115)**	20,409

The financial statements were approved, and authorised for issue, by the Board on 7 November 2018 and signed on its behalf by;

Member of the Board of Directors	**Elizabeth Doyle**
Member of the Board Oversight Committee	**Hilda Wynne**
C.E.O.	**Imelda Orange**
Date	**7 November 2018**

BALANCE SHEET

for the year ended 30 September 2018

	Notes	2018 €	2017 €
Assets			
Cash and cash equivalents	9	**446,379**	1,057,311
Tangible fixed assets	10	**708,386**	724,983
Loans to members	11	**1,928,503**	2,172,562
Provision for bad debts	11	**(194,631)**	(268,693)
Prepayments and other debtors	12	**38,906**	40,275
Fixed term deposit accounts		**7,804,220**	8,065,025
Cash and short term deposits		**2,930,885**	1,317,266
Total Assets		**13,662,648**	13,108,729
Liabilities			
Members' shares	13	**11,721,232**	11,139,208
Deposit interest due to members		**-**	17,125
Trade creditors and accruals	14	**25,293**	33,694
Other creditors	14	**10,526**	11,990
Total Liabilities		**11,757,051**	11,202,017
Net Assets		**1,905,597**	1,906,712
Members' Resources			
Regulatory reserve		**1,366,265**	1,347,501
Dividend reserve		**36,157**	36,157
Other reserves		**503,175**	523,054
Total Members' Resources		**1,905,597**	1,906,712

Approved on behalf of the Credit Union Board

Member of the Board of Directors	**Elizabeth Doyle**
Member of the Board Oversight Committee	**Hilda Wynne**
C.E.O.	**Imelda Orange**
Date	**7 November 2018**

STATEMENT OF CHANGES IN RESERVES

for the year ended 30 September 2018

	Regulatory reserve €	Dividend reserve €	Other reserve €	Operational Risk reserve €	Total €
At 1 October 2016	1,347,501	82,974	442,645	60,000	1,933,120
Dividends paid during the year	-	(46,817)			(46,817)
Surplus allocation in year	-	-	20,409	-	20,409
At 30 September 2017	**1,347,501**	**36,157**	**463,054**	**60,000**	**1,906,712**
At 1 October 2017	1,347,501	36,157	463,054	60,000	1,906,712
Deficit allocation in year	-	-	(1,115)	-	(1,115)
Transfer to Regulatory reserve	18,764	-	(18,764)	-	-
At 30 September 2018	**1,366,265**	**36,157**	**443,175**	**60,000**	**1,905,597**

In accordance with section 45 of the Credit Union Act 1997 (as amended) Clontarf Credit Union Limited put in place an Operational Risk Reserve. The Operational Risk Reserve as a percentage of total assets at 30 September 2018 was 0.44% (2017: 0.46%).

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. The Regulatory Reserve of the Credit Union as a percentage of total assets at 30 September 2018 was 10.00% (2017: 10.28%).

Approved on behalf of the Board of Directors

Aileen Morrissey

Elizabeth Doyle

Date: 7 November 2018

STATEMENT OF CASH FLOWS

for the year ended 30 September 2018

	2018 €	2017 €
Opening cash and cash equivalents	**2,374,577**	5,820,138
Cash flows from operating activities		
Loans repaid	**1,121,201**	1,334,540
Loans granted	**(1,084,426)**	(1,346,973)
Loan interest received	**239,436**	275,105
Investment income	**18,253**	21,755
Other income received	**25,481**	20,284
Bad debts recovered	**28,612**	20,563
Dividends paid	**-**	(46,817)
Operating expenses	**(293,428)**	(310,471)
Movement in other assets	**1,369**	5,233
Movement in other liabilities	**(9,865)**	8,972
Movement in provisions	**(17,125)**	17,125
Net cash generated from/(used in) operating activities	**29,508**	(684)
Cash flows from investing activities		
Tangible fixed assets	**(2,429)**	(960)
Net cash flow from other investing activities	**260,805**	(3,880,799)
Net cash generated from/(used in) investing activities	**258,376**	(3,881,759)
Cash flows from financing activities		
Members' shares received	**3,823,062**	3,610,842
Members' shares withdrawn	**(3,108,259)**	(3,173,960)
Net cash generated from financing activities	**714,803**	436,882
Net increase/(decrease) in cash and cash equivalents	**1,002,687**	(3,445,561)
Cash and cash equivalents at end of financial year	**3,377,264**	2,374,577

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

1. LEGAL AND REGULATORY FRAMEWORK

Clontarf 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 3 Churchgate Avenue, Clontarf, Dublin 3.

2. ACCOUNTING POLICIES

The following principal accounting policies have been applied;

Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland). The financial statements are prepared on the historical cost basis.

Currency

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

Going concern

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

The Credit Union's investments are valued at amortised cost, and uses the effective interest method to recognise investment income.

(iii) Other income

Other income receivable in connection to specific transactions is recognised when the transactions are completed.

Dividends

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.

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

- the risk profile of the Credit Union, particularly in its loan and investment portfolios;
- the Board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend and loan interest rebate expectations;

all dominated by prudence and the need to sustain the long-term welfare of the Credit Union.

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

The Credit Union accounts for dividends when members ratify such payments at the Annual General Meeting.

Investments

Cash and short-term deposits

These are valued at the deposit amount plus any accrued interest and interest income is recognised in the statement on an accruals (time) basis.

Fixed-term deposit accounts

Term deposits 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.

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.

Fixed interest investment bonds

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.

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	50 years straight line
Fixtures, fittings and equipment	3 to 5 years straight line

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure account.

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 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.

Impairment of financial assets

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

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

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

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

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

Basic financial liabilities

Members' shares

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.

Members' shares are redeemable and therefore are classified as financial liabilities.

Other creditors

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.

De-recognition of financial liability

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

Holiday pay

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

Reserves

Regulatory reserve

The Credit Union 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 1997 Act requires each Credit Union to maintain an additional reserve that it 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 to the sophistication of the business model. The definition of operational risk is the 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 and provided a reserve of €60,000. This represents 0.44% (2017: 0.46%) of total assets.

Other reserves

The Credit Union has established a dividend reserve which is made up of amounts set aside for the payment of dividends in future years.

Other reserves are the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the Regulatory, Operational Risk or Dividend reserves.

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 the 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.

Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 2. 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 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 ("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.

4. INTEREST ON MEMBERS' LOANS

	2018	2017
	€	€
Closing accrued interest receivable	6,617	8,854
Loan interest received in year	241,673	266,251
Opening accrued loan interest receivable	(8,854)	-
	239,436	275,105

5. OTHER INTEREST INCOME AND SIMILAR INCOME

	2018	2017
	€	€
Investment income received	18,253	21,755
Other interest received	23,946	18,657
	42,199	40,412

6. INTEREST PAYABLE AND DIVIDENDS

Dividends

The following distributions were made during the year:

	2018	2018	2017	2017
	%	€	%	€
Dividends on shares	-	-	0.25	46,817

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

Proposed dividends

At the year-end the Board has allocated the amount of €36,157 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 is as follows:

	2018	2018	2017	2017
	%	€	%	€
Dividends on shares	-	-	-	-

7. OTHER INCOME

	2018	2017
	€	€
Entrance fees	1,535	1,627
	1,535	1,627

8. KEY MANAGEMENT PERSONNEL

The directors of Clontarf Credit Union Limited are all unpaid volunteers. See below total compensation to key management personnel, which includes the CEO and one other senior staff member.

	2018	2017
	€	€
Management personnel compensation	77,358	80,760

9. 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	446,379	1,057,311
Deposits and investments	2,930,885	1,317,266
	3,377,264	2,374,577

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

10. TANGIBLE FIXED ASSETS

	Land and buildings freehold	Fixtures, fittings and equipment	Total
	€	€	€
Cost			
At 1 October 2017	750,000	154,754	904,754
Additions	-	2,429	2,429
At 30 September 2018	750,000	157,183	907,183
Depreciation			
At 1 October 2017	45,000	134,771	179,771
Charge for the year	15,000	4,026	19,026
At 30 September 2018	60,000	138,797	198,797
Net book value			
At 30 September 2018	**690,000**	**18,386**	**708,386**
At 30 September 2017	705,000	19,983	724,983

11. LOANS TO MEMBERS - FINANCIAL ASSETS

11.1 LOANS TO MEMBERS

	Notes	2018	2017
		€	€
As at 1 October		**2,172,562**	2,371,620
Advanced during the year		**1,084,426**	1,346,973
Repaid during the year		**(1,121,201)**	(1,334,540)
Non-cash movement in the year		**(132,779)**	(128,012)
Loans written off		**(74,505)**	(83,479)
Gross loans to members	**11.2**	**1,928,503**	2,172,562
Impairment allowances			

The provision for bad debts is analysed as follows;

Individually significant loans		**(73,242)**	(128,104)
Collectively assessed loans		**(121,389)**	(140,589)
Loan provision	**11.3**	**(194,631)**	(268,693)
As at 30 September	**11.2**	**1,733,872**	1,903,869

11.2 CREDIT RISK DISCLOSURES

	2018	2018	2017	2017
	€	%	€	%
Gross loans not impaired				
Not past due	**1,587,849**	**82.00**	1,665,890	77.00
Gross loans individually impaired				
Up to 9 weeks past due	**77,107**	**4.00**	91,492	4.00
Between 10 and 18 weeks past due	**3,915**	**0.20**	33,197	2.00
Between 19 and 26 weeks past due	-	-	16,601	1.00
Between 27 and 39 weeks past due	**8,538**	**0.60**	23,667	1.00
Between 40 and 52 weeks past due	**3,301**	**0.20**	4,831	-
53 or more weeks past due	**247,793**	**13.00**	336,884	15.00
Total	**340,654**	**18.00**	506,672	23.00
Total gross loans	**1,928,503**	**100.00**	2,172,562	100.00

	2018	2017
	€	€
Impairment allowance		
Individually significant loans	**(73,242)**	(128,104)
Collectively assessed loans	**(121,389)**	(140,589)
Total	**1,733,872**	1,903,869

Factors that are considered in determining whether loans are impaired are disclosed in Note 3, dealing with estimates and judgement.

11.3 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2018	2017
	€	€
As at 1 October	**268,693**	363,570
Allowances reversed during the year	**(74,062)**	(94,877)
(Decrease) in loan provision during the year	**(74,062)**	(94,877)
As at 30 September	**194,631**	268,693

11.4 NET RECOVERIES OR LOSSES RECOGNISED FOR THE YEAR

	2018	2017
	€	€
Bad debts recovered	**(28,612)**	(20,563)
Decrease in bad debt provision	**(74,063)**	(94,877)
	(102,675)	(115,440)
Loans written off	**74,505**	83,479
Net (recoveries)/losses on loans to members recognised for the year	**(28,170)**	(31,961)

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

12. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2018 €	2017 €
Prepayments	**38,906**	40,275

13. MEMBERS' SHARES - FINANCIAL LIABILITIES

	2018 €	2017 €
As at 1 October	**11,139,208**	10,830,338
Received during the year	**3,823,062**	3,610,842
Repaid during the year	**(3,108,259)**	(3,173,960)
Members' shares non-cash movement	**(132,779)**	(128,012)
As at 30 September	**11,721,232**	11,139,208

14. OTHER CREDITORS AND ACCRUALS

	2018 €	2017 €
PAYE/PRSI	**10,526**	11,990
Accruals	**25,293**	33,694
	35,819	45,684

15. FINANCIAL INSTRUMENTS

Clontarf 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 Clontarf 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 Clontarf Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board of Directors approves Clontarf 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: Clontarf 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. Clontarf Credit Union Limited conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore Clontarf Credit Union Limited is not exposed to any form of currency risk or other price risk.

15.1 LIQUIDITY RISK DISCLOSURE

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

16. 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	6	**33,900**
Total loans outstanding to Related Parties at the year end	12	**54,695**
Total share balances held by Related Parties at the year end		**182,262**

Total loans outstanding to related parties represent 2.10% (2017: 1.91%) of total loans.

17. INSURANCE AGAINST FRAUD

The Credit Union has insurance against Fraud in the amount of €1,300,000 (2017: €1,300,000) in compliance with section 47 of the Credit Union Act, 1997 (as amended).

18. CAPITAL COMMITMENTS

The Credit Union had no material capital commitments at the year-ended 30 September 2018.

19. POST-BALANCE SHEET EVENTS

The Credit Union is at an advanced stage of discussions with another Credit Union in relation to a possible transfer of engagement in the foreseeable future. There were no other events since the year end that are required to be disclosed in the financial statements.

20. CONTINGENT LIABILITY

The Registry of Credit Unions informed credit unions in the Republic of Ireland on 17 September 2018 that it had become aware of a potential matter that may impact certain credit unions in respect of accrued interest outstanding on loans where additional credit is extended to a member by way of a top-up-loan, which could potentially result in over-collection of interest. The Registry of Credit Unions has requested information from credit unions in this context to assess the potential impact of this matter. A process to establish the potential impact, if any of this matter on Clontarf Credit Union Limited is on-going. This process is not yet complete and therefore, the existence of any liability and any reliable estimate amount of any liability associated with this matter, while possible, remains uncertain along with the timing of same. Consequently, no provision has been made in the financial statements to 30 September 2018 for any amount that may become payable by Clontarf Credit Union Limited.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board on 7 November 2018.

SCHEDULES TO THE INCOME & EXPENDITURE ACCOUNT

for the year ended 30 September 2018

Schedule 1 - Other Management Expenses

	2018	2017
	€	€
Other Management Expenses		
Rates payable	**6,225**	5,838
General insurance	**6,452**	6,441
Share and loan insurance	**45,395**	49,817
Light and heat	**4,244**	4,492
Repairs and renewals	**5,288**	6,436
Computer and equipment maintenance	**28,826**	18,280
Printing and stationery	**7,064**	5,140
Advertising and sponsorship	**1,161**	4,532
Telephone and postage	**3,992**	5,693
Meeting seminars and travel	**8,564**	4,450
Professional and internal audit fees	**27,000**	27,970
Audit fees	**18,000**	19,065
Bank interest and charges	**10,901**	10,522
Subscriptions and donations	**250**	3,250
Affiliation fees	**(1,351)**	(1,767)
Regulation levy	**14,586**	31,571
General expenses	**4,724**	3,570
	191,321	205,300

EAST WALL CREDIT UNION LIMITED – UNAUDITED MANAGEMENT ACCOUNTS

30 September 2018

INCOME AND EXPENDITURE ACCOUNT

	€
INCOME	
Interest Income	331,174
Investment Income	10,821
Bad Debts Recovered	40,025
Other Income	220
Total Income	382,240
EXPENDITURE	
Loan Protection / Life Savings Insurance	55,040
Salaries and Related Expenses	169,436
Bad Debts Written Off	99,092
Other Expenses	230,019
Total Expenditure	478,587
YTD Deficit	(96,347)

BALANCE SHEET

	€
ASSETS	
Cash and Current Accounts	731,190
Investments	5,428,324
Loans to Members	3,009,797
Less Provision for Bad Debts	(145,751)
Fixed Assets Less Depreciation	180,542
Other Assets	14,657
Total Assets	9,218,759
Liabilities	
Member Shares	7,773,221
Other Liabilities	91,403
Reserves	
Regulatory Reserve	1,002,072
Operational Risk Reserve	111,885
Realised Reserves	209,093
Unrealised Reserves	31,085
Total Liabilities & Reserves	9,218,759

DIRECTORS' REPORT

for the year ended 30 September 2018

The directors present their report and audited financial statements for the year ended 30 September 2018.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

On review of the credit union's financial results the following key performance indicators were identified:

	2018	2017
Members Savings movement %	+0.67%	-1.38%
Gross Loan movement %	-4.25%	+2.32%
Regulatory Reserve % of total assets	10.87%	10.76%

The credit union continued to attract additional members' savings during the financial year with member shares having increased from the prior year. Lending activity declined by 4.25%. The credit union continues to maintain regulatory reserves in excess of the regulatory minimum of 10%.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 30 SEPTEMBER 2018

The income and expenditure account and the balance sheet for the year ended 30 September 2018 are set out on page 47.

PRINCIPAL RISKS AND UNCERTAINTIES

The credit union, as with many other financial institutions, continues to face uncertainties arising from the general economic conditions. The board are actively monitoring the effects of these conditions on the daily operations of the credit union.

The principal areas currently requiring risk management include:

- **Credit risk:** The risk of financial loss arising from a borrower, issuer, guarantor or counterparty that may fail to meet its obligations in accordance with agreed terms. In order to manage this risk the Board approves the Credit Unions 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 impairment. The Board approves the Credit Union's Credit Control policy which monitors the procedures for the collection of loans in arrears and also the basis for impairment on loans.
- **Liquidity risk:** The risk that a credit union will not be able to fund its current and future expected and unexpected cash outflows as they fall due without incurring significant losses. This may occur even where the credit union is solvent. The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its obligations as they fall due. The objective of the liquidity policy is to smooth the timing between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.
- **Capital risk:** Capital is required to act as a cushion to absorb losses arising from business operations and to allow a credit union to remain solvent under challenging conditions. Capital risk arises mainly as a result of the quality or quantity of capital available, the sensitivity of the credit union exposures to external shocks, the level of capital planning and the capital management process. Capital risk could potentially impair a credit union's ability to meet its obligations in an adverse situation. The board manage this risk by ensuring that sufficient reserves are set aside each year to absorb any potential losses.
- **Operational risk:** The risk of loss (financial or otherwise) resulting from inadequate or failed internal processes or systems of the credit union; any failure by persons connected with the credit union; legal risk (including exposure to fines, penalties or damages as well as associated legal costs); or external events; but does not include reputational risk. Examples of operational risks include hardware or software failures, cyber risk, inadequate business continuity plans, misuse of confidential information, data entry errors and natural disasters.
- **Interest rate risk:** The interest rate risk arises from differences between the interest rate exposures on loans and investments receivable, as offset by the cost of capital, which is typically that of distributions to members' payable in the form of dividends and interest rebates. The credit union considers rates of interest receivable when deciding on the appropriation of income and its returns to members. The Board monitors such policy in line with the Credit Union Act, 1997 (as amended) and guidance notes issued by the Central Bank of Ireland.
- **Strategy/business model risk:** This refers to the risk which credit unions face if they cannot compete effectively or operate a viable business model. Strategy/business model risk also includes the inherent risk in the credit union's strategy. The board have developed and approved a detailed strategic plan to formulate the short-term direction of the credit union operations.

DIVIDENDS

The directors are not recommending the payment of a dividend or interest rebate for the financial year to 30 September 2018. In the financial year to 30 September 2017, the directors recommended a dividend of 0.50% and an interest rebate of 0.50%.

POST BALANCE SHEET EVENTS

Significant post balance sheet events that are affecting the Credit Union are disclosed in Note 19 to the Financial Statements.

INTERNAL AUDIT FUNCTION

In accordance with Section 76K of the Credit Union Act, 1997 (as amended) the board have appointed an internal audit function to provide for independent internal oversight and to evaluate and improve the effectiveness of the credit union's risk management, internal controls and governance process.

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 Blythe Avenue, East Wall, Dublin 3.

Approved by the Board on: 16 November 2018

Cormac McCarthy	**Barry Masterson P.C**
Member of the Board of Directors	***Member of the Board of Directors***

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 30 September 2018

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 the affairs of the credit union and of the income and expenditure of the credit union for that year. In preparing those 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 are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the credit union and which enables them to ensure that the financial statements comply with the Credit Union Act, 1997 (as amended). They are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 and to establish that the Credit Union's auditor is aware of that information.

Approved by the Board on: 16 November 2018

Cormac McCarthy
Member of the Board of Directors

Barry Masterson P.C
Member of the Board of Directors

STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

for the year ended 30 September 2018

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 Bank in respect of which they are to have regard to in relation to the board.

Mary Gray
Member of Board Oversight Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST WALL CREDIT UNION LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of East Wall Credit Union Limited for the year ended 30 September 2018 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and notes to the financial statements, including the summary of significant accounting policies set out on pages 10 - 14. The 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'.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Credit Union as at 30 September 2018 and of its income and expenditure 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 below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Credit Union Act 1997, (as amended).
Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union, and
- the financial statements are in agreement with the accounting records.

Respective responsibilities

Responsibilities of directors for the financial statements
As explained more fully in the directors' responsibilities statement set on page 6, 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 going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or 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/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf.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.

FMB Advisory Limited
4 Ormond Quay Upper

Statutory Audit Firm
Dublin 7
D07 PF53

DATE: 19 November 2018

ACCOUNTING POLICIES

for the year ended 30 September 2018

STATEMENT OF COMPLIANCE

The financial statements of the credit union for the year ended 30 September 2018 have been prepared on the going concern basis and in accordance with generally accepted accounting principles in Ireland and Irish statute comprising the Credit Union Act 1997 (as amended) and in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council.

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the credit union's financial statements.

1. Going Concern

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

- is maintaining appropriate levels of liquidity in excess of minimum legislative requirements; and
- has reserve levels which are significantly above the minimum requirements of the Central Bank.

2. Income Recognition

Income 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. Income 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.

Investment Income

The Credit Union uses the effective interest method to recognise investment income.

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.

3. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and loans and advances to banks (i.e. cash deposited with banks) with maturity of less than or equal to three months.

4. 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. 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.

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. 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

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. In accordance with the direction of the Central Bank the amounts are shown as current assets and are not subject to impairment reviews.

5. De-recognition of Financial Assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfer to another party substantially all 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 have transferred to another party that is able to sell the asset in its entirety to an unrelated party.

In the case of loans to members, loans are derecognised when the right to received cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member.

6. 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.

7. 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.

8. Tangible Fixed Assets

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

Deprecation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value, on a straight-line basis over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Freehold property	-	2% Straight Line
Computer equipment	-	25% Straight Line
Fixtures & fittings	-	10% Reducing Balance

Gains or losses arising on the disposal of an asset are determined as the difference between the sale proceeds and the carrying value of the asset, and are recognised in the Income and Expenditure account.

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure account.

9. Employee Benefits

Pension Costs

The credit union operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the credit union in an independently administered fund. The pension charge represents contributions payable by the credit union to the scheme.

Other Employee Benefits

The costs of short-term employee benefits, including holiday pay, are recognised as a liability and as an expense (unless those costs are required to be recognised as part of the cost of fixed assets) over the period they are earned.

10. Impairment of Members Loans

The credit union assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. 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, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

Bad debts/impairment losses are recognised in the Income and Expenditure Account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

11. Financial liabilities - members' shares and deposits

Members' shareholdings and deposits are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at the nominal amount.

12. De-recognition of financial Liabilities

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

13. Dividends and Other Returns to Members

Dividends are made from current year's surplus or a dividend reserve 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.

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

- the risk profile of the Credit Union, particularly in its loan and investment portfolios;

- the Board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend and loan interest rebate expectations; all dominated by prudence and the need to sustain the long-term welfare of the Credit Union.

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

Final dividends and other returns to members are accounted for as a liability after they are approved by the members in general meeting.

14. Taxation

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

15. 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.

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% 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. 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.

INCOME AND EXPENDITURE ACCOUNT

for the year ended 30 September 2018

	Schedule	2018 €	2017 €
INCOME			
Interest on loans	1	331,174	310,457
Other interest income and similar income	2	10,821	13,456
NET INTEREST INCOME		341,995	323,913
Other income	3	220	243
Other gains	4	-	-
TOTAL INCOME		342,215	324,156
EXPENDITURE			
Salaries		169,436	166,327
Other management expenses	5	272,315	309,179
Depreciation		12,744	11,947
Bad debts provision		(75,000)	(3,344)
Bad debts recovered		(40,025)	(24,830)
Bad debts written off		99,092	37
TOTAL EXPENDITURE		438,562	459,316
(DEFICIT) OF INCOME OVER EXPENDITURE FOR THE YEAR		(96,347)	(135,160)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		(96,347)	(135,160)

On behalf of the Credit Union: 16 November 2018

Cormac McCarthy
Member of Board of Directors

Mary Gray
Member of the Board Oversight Committee

Brian Daly
C.E.O.

The accompanying notes form part of these financial statements

BALANCE SHEET

as at 30 September 2018

	Note	2018 €	2017 €
ASSETS			
Cash and cash equivalents	6	4,843,049	4,608,312
Investments	7	1,316,465	1,572,459
Loans	8	3,009,797	3,143,491
Less provision for bad debts	10	(145,751)	(220,751)
Tangible fixed assets	11	180,542	193,286
Debtors, prepayments and accrued income	12	14,657	17,967
TOTAL ASSETS		9,218,759	9,314,764
LIABILITIES			
Members' shares	13	7,773,221	7,721,201
Members' draw account		18,446	17,456
Other liabilities, creditors, accruals and charges	14	72,957	44,295
TOTAL LIABILITIES		7,864,624	7,782,952
RESERVES			
Regulatory reserve	16	1,002,072	1,002,072
Operational risk reserve	16	111,885	111,885
Other reserves			
- Realised reserves	16	209,093	386,770
- Unrealised reserves	16	31,085	31,085
TOTAL RESERVES		1,354,135	1,531,812
		9,218,759	9,314,764

On behalf of the Credit Union: 16 November 2018

Cormac McCarthy
Member of Board of Directors

Mary Gray
Member of the Board Oversight Committee

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STATEMENT OF CHANGES IN RESERVES

for the year ended 30 September 2018

	Operational Regulatory Reserve €	Risk Reserve €	Undistributed Surplus €	Bad Debt Reserve €	Dividend Reserve €	Special Reserve €	Total Reserves €
Opening balance at 1 October 2016	1,002,072	111,885	209,118	100,000	212,812	31,085	1,666,972
Total comprehensive income			(135,160)				(135,160)
Transfer between reserves	-	-	-	-	-	-	-
Closing balance at 30 September 2017	1,002,072	111,885	73,958	100,000	212,812	31,085	1,531,812
Total comprehensive income			(96,347)				(96,347)
Dividend paid					(78,251)		(78,251)
Interest rebate paid					(3,079)		(3,079)
Transfer between reserves	-	-	-	-	-	-	-
Closing balance at 30 September 2018	1,002,072	111,885	(22,389)	100,000	131,482	31,085	1,354,135

The balance on the regulatory reserve represents 10.87% of total assets as at 30 September 2018 (10.76% as at 30 September 2017).

CASH FLOW STATEMENT

for the year ended 30 September 2018

	Note	2018 €	2017 €
Opening cash and cash equivalents		4,608,312	3,612,929
Cash flows from operating activities			
Loans repaid		1,700,784	1,787,310
Loans granted		(1,666,182)	(1,858,724)
Loan interest received		332,396	309,010
Investments interest received		9,234	16,006
Bad debts recovered		40,025	24,830
Dividends paid		(78,251)	-
Interest rebate paid		(3,079)	-
Operating expenses		(441,751)	(475,506)
Net cash flows from operating activities		(106,824)	(197,074)
Cash flows from investing activities			
Fixed assets purchased		-	(11,958)
Net cash flow from investments		255,994	1,293,596
Net cash flows from investing activities		255,994	1,281,638
Cash flows from financing activities			
Members' shares received		2,276,024	2,042,049
Members' shares withdrawn		(2,224,004)	(2,150,294)
Net cash flows from financing activities		52,020	(108,245)
Other			
Other receipts		220	243
Decrease/(Increase) in prepayments		3,675	4,193
(Increase)/Decrease in other liabilities		29,652	14,628
		33,547	19,064
Closing cash and cash equivalents	6	4,843,049	4,608,312

On behalf of the Credit Union: 16 November 2018

Cormac McCarthy	**Mary Gray**	**Brian Daly**
Member of Board of Directors	***Member of the Board Oversight Committee***	***C.E.O.***

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

1. General Information

East Wall Credit Union Limited is a credit union incorporated under the Credit Union Act 1997 (as amended) in the Republic of Ireland. East Wall Credit Union Limited is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The financial statements have been presented in Euro (€) which is also the functional currency of the credit union.

2. 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 the 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/Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policies on pages 44 - 46 of the financial statements. 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 as identified by the Credit Union. 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 allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union currently operates which impact on current lending activity and loan underwriting. 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 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

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

specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

Impairment of buildings

The Credit Union's accounting policy on tangible fixed assets is set out in accounting policies on pages 44-46 of the financial statements. As described in the accounting policy, the Credit Union is required to assess at each reporting date whether there is any indication that an asset may be impaired. If an impairment is identified, the Credit Union is required to estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs associated with sale and its value in use. In assessing whether the Credit Union's property is impaired, its current market valuation is considered as being equivalent to its fair value. Where the property's market valuation is identified as being below its carrying value, this amounts to a key indicator of the existence of impairment and the Credit Union is therefore required to undertake a value in use calculation on its property assets. Value in use is the present value of the future cash flows expected to be derived from the Credit Union's property. This present value calculation involves the undertaking of the following steps:

(a) Estimating the future cash inflows and outflows to be derived from continuing use of property and from its ultimate disposal, where appropriate; and

(b) Applying the appropriate discount factor to those future cashflows.

The future cash inflows and outflows required for the value in use calculation are taken from financial projections prepared by management and approved by the board of directors. The discount factor applied in the value in use calculation is an assessment of the time value of money applicable to the Credit Union and will take account of previous guidance received from the Central Bank.

3. Employees

Number of employees

The average monthly numbers of employees during the year were:

	2018 Number	2017 Number
Tellers	2	2
Administration	2	2
	4	4

Employment costs	2018 €	2017 €
Wages and salaries	169,436	166,327
Pension costs	8,416	7,139
	177,852	173,466

3.1. Key Management Personnel Compensation

The Directors of East Wall Credit Union Limited are all unpaid volunteers. The key management team for East Wall Credit Union Limited would include the directors, the credit union manager and other senior staff members. The number of key management for the financial year to 30 September 2018 amount to 10 (2017 - 12)

	2018 €	2017 €
Short term employee benefits paid to key management	70,673	77,346
Payments to defined contribution pension schemes	-	750
	70,673	78,096

4. Pension Costs

Pension costs amounted to €8,416 (2017 - €7,139).

5. Analysis of Investment Income

	2018 €	2017 €
Received during the year	8,398	12,620
Receivable within 12 months	2,423	836
Other investment income	-	-
	10,821	13,456

6. Cash & Cash Equivalents

	2018 €	2017 €
Cash and bank balances	731,190	746,026
Short term deposits	4,111,859	3,862,286
	4,843,049	4,608,312

Short term deposits are deposits with maturity of less than or equal to three months. All other deposits are included in Investments in the Balance sheet and disclosed in note 7.

7. Investments

	2018 €	2017 €
Investments are classified as follows:		
Fixed term deposits maturing after 3 months	1,300,000	1,550,000
Deposit Protection Account	6,262	12,256
Investment bonds	10,203	10,203
	1,316,465	1,572,459

8. Loans to Members

	2018	2017
	€	€
Opening Balance at 1 October	3,143,491	3,072,114
Loans granted	1,666,182	1,858,724
Loans repaid	(1,700,784)	(1,787,310)
Other movements	(99,092)	(37)
Gross Loan Balance at 30 September	3,009,797	3,143,491
Impairment allowances		
Individual loans	(85,296)	(176,738)
Groups of loans	(60,455)	(44,013)
Loan provision	(145,751)	(220,751)
Net loans as at 30 September	2,864,046	2,922,740

9. Credit Risk Disclosures

East Wall Credit Union Limited 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. There are maximum amounts set down by the Central Bank in terms of what amount a member can borrow from the Credit Union.

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

	2018		2017	
	€	%	€	%
Gross Loans Not Impaired	2,609,405	86.70%	2,686,069	85.45%
Gross Loans Impaired				
Up to 9 weeks past due	263,288	8.74%	169,999	5.41%
Between 10 and 18 weeks past due	32,695	1.09%	58,874	1.87%
Between 19 and 26 weeks past due	28,706	0.95%	14,473	0.46%
Between 27 and 39 weeks past due	7,818	0.26%	31,203	0.99%
Between 40 and 52 weeks past due	4,476	0.15%	8,073	0.26%
53 or more weeks past due	63,409	2.11%	174,800	5.56%
	400,392	13.30%	457,422	14.55%
Total Gross Loans	3,009,797	100.00%	3,143,491	100.00%

Impairment Allowance

Individual loans	(85,296)	(176,738)
Collectively assessed loans	(60,455)	(44,013)
Loan provision	(145,751)	(220,751)
Net loans as at 30 September	2,864,046	2,922,740

Factors that are considered in determining whether loans are impaired are discussed in Note 2, dealing with estimates.

10. Loan Provision Account for Impairment Losses

	2018	2017
	€	€
Opening balance 1 October	220,751	224,095
Net movement during the year	24,092	(3,307)
Decrease as a result of loan write offs previously provided for	(99,092)	(37)
Closing provision balance 30 September	145,751	220,751

11. Tangible Fixed Assets

	Land	Freehold property	Computer equipment	Fixtures & fittings	Total
	€	€	€	€	€
Cost					
At 1 October 2017	921	312,422	138,818	107,234	559,395
At 30 September 2018	921	312,422	138,818	107,234	559,395
Depreciation					
At 1 October 2017	-	170,038	136,420	59,651	366,109
Charge for the year	-	6,248	1,738	4,758	12,744
At 30 September 2018	-	176,286	138,158	64,409	378,853
Net book values					
At 30 September 2018	921	136,136	660	42,825	180,542
At 30 September 2017	921	142,384	2,398	47,583	193,286

An independent valuation of the Credit Union's premises was carried out by Helen Callaghan and Brian Gilson, RICS registered valuers with Lisney Commercial Property on 5 October 2018 which valued the credit union premises at €375,000.

12. Prepayments and Accrued Income

	2018 €	2017 €
Prepayments	6,836	10,511
Accrued income	2,423	836
Member Loan interest receivable	5,398	6,620
	14,657	17,967

13. Members' Shares

	2018 €	2017 €
Opening Balance at 1 October	7,721,201	7,829,446
Shares paid in	2,276,024	2,042,049
Shares withdrawn	(2,224,004)	(2,150,294)
Closing Balance at 30 September	7,773,221	7,721,201

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

	2018 €	2017 €
Unattached Shares	6,133,924	5,887,882
Attached Shares	1,639,297	1,833,319
	7,773,221	7,721,201

14. Other Liabilities and Charges

	2018 €	2017 €
PAYE/PRSI control account	14,832	14,568
DIRT tax payable	1,212	-
Accruals	56,913	29,727
	72,957	44,295

15. Additional Financial Instruments Disclosures

1. Financial risk management

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

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

Liquidity risk: The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

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

Interest rate risk: The 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 shares and on any loan interest rebate.

Capital Risk: The Credit Union maintains sufficient reserves to buffer against losses on members' loan and investments. The current Regulatory Reserve is in excess of the minimum level set down by the Central Bank of Ireland, and stands at 10.87% of the total assets of the Credit Union at the balance sheet date.

2. Interest rate risk disclosures

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

	2018 Amount	2018 Average Interest	2017 Amount	2017 Average Interest
Financial Assets	€	Rate	€	Rate
Loans to members	3,009,797	10.50%	3,143,491	10.50%

The dividend payable is at the discretion of the Directors and is therefore not a financial liability of the Credit Union until declared and approved at the AGM.

3. Liquidity risk disclosures

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans and members' deposits which have a fixed maturity date.

4. Fair value of financial instruments

East Wall Credit Union Limited does not hold any financial instruments at fair value.

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

16. Total Reserves

	Balance 01/10/17	Dividend and loan interest rebate paid	Appropriation of current year surplus	Balance 30/09/18
	€	€	€	€
Total Regulatory Reserve	1,002,072		-	1,002,072
Operational Risk Reserve	111,885		-	111,885
Other Realised Reserves				
Undistributed Surplus	73,958		(96,347)	(22,389)
Bad debts reserve	100,000		-	100,000
Dividend reserve	212,812	(81,330)	-	131,482
Total realised reserves	1,500,727	(81,330)	(96,347)	1,323,050
Unrealised Reserves				
Special reserve	31,085		-	31,085
Total unrealised reserves	31,085		-	31,085
Total reserves	1,531,812	(81,330)	(96,347)	1,354,135

The Credit Union is required to maintain a Regulatory Reserve that support the credit union's operations, provide a base for future growth and protect against the risk of unforeseen losses. The credit union needs to maintain sufficient reserves to ensure continuity and to protect members' savings. The Central Bank expects that credit unions whose total regulatory reserves are currently in excess of 10 per cent of total assets will continue to maintain reserves at existing levels on the basis that these continue to reflect the board of directors' assessment of the appropriate level of reserves for the credit union.

The balance on the regulatory reserve represents 10.87% of total assets as at 30 September 2018 (10.76% as at 30 September 2017).

The board of directors and the management team have undertaken a review of the credit union's risk register and risk management procedures in order to determine the adequacy of the operational risk reserve. This review consisted of a consideration of each operational risk area, the various control procedures, outstanding agreements and insurances in place to mitigate risk and the resultant remaining residual risk. An estimated costing to the credit union has been attached to each identified area of residual risk in computing the required operation risk reserve.

The balance on the operational risk reserve represents 1.21% of total assets as at 30 September 2018.

The special reserve represents the share balances of members no longer active in the credit union. They are held in special reserve until such time as they are claimed or can be legally taken to general reserve.

17. Dividends, Loan Interest Rebate and Other Returns to Members

The directors recommend the following distributions:

	2018 Rate %	2018 €	2017 Rate %	2017 €
Dividend on shares	-%	-	0.50%	39,345
Loan interest rebate	-%	-	0.50%	1,552

In accordance with FRS102 "Events after the End of the Reporting Period", dividends and returns to members are accounted for in the financial statements after they are approved by the members in general meeting.

The returns to members paid in the current and prior year periods were as follows:

	2018	2017
	€	€
Dividend paid during the year	78,251	-
Dividend rate	0.50%	0.00%
Loan interest rebate paid during the year	3,079	-
Loan interest rebate rate	0.50%	0.00%

The dividend paid in the financial year to 30 September 2018 relates to dividends approved by the credit union membership at Annual General Meetings for both the 2016 and 2017 financial years.

18. Rate of Interest Charged on Members' Loans

The credit union charges the following rate of interest on members outstanding loan balances: -

Standard Loans	10.59%
Back-to-school and college fees	4.97%
Secure	7.00%

19. Post Balance Sheet Events

The board of directors continued to pursue a transfer of engagement with another credit union, post year end.

20. Contingent Liabilities

All capital invested in accounts in authorised institutions, investment bonds and life assurance products is guaranteed only if held to maturity. In the unlikely event of early encashment, there will exist early settlement penalties. The directors have confirmed that all investments will be held until their maturity dates.

The Registry of Credit Unions informed credit unions in the Republic of Ireland on 17 September 2018 that it had become aware of a potential matter that may impact certain credit unions in respect of accrued interest outstanding on loans where additional credit is extended to a member by way of a top-up-loan, which could potentially result in over-collection of interest. The Registry of Credit Unions has requested information from credit unions in this context to assess the potential impact of this matter. A process to establish the potential impact, if any of this matter on East Wall Credit Union Limited is on-going. This process is not yet complete and therefore, the existence of any liability and any reliable estimate amount of any liability associated with this matter, while possible, remains uncertain along with the timing of same. Consequently, no provision has been made in the financial statements to 30 September 2018 for any amount that may become payable by East Wall Credit Union Limited.

21. Capital Commitments

There were no capital commitments either contracted for or approved by the Board at the year end.

22. Insurance Against Fraud

The credit union has insurance against fraud in the amount of €2,600,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

23. Related Party Transactions

The Credit Union has identified the following transactions which are required to be disclosed under the terms of FRS102 'Related Party Disclosures'.

The following details relate to officers and related party accounts with the credit union. Related parties include the board of directors and the management team of the Credit Union, their family members or any business in which the director or management team had a significant shareholding.

	No. of loans	2018 €	2017 €
Total savings held by related parties		218,856	180,736
Total loans outstanding by related parties	15	86,641	71,045
% of gross loan book		2.88%	2.26%
Loans advanced to related parties during the year	8	25,500	20,800
Total provisions for loan outstanding to related parties at year end	-	-	
Total provision charge during the year for loans outstanding to related parties	-	-	

24. Authorisation and Approval of Financial Statements

The board of directors authorised and approved these financial statements for issue on 16 November 2018.

ADDITIONAL INFORMATION (NOT FORMING PART OF THE STATUTORY AUDITED FINANCIAL STATEMENTS)

for the year ended 30 September 2018

Schedule 1. Interest on Loans

	2018	2017
	€	€
Loan interest received	332,396	309,010
Loan interest receivable	(1,222)	1,447
Total per Income and Expenditure Account	331,174	310,457

Schedule 2. Other Interest Income and Similar Income

	2018	2017
	€	€
Investment income	10,821	13,456
Total per Income and Expenditure Account	10,821	13,456

Schedule 3. Other Income

	2018	2017
		€
Other income	220	243
Total per Income and Expenditure Account	220	243

Schedule 4. Other Gains

	2018	2017
	€	€
Total per Income and Expenditure Account	-	-

Schedule 5. Other Management Expenses

	2018	2017
	€	€
Staff pension costs	8,416	7,139
E.C.C.U. Insurance	55,040	50,718
Death benefit insurance	27,132	20,894
Redundancy costs	-	45,882
Rates	5,741	5,585
General insurance	5,953	5,694
Light and heat	5,321	5,965
Repairs and maintenance	2,499	3,628
Security	4,880	8,547
Postage, telephone and stationery	11,559	9,221
Computer costs	30,266	20,708
Convention and seminar expenses	5,500	1,970
Legal & Professional	36,941	45,874
Internal audit	11,719	20,710
Accountancy	1,614	7,033
Audit	18,951	16,000
Bank charges	6,325	4,622
General expenses	3,271	3,521
Cash (over)/short	90	(232)
Affiliation, SPS & Regulatory fees	29,877	24,800
Promotion and donations	1,220	900
Total per Income and Expenditure Account	272,315	309,179

Schedule 6. Other Losses

	2018	2017
	€	€
Total per Income and Expenditure Account	-	

Progressive
Credit Union

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