



Together We're Better

ANNUAL REPORT
2 0 1 6



COMMUNITY BANKING AT ITS BEST

Progressive Credit Union Limited

NOTICE OF ANNUAL GENERAL MEETING

Dear Member

Notice is hereby given that the Annual General Meeting of Progressive Credit Union will take place on 9 November 2016 at 8.00pm in the Carlton Dublin Airport Hotel, Old Airport Road, Cloghran, Co Dublin.

Elections will be held to fill four vacancies on the Board of Directors, two positions on the Board Oversight Committee and the position of auditor.

In keeping with tradition as part of the night, we will be holding our annual raffles. We will have cash raffles for members present at the meeting and our AGM Car Draw, with 3 Opel Corsas to give away.

JILL KIERNAN
Secretary



ORDER OF BUSINESS

- Ascertainment that a quorum is present
- Adoption of Standing Orders
- Reading and Approval (or correction) of Minutes of 2015 Annual General Meeting
- Report of the Board of Directors
- Presentation of Financial Statements
- Report of the Auditor
- Declaration of Dividend
- Motions
- Appointment of Tellers
- Report of the Nominations Committee
- Balloting
- Report of the Board Oversight Committee
- Report of the Risk Committee
- Report of the Audit Committee
- Prize Draw and Car Draw
- Announcement of Election Results
- Any other business
- Adjournment of meeting



CONTENTS

Services Overview	Page 2
Directors, Board Oversight Committee, Volunteers, Staff & Other	Page 3
Year in Review	Page 4
Motions	Page 8
Directors Report	Page 9
Auditors Report	Page 11
Income & Expenditure Account	Page 13
Balance Sheet	Page 14
Statement of Changes in Reserves	Page 15
Cash Flow Statement	Page 16
Notes to Financial Statements	Page 17
Schedules to the Income & Expenditure Account	Page 35
Branch list and opening hours	Page 37
Christmas opening hours	Page 37



SERVICES OVERVIEW

Providing a personal and friendly service across eight communities in North Dublin and County, offering a range of online and in-branch services, that gives members the perfect balance between personal attention and convenience.



DAILY BANKING

- Control accounts
- No Fees, Online Mobile access 24/7/365
- Coming soon - Member Personal Current Account Service ("MPCAS")



SAVINGS ACCOUNTS

- On demand, Smart Saver
- Free life assurance



WIDE RANGE OF LENDING SERVICES

- Rates from 5% APR, All purposes considered, Approvals within 24 hrs
- Personal loan terms up to 10 years, Lending limits up to €75k, Free loan protection
- Coming soon - Over draft facility



OTHER SERVICES

- Motor Insurance, Travel Insurance, Home Insurance
- Foreign Exchange, Bill Pay
- Free Financial Counselling



www.facebook.com/progressivecreditunion/



www.twitter.com/Progressivecu1



www.youtube.com/channel/UCiWY1A9v3m-_CtHry3KR2SA



DIRECTORS, BOARD OVERSIGHT COMMITTEE, VOLUNTEERS & STAFF

BOARD OF DIRECTORS

Chairman	Francis Ryan
Vice Chairman	Finian Kilty
Secretary	Jill Kiernan
Directors	Gabrielle Beggs, Geraldine Dowling, Pat Doyle, Harry Keegan, Denise Lundy, Ciaran McLoughlin, Joe O'Flaherty, Shane O'Sullivan

BOARD OVERSIGHT COMMITTEE

Chairman	Miriam Kinane
Committee Members	Mairead MacQuaile, Terry Redmond

VOLUNTEERS

Maurice Buckley, Noeleen Culbert, Anne Cullen, Margaret Ryan, Claire Sweetman

STAFF

CEO	Sean Staunton
Finance Manager	Moira Kelly
Operations Manager	Liza Goucher
Lending & Administrative Manager	Niamh Dowling
Compliance Officer	Elaine Garvey
Credit Controller	Pamela Richardson
Assistant Credit Controller	Linda Byrne
Solicitor	Cora Coffey
Marketing Officer	Brian Howard
Finance Officer	Carolyn Buckley
Team Leaders	Ciara Branagan, Stephen Mallon, Sinead Morgan, Eimear McDonnell
IT Officer	Vincent McGrady
Member Service Officers	Kim Atkinson, Amy Bentley, Trevor Branagan, Aaron Burns, Amanda Carvin, Paula Casey, Leeanne Crean, Linda Deegan, Sandra Dixon, Kieron Dowling, Nuala Eglington, Irene Fagan, Maureen Fitzpatrick, Hayley Grant, Marina Greer, Susan Hanbury, Angela Hoey, Christine Hogan, Tanya Johnson, Alan Kelly, David Kenny, Jill Kinane, Brenda Levins, Rhoda McBride, Caroline McDonnell, Angela McElroy, Anne McHugh, Margaret Moore, Michelle Myers, Anne Tully, Niamh Tully

RISK MANAGEMENT FUNCTION

Russell Brennan Keane, Lower Baggott Street, Dublin 2

INTERNAL AUDIT FUNCTION

FMB Chartered Accountants, Sir John Rogersons Quay, Dublin 2

AUDITORS

Grant Thornton, Mill House, Henry Street, Limerick



YEAR IN REVIEW

It gives us great pleasure to welcome you to our Annual General Meeting for 2016.

2016 has seen another strong financial performance for Progressive Credit Union as is reflected in the Financial Statements.

Our surplus for the year was €1.7million and total assets now stand at €142million. Our total reserves stand at €19.6million which is well in excess of the minimum regulatory requirement. Your credit union remains a safe place to save, is financially strong and well positioned to meet any challenges that lie ahead.

This is the first financial year that we have presented financial statements complying with FRS 102. You will see that we have restated our 2015 results to comply with this accounting standard.

Our dividend for 2016, in the context of the backdrop of zero interest rates, reflects positively on our credit union and our commitment to members who are our key priority. Therefore we are recommending a 0.10% dividend on Shares for the approval of members at our Annual General Meeting.

During the year Rivervalley and Rathingle Credit Union and Baldoyle and Portmarnock Credit Union transferred successfully to Progressive Credit Union. We are delighted to see this continued growth and would like to welcome all our new members to the PCU network. You will note that we are proposing a special motion to extend our common bond to the parishes of Rush and Lusk. We would strongly recommend that our members vote in favour of this resolution.

In order to ensure the long term viability of your credit union into the future the Board of Directors regularly review costs associated with running the credit union. During the year we reviewed opening hours across our branch network including member activity in the branches. Due to the low volume of transactions in Donabate and Skerries on certain days it was decided to close the Donabate branch on Tuesday and Wednesday and the Skerries branch on Tuesdays. The decision to close the Howth and Portmarnock branches was taken for commercial reasons with the cost of staffing and maintaining the branches unjustified given the small number of members who use the branches. These decisions were made in the best interests of the members as a whole and we hope to see the benefits of these difficult decisions in our results going forward.

Progressive Credit Union is constantly reviewing member services and during the year we collaborated with An Post so that members could make payments to their credit union account with a special card at any post office in the country. This card was initially offered to members in Howth and Portmarnock to reduce the inconvenience of the branch closures. However it is available to any member that requests a card.



YEAR IN REVIEW (continued)

We have just received permission from Central Bank to provide Member Personal Current Account Services to our members. This is a massive achievement for your credit union and among other things will enable us to offer debit cards to our members. We would strongly recommend that our members vote in favour of the resolution required for us to offer this service. If approved we hope to launch this product early in 2017 having addressed any potential issues.

Last year we transferred €100,000 to a Community and Social Responsibility Reserve to fund sponsorship applications for social, cultural, educational and charitable purposes from members of the credit union. As nearly all of these funds were utilised within the community during the year and as we now have a larger common bond we propose to transfer a further €150,000 this year.

The Credit Union's marketing function and activities have grown considerably over the past 12 months in line with the growth of our common bond. Our members are at the heart of what drives marketing objectives. The key objectives this year has been to continue to develop services in response to our members changing needs with a particular focus on

- Making it easier for our members to do business with the credit union by offering more online, email and mobile services to our already established in-branch services.
- Enhancing our services by introducing new products like, our new Switcher Loan, Smart Saver Accounts, free financial counselling.
- Continuing to drive community engagement through social media, online forums, community events and sponsorship.
- Providing finance options for membership with 4 golf clubs on our common bond
- Collaborating with a number of local garages to offer a finance alternative
- Increasing our interaction to the wider school network across our common bond and reactivating a new school CU in one of the secondary schools.

Over the year we have explored new channels of communication with members and the locality alike using video, social media and other forms of digital communications. In our efforts to reduce paper usage in the long term, these efforts have resulted in

1. A 31% increase in Facebook followers
2. Over 1,800 members signing up to online banking services

With this in mind we have looked at offering some other services online such as car draw entry and loan enquiry forms.



YEAR IN REVIEW (continued)

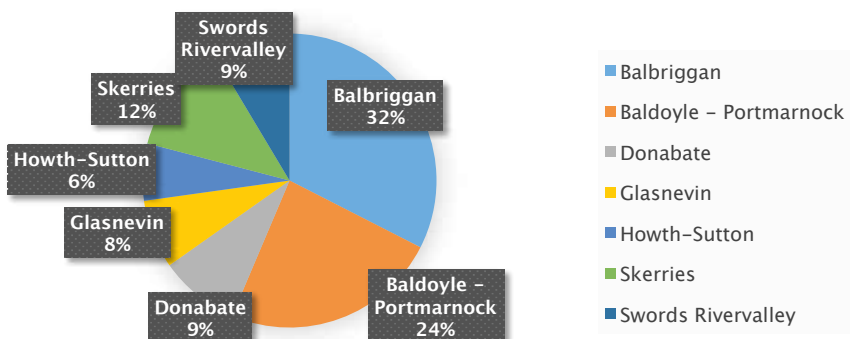
Through our market research and membership surveys we will continue to monitor the uptake of services, member feedback and requirements to continue to offer, the perfect balance of personal attention and modern convenience.

Membership

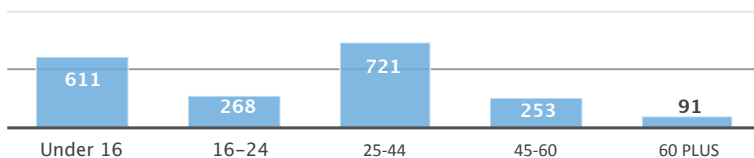
Over the financial year organically there has been 1,944 new members across our branch network

- Total membership 45,416 (savings above €1.27)
- Total member savings €122.2 million.

Membership Per Location



New Membership Demographic





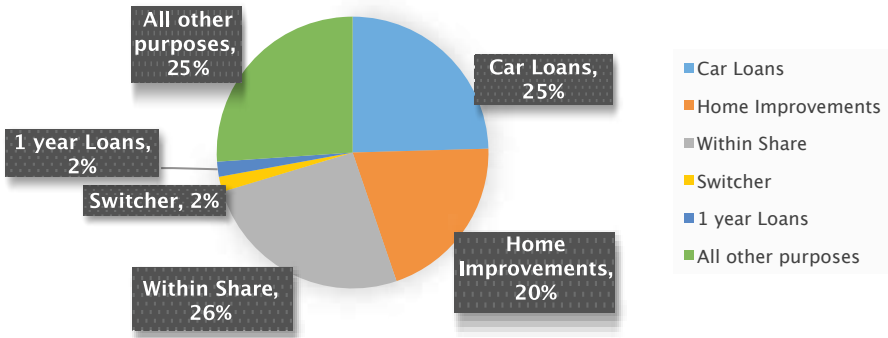
YEAR IN REVIEW (continued)

Lending

Progressive Credit Union has expanded its range of Loan Products and is keen to lend, offering approval in principle on loans up to €75,000 in 24 hours. We promise to keep the paperwork to a minimum and provide a fast decision on all loan application. We offer a range of loan types to suite all of our members borrowing needs.

Over the financial year 93% of all loan applications were approved to the value of €17.9 million, with an average loan value of €3,600.

Loans by borrowing category



We would like to thank every member of the PCU Team, the Board of Directors, Staff and Management and the members of the Board Oversight Committee and all of our Committee Volunteers who have given generously of their time, energy and experience so willingly. Finally we wish to thank you our loyal members for your support and trust throughout the year.

FRANCIS RYAN
CHAIRMAN

SEAN STAUNTON
CEO



MOTIONS FOR AGM 2016

Motion 1

That the Rules of Progressive Credit Union Limited are hereby amended in Rule 5(1) by the insertion of the following after number (vii):

"the provision of the following additional service(s) by the credit union to the members subject to the prior approval of the Registrar of Credit Unions and any other permissions or licences that may be required by law: Member Payment Account Services"

Motion 2

That the Rules of Progressive Credit Union Limited are hereby amended in Rule 11 by the deletion of the current text and the insertion of the following:

"Membership shall be limited to and consist of the signatories to the application to register the credit union and such other persons having the following common bond:

Residence or employment in the following areas:

- *Balbriggan and surrounding area including Naul & Stamullen*
- *Skerries and surrounding areas*
- *Donabate area bounded by the Irish Sea, Rogerstown Estuary, the N1 road from Danes Bridge to Lissenhall and the Malahide estuary.*
- *Howth and Sutton areas*
- *Glasnevin – Wadelai Estate and parts of Santry and parts of Ballymun*
- *Swords – Dublin Road from its junction with Church Road, Swords, South to Cloghran Cross; Cloghran-Forest Little Road west to its junction with Cooks Road; Cooks Road west to its junction with Naul Road; Naul Road north to its junction with Brackenstown Road; Brackenstown Road east to its junction with Church Road; Church Road east to its junction with Dublin Road.*
- *Parishes of Baldoyle, Bayside and Portmarnock*
- *Parishes of Rush & Lusk and surrounding areas*

as have been duly admitted members of the credit union in accordance with these rules and comply with such of the rules as relate to membership and including, if otherwise qualified, such other persons as were members of the unincorporated body known Balbriggan Credit Union Immediately before the date on which such body secured registration as Progressive Credit Union Limited."

Motion 3

That the Rules of Progressive Credit Union Limited are hereby amended in Rule 13(2) by the deletion of the current text and the insertion of the following

"(2) A person shall be treated as having the qualification required for admission to membership of the credit union if he is a member of the same household as, and is a member of the family of, another person who is a member of the credit union and who has a direct common bond with those other members. However, a child or step-child of a member, where such child or step-child is under the age of 18 years and living outside the common bond but resident in the Republic of Ireland or the United Kingdom, shall not be precluded from membership of the credit union".

Motion 4

That the Rules of Progressive Credit Union Limited are hereby amended in Rule 13 (1) (IV) by the deletion of the current text and the insertion of the following:

"He / she has paid for a minimum of €5.00 shares in to the credit union"

DIRECTORS' REPORT

For the Financial Year Ended 30 September 2016

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2016.

Principal Activities

The principal activities of the credit union involves the acceptance of member' shares/deposits and lending to members in accordance with legislation and criteria determined by the Irish League of Credit Unions and the Credit Union itself.

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 Regulation 9(1)(b) of the European Community (Payment Services) Regulations 2009 to provide payment services.
- To act on behalf of a payment institution in providing payment services.

Business Review

Both the level of business and the year-end financial position were satisfactory. The Directors expect to develop and expand the credit union's current activities and they are confident of its ability to continue to operate successfully in the future.

Results and Dividends

The excess of income over expenditure for the year is set out in the Income and Expenditure Account on page 13. The Directors recommend a dividend in respect of the year ended 30 September 2016 of €94,537 (0.10%) (2015: €180,145 (0.25%)).

Principal Risks and Uncertainties

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

- Decline in loan interest income and loan security risk.
- Prudent investment selection to minimise loss of investment income.
- The need to increase membership /common bond.
- Liquidity management and control of costs.
- Continuous monitoring of compliance with regulatory and legislative requirements.

DIRECTORS' REPORT

For the Financial Year Ended 30 September 2016

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 since the end of 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.

Directors' Responsibilities Statement

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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and 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.

On behalf of the Credit Union:

Chairperson of the Board of Directors:	FRANCIS RYAN	14 October 2016
Member of the Board of Directors:	FINIAN KILTY	14 October 2016

Statement of Board Oversight Committee's Responsibilities

For the Financial Year Ended 30 September 2016

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.

On behalf of the Board Oversight Committee:

Chairperson of the Board Oversight Committee:	MIRIAM KINANE	14 October 2016
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROGRESSIVE CREDIT UNION LIMITED

We have audited the financial statements of Progressive Credit Union Limited for the financial year ended 30 September 2016 which comprise the Income and Expenditure Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law, including the Credit Union Act, 1997 (as amended) and accounting standards issued by the Financial Reporting Council 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.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Credit Union Act, 1997 (as amended). Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the 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 2016 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the requirements of the Credit Union Act, 1997 (as amended).

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

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

- We have obtained all the information and explanations which, to the best of our knowledge and belief, 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.

Grant Thornton
Chartered Accountants
& Statutory Audit Firm

Mill House
Henry Street
Limerick

14 OCTOBER 2016

INCOME AND EXPENDITURE ACCOUNT

For the Financial Year Ended 30 September 2016

	Schedule	2016 €	2015 €
INCOME			
Interest on Loans	1	2,364,324	1,947,344
Members' Deposit and Other Interest Expense and Similar Charges		(22,430)	(27,908)
Other Interest Income and Similar Income	2	1,755,345	1,679,256
Net Interest Income		4,097,239	3,598,692
Other Income	3	118,359	78,614
TOTAL INCOME		4,215,598	3,677,306
EXPENDITURE			
Salaries and Pension		1,509,298	1,274,311
Other Management Expenses	4	1,771,565	1,723,259
Depreciation		209,496	179,541
Bad Debts Provision		(991,350)	(1,239,465)
Bad Debts Recovered		(414,406)	(369,004)
Bad Debts Written Off		388,928	336,527
TOTAL EXPENDITURE		2,473,531	1,905,169
EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR		1,742,067	1,772,137
CEO:	SEAN STAUNTON	14 OCTOBER 2016	
Member of the Board Oversight Committee:	MIRIAM KINANE	14 OCTOBER 2016	
Member of the Board of Directors:	FRANCIS RYAN	14 OCTOBER 2016	

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 September 2016

	2016 €	2015 €
Excess of Income over Expenditure for the year	1,742,067	1,772,137
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,742,067	1,772,137
CEO:	SEAN STAUNTON	14 OCTOBER 2016
Member of the Board Oversight Committee:	MIRIAM KINANE	14 OCTOBER 2016
Member of the Board of Directors:	FRANCIS RYAN	14 OCTOBER 2016

The notes on pages 17 to 34 form part of these financial statements.

BALANCE SHEET

As at 30 September 2016

	Notes	2016 €	2015 €
ASSETS			
Cash and Balances at Bank	8	1,489,016	1,022,372
Deposits and Investments – Cash Equivalents	9	23,692,194	14,545,266
Deposits and Investments – Other	9	82,349,422	57,443,013
Loans	10	32,752,960	21,438,641
Less: Provision for Bad Debts	11	(2,467,445)	(2,097,014)
Tangible Fixed Assets	12	4,345,250	2,797,058
Debtors, Prepayments and Accrued Income	13	147,690	131,241
TOTAL ASSETS		142,309,087	95,280,577
LIABILITIES			
Members' Shares	14	118,029,415	76,194,943
Members' Deposits		4,187,061	4,583,992
Other Liabilities, Creditors, Accruals and Charges	15	451,808	347,050
Other Provisions	16	21,749	13,906
TOTAL LIABILITIES		122,690,033	81,139,891
RESERVES			
Regulatory Reserve	18	16,008,922	10,785,877
Operational Risk Reserve	18	1,022,374	-
Other Reserves			
- Realised Reserves	18	2,429,067	3,269,129
- Unrealised Reserves	18	158,691	85,680
TOTAL RESERVES		19,619,054	14,140,686
TOTAL LIABILITIES AND RESERVES		142,309,087	95,280,577

CEO:

SEAN STAUNTON

14 OCTOBER 2016

Member of the Board Oversight Committee:

MIRIAM KINANE

14 OCTOBER 2016

Member of the Board of Directors:

FRANCIS RYAN

14 OCTOBER 2016

The notes on pages 17 to 34 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

For the Financial Year Ended 30 September 2016

	Other Reserves		Regulatory Reserve	Operational Risk Reserve	Total
	Realised	Unrealised			
	€	€	€	€	€
As at 1 October 2015	3,269,129	85,680	10,785,877	-	14,140,686
Excess of Income over Expenditure for the year	1,694,026	48,041	-	-	1,742,067
Dividend Paid	(183,158)	-	-	-	(183,158)
Payments from Reserves	(94,465)	-	-	-	(94,465)
Transfer of Engagements	(234,091)	24,970	4,223,045	-	4,013,924
Transfer to the Operational Risk Reserve	(2,022,374)	-	1,000,000	1,022,374	-
As at 30 September 2016	2,429,067	158,691	16,008,922	1,022,374	19,619,054

CEO:

SEAN STAUNTON

14 OCTOBER 2016

Member of the Board Oversight Committee:

MIRIAM KINANE

14 OCTOBER 2016

Member of the Board of Directors:

FRANCIS RYAN

14 OCTOBER 2016

The notes on pages 17 to 34 form part of these financial statements.

CASH FLOW STATEMENT

For the Financial Year Ended 30 September 2016

	2016	2015
	€	€
Cash and cash equivalents at the beginning of year	15,567,638	9,015,162
Cash flows from operating activities		
Loans Repaid	14,858,331	12,644,918
Loans Granted	(17,858,351)	(12,199,961)
Loan Interest	2,364,324	1,947,344
Interest Paid	(22,430)	(27,908)
Investment Income	1,755,345	1,679,256
Bad Debts Recovered	414,406	369,004
Dividends Paid	(183,158)	(152,551)
Operating Expenses	(3,280,863)	(2,829,570)
Other Receipts	118,359	78,614
Other disbursements	(94,465)	(106,848)
Movements in other assets and liabilities	(360,167)	(291,088)
Net cash generated operating activities	(2,288,669)	1,111,210
Cash flows from investing activities		
Cash and investments introduced from transfer of engagements	30,107,785	11,364,262
Fixed Asset Purchases/Disposals	(345,724)	(152,798)
Net Cash Flow from Other Investing Activities	(24,906,409)	(8,788,645)
Net cash from investing activities	4,855,652	2,422,819
Cash flows from financing activities		
Members' Savings Received	53,244,574	38,678,639
Members' Savings Withdrawn	(46,197,985)	(35,660,192)
Net cash used in financing activities	7,046,589	3,018,447
Net increase in cash and cash equivalents	9,613,572	6,552,476
Cash and cash equivalents at end of year	25,181,210	15,567,638

Note 8

On behalf of the Credit Union:

CEO:

SEAN STAUNTON

14 OCTOBER 2016

Member of the Board Oversight Committee:

MIRIAM KINANE

14 OCTOBER 2016

Member of the Board of Directors:

FRANCIS RYAN

14 OCTOBER 2016

The notes on pages 17 to 34 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

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 located at 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 except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

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). These are the first financial statements that comply with FRS 102. Information on the impact of first-time adoption of FRS 102 is set out in note 28.

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 Interest on loans

Interest on loans is recognised on an accruals basis. An adjustment is made to the year-end amount receivable for any irrecoverable amounts. The Directors have made a decision to transfer accrued interest receivable on loans at the year end to an Unrealised Reserve.

2.5 Investments

Investment income is recognised on an accruals basis.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

2.5 Investments (continued)

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 straightline method.

Depreciation is provided on the following basis:

Premises	50 years
Fixtures, Fittings & Equipment	5 years
Computer Equipment	3 years

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

2.6 Tangible fixed assets (continued)

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.

2.7 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.

2.8 Financial assets – Loans

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

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

2.9 Bad Debt Provision

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

Any bad debts/impairment losses are recognised in the Income and Expenditure Account.

Progressive Credit Union Limited has identified three categories for assessing impairment losses on loans. They are Rescheduled Loans, Top 100 Loans and All Other Loans.

Rescheduled Loans

The provision applied to Rescheduled Loans is the greater of provision required using Lending Analytic Software explained below and any provision required under Regulatory Requirements issued by Central Bank of Ireland.

Top 100 Loans

Each loan in this category is individually assessed. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

2.9 Bad Debt Provision (continued)

All Other Loans

Progressive Credit Union Limited uses Lending Analytics Software to calculate the statistical baseline for that part of its loan provision that is assessed on a collective grouped basis for loans which are not included in the above categories. The Lending Analytics Software employs a roll-rate methodology that analyses the movement in arrears of all the loans in each such group over the preceding 12 months. By taking into account the Credit Union's historical net recoveries on written-off loans, the Lending Analytics Software uses the results of its roll-rate analysis to compute a loss given default (LGD) projection for each loan in the group. Based on each loan's percentage of completion and number of months in arrears, its projected LGD is back-allocated to calculate the degree to which it is impaired. The sum of those individual impairments is the baseline provision for that group of loans.

2.10 Financial liabilities – Members' Shares and Deposits

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

2.11 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.

2.12 Pension Costs

The Credit Union operates a defined contribution 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 payments 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.

2.13 Creditors

Short term Other Liabilities, Creditors, Accruals and Charges are measured at the transaction price.

2.14 Distribution Policy

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

2.15 Regulatory Reserve

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

2.16 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.

2.17 Other Reserves

Other Reserves are the accumulated surpluses to date and Reserves arising on the Transfer of Engagements that have not been declared as dividends returnable to members. The Other Reserves are subdivided into realised and unrealised. In accordance with the Central Bank Guidance Note for Credit Unions on Matters Relating to Accounting for Investments and Distribution Policy, Investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as "unrealised" and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. Interest on Loans receivable at the balance sheet date is also classified as "unrealised" and is not distributable. All other income is classified as "realised".

2.18 Transfer of Engagements

Transfer of Engagements are accounted for using the acquisition method of accounting. This involves recognising identifiable assets and liabilities of the acquired Credit Unions at fair value. In applying the acquisition method of accounting for these business combinations, the member interests transferred by Progressive Credit Union Limited represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the member interests in the Transferor Credit Unions (the fair value of the Transferor Credit Unions) at the date of the transfer, and is reflected as an adjustment in Reserves.

3. Judgements in applying accounting policies and key source of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Credit Union's accounting policies. The items in the financial statements where these judgments 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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

3. Judgements in applying accounting policies and key source of estimation uncertainty (continued)

change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year.

Impairment of buildings

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

Bad debt provision

Progressive Credit Union Limited's accounting policy for impairment of loans is set out in the accounting policy in Note 2.9. 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.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have considered an approach to the calculation of the operational risk reserve. 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.

4. Transfer of Engagements

On 11 December 2015 Progressive Credit Union Limited ("PCU") accepted the Transfer of Rivervalley and Rathingle Credit Union Limited ("RRCU"). The Assets and Liabilities of RRCU at 11 December 2015 were incorporated into the Balance Sheet of PCU at that date.

On 2 September 2016 PCU accepted the Transfer of Baldoyle & Portmarnock Credit Union Limited ("BPCU"). The Assets and Liabilities of BPCU at 2 September 2016 were incorporated into the Balance Sheet of PCU at that date.

PCU did not pay any consideration in respect of the Transfer of Engagements. On the date of transfer, the members of the Transferor Credit Unions became members of PCU, and thereby became entitled to member interest associated with such membership. In applying the acquisition method of accounting for this business combination, the members' interests transferred by PCU represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the member interests in the Transferor Credit Unions (the fair value of the Transferor Credit Unions) at the date of transfer, and is reflected as an adjustment in Reserves in note 18 on page 29.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

4. Transfer of Engagements (continued)

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

	Fair value of RRCU assets and liabilities acquired by PCU €	Fair value of BPCU assets and liabilities acquired by PCU €	Total €
Tangible Fixed Assets	219,746	1,192,218	1,411,964
Cash on Hand and at Bank	522,598	4,533,155	5,055,753
Deposits and Investment	5,074,514	19,977,519	25,052,033
Loans	3,130,151	5,573,076	8,703,227
Provision for Bad Debts	(584,490)	(777,290)	(1,361,780)
Debtors, Prepayments and Accrued Income	4,998	24,970	29,968
Member Shares	(7,174,668)	(27,216,284)	(34,390,952)
Other Liabilities, Creditors, Accruals and Charges	(150,700)	(335,589)	(486,289)
	1,042,149	2,971,775	4,013,924

5. Rates of Interest Charged on Loans

The rates of interest charged on loans per annum on a reducing balance basis were as follows:

	APR %	Monthly %
Personal Loans	12.68%	1.06%
Special Car Loans	8.03%	0.67%
Home Loans < €200,000	5.12%	0.43%
Home Loans > €200,000	3.97%	0.33%
1 year Loans	10.23%	0.85%
Switcher Loans	8.06%	0.67%
Consolidation Loans	12.68%	1.06%
Within Shares Loans	5.13%	0.43%
SEAI Energy Saving Loan	7.14%	0.60%

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

6. Rates of Interest paid on Member Deposits

The rates of Interest paid on Member Deposits were as follows:

	2016 %	2015 %
On Demand Deposits	0.00%	0.25%
2011 Five Year Deposit (Closed)	4.00%	4.00%
2012 Five Year Deposit (Closed)	3.00%	3.00%
2011 3 Year Deposit (Closed)	0.00%	3.00%
2013 3 Year Deposit (Closed)	0.00%	1.50%

7. Key Management Personnel Compensation

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

	2016 €	2015 €
Short term employee benefits paid to key management	454,243	432,534
Payments to pension schemes	40,982	39,016
Total key management personnel compensation	495,225	471,550

8. Cash and Cash Equivalents

	2016 €	2015 €
Cash and balances at bank	1,489,016	1,022,372
Deposits & Investments	106,041,616	71,988,279
Less: Deposit & Investment amounts maturing after three months	(82,349,422)	(57,443,013)
Total Cash and Cash Equivalents	25,181,210	15,567,638

9. Deposits and Investments

	2016 €	2015 €
Deposits and Investments – Cash Equivalents		
Accounts in Authorised Credit Institutions (Irish and Non-Irish based)	23,592,194	14,445,266
Other	100,000	100,000
Total Deposits and Investments – Cash Equivalents	23,692,194	14,545,266

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

9. Deposits and Investments (continued)

	2016 €	2015 €
Deposits and Investments – Other		
Accounts in Authorised Credit Institutions (Irish and Non-Irish based)	44,818,438	29,518,179
Irish and EEA State Securities	14,757,911	14,823,247
Bank Bonds	21,545,836	12,313,104
Central Bank Deposits	1,227,237	788,483
Total Deposits and Investments – Other	82,349,422	57,443,013

10. Financial Assets – Loans

	2016 €	2015 €
As at 1 October	21,438,641	20,151,371
Loans arising on Transfer of Engagements	8,703,227	2,068,754
Loans granted during the year	17,858,351	12,199,961
Loans Repaid during the year	(14,858,331)	(12,644,918)
Gross Loans and Advances	33,141,888	21,775,168

Bad Debts

Loans Written Off during the year	(388,928)	(336,527)
As at 30 September	32,752,960	21,438,641

11. Provision for Bad Debts

	2016 €	2015 €
As at 1 October	2,097,014	3,047,856
Provisions arising from Transfer of Engagements	1,361,780	288,623
Net Movement in Bad Debts Provision during the year for Loans currently outstanding	(602,421)	(902,938)
Decrease in Bad Debt Provision as a result of Loan Write Offs previously provided for	(388,928)	(336,527)
As at 30 September	2,467,445	2,097,014

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

11. Provision for Bad Debts (continued)

The current Provision for Bad Debts in the financial statements is €2,467,445 (2015: €2,097,014) representing 7.53% (2015: 9.78%) of the total loan book. The Provision for Bad Debts is analysed as follows:

	2016 €	2015 €
Individually Significant Loans	470,627	338,987
Other Impaired Loans	756,237	817,576
Collectively Assessed Loans	1,240,581	940,451
Provision for Bad Debts	2,467,445	2,097,014

12. Tangible Fixed Assets

	Premises €	Construc- tion in Progress €	Fixtures, Fittings & Equipment €	Computer Equipment €	Total €
COST					
1 October 2015	4,935,615	—	251,753	302,262	5,489,630
Transfer from TOE	1,483,574	—			1,483,574
Additions	-	147,954	79,362	118,408	345,724
At 30 September 2016	6,419,189	147,954	331,115	420,670	7,318,928
DEPRECIATION					
1 October 2015	2,436,313	—	84,067	172,192	2,692,572
Transfer from TOE	71,610	—	-	-	71,610
Charge for year	64,187	—	54,236	91,073	209,496
At 30 September 2016	2,572,110	—	138,303	263,265	2,973,678
NET BOOK VALUE					
30 September 2016	3,847,079	147,954	192,812	157,405	4,345,250
30 September 2015	2,499,302	—	167,686	130,070	2,797,058

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

13. Debtors, Prepayments and Accrued Income

	2016 €	2015 €
Loan Interest Receivable	80,757	59,365
Prepayments	54,186	49,496
Other Debtors and Receivables	12,747	22,380
	147,690	131,241

14. Member Shares

	2016 €	2015 €
Special Share Accounts	118,029,415	76,194,943
Total Member Shares	118,029,415	76,194,943

15. Other Liabilities, Creditors Accruals and Charges

	2016 €	2015 €
Revenue – DIRT	1,003	5,058
Revenue – PAYE/PRSI	53,604	31,504
Members Draw Balance	63,150	46,029
Other Creditor & Accruals	334,051	264,459
	451,808	347,050

16. Other Provisions

	2016 €	2015 €
Holiday Pay Accrual		
At 1 October 2015	13,906	12,500
Charged to the Income and Expenditure Account	7,843	1,406
At 30 September 2016	21,749	13,906

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

17. Financial Instruments

Financial Assets

	2016	2015
	€	€
Financial Assets measured at amortised cost	136,441,928	93,359,713
Financial Assets measured at fair value	3,854,411	1,111,959
	140,296,339	94,471,672

Financial Liabilities

	2016	2015
	€	€
Financial Liabilities measured at amortised cost	122,690,033	81,139,891

Financial Assets measured at amortised cost comprises of Cash and Balances at Bank, Deposits and Investments, Loans and Debtors.

Financial Assets measured at Fair Value comprises of six Investments.

Financial Liabilities measured at amortised cost comprise Member Shares and Deposits, Creditors and Accruals.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

18. Reserves

	Balance 01/10/15 €	Arising on TOE €	Payment of Dividend €	Payment from Reserves €	Appropriation of Current Year Surplus €	Transfers between Reserves €	Balance 30/09/16 €
Regulatory Reserve	10,785,877	4,223,045	–	–	1,000,000	–	16,008,922
Operational Risk Reserve	–	–	–	–	–	1,022,374	1,022,374
Other Reserves							
Realised							
Undistributed Surplus	3,617,468	–	(3,013)	–	449,489	(1,022,374)	3,041,570
TOE - HSCU	(2,568,508)	–	–	–	–	–	(2,568,508)
TOE - DDCU	918,152	–	–	–	–	–	918,152
TOE - SCU	816,103	–	–	–	–	–	816,103
TOE - TVCU	204,107	–	–	–	–	–	204,107
TOE - RRCU	–	(7,851)	–	–	–	–	(7,851)
TOE - BPCU	–	(226,240)	–	–	–	–	(226,240)
Special Reserve: Proposed Dividend	180,145	–	(180,145)	–	94,537	–	94,537
Community and Social Responsibility Reserve	101,662	–	–	(94,465)	150,000	–	157,197
Total Realised Reserves	3,269,129	(234,091)	(183,158)	(94,465)	694,026	(1,022,374)	2,429,067
Unrealised							
Interest on Loans Reserve	59,365	–	–	–	21,392	–	80,757
Investment Income Reserve	26,315	24,970	–	–	26,649	–	77,934
Total Unrealised Reserves	85,680	24,970	–	–	48,041	–	158,691
TOTAL RESERVES	14,140,686	4,013,924	(183,158)	(94,465)	1,742,067	–	19,619,054

The Regulatory Reserve at 30 September 2016 represents 11.25% of Total Asset at that date.

The Operational Risk Reserve at 30 September 2016 represents 0.72% of Total Asset at that date.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

19. Credit risk disclosures

Progressive Credit Union Limited offer Home Loans however the majority of 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. Individual members may borrow up to €75,000 unsecured and €300,000 secured.

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.

	2016		2015	
	€	%	€	%
LOANS NOT IMPAIRED				
Total Loans Not Impaired	27,039,620	82.56%	16,409,981	76.54%
IMPAIRED LOANS:				
Not Past Due	1,092,297	3.33%	1,162,901	5.42%
Up to 9 Weeks Past Due	2,572,344	7.85%	2,153,436	10.04%
Between 10 and 18 Weeks Past Due	414,148	1.26%	298,632	1.39%
Between 19 and 26 Weeks Past Due	195,526	0.60%	238,373	1.11%
Between 27 and 39 Weeks Past Due	239,626	0.73%	186,705	0.87%
Between 40 and 52 Weeks Past Due	188,853	0.58%	142,170	0.66%
53 or More Weeks Past Due	1,010,546	3.09%	846,443	3.97%
Total Impaired Loans	5,713,340	17.44%	5,028,660	23.46%
TOTAL LOANS	32,752,960		21,438,641	

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

20. Related Party Transactions

	No. of Loans	2016 €
Loans advanced to Related Parties during the year ended	22	130,000
Total Loans Outstanding to Related Parties at the year end	28	294,843
Total Provisions for Loans Outstanding to Related Parties		Nil
Total Provision charge during the year for Loans Outstanding to Related Parties		Nil

The Related Party Loans stated above comprise of loans to members of the Board of Directors, the Management Team and members of the family of a member of the Board of Directors and the Management Team of Progressive Credit Union Limited.

Total Loans Outstanding to Related Parties represent 0.90% of the total loans outstanding at 30 September 2016.

21. Additional financial instruments disclosures

21a. Financial Risk Management

Progressive Credit Union Limited manages its members' shares, deposits and loans to members 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 Progressive Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board of Directors approves Progressive Credit Union Limited's Credit Policy, and all changes to it. All loan applications are assessed with reference to the Credit Policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

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

Liquidity Risk: Progressive 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

21. Additional financial instruments disclosures (continued)

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.

21b. Liquidity Risk Disclosures

All Progressive Credit Union Limited's financial liabilities are repayable on demand with the exception of certain term Deposit Accounts and pledged Shares. The Credit Union retains, at all times, liquid assets amounting to a minimum of 20% of unattached savings.

21c. Interest Rate Risk Disclosures

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

	2016		2015	
	€	Average Interest Rate %	€	Average Interest Rate %
Loans	32,752,960	9.47%	21,438,641	9.35%

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.

22. Dividends

The following distributions were made during the year:

	2016		2015	
	0.25%	€	0.25%	€
Dividend on Shares	0.25%	183,158	0.25%	152,551

The Directors are proposing a dividend of 0.10% (€94,537), subject to agreement by the membership at the AGM.

23. Post balance sheet events

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

24. 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).

25. Capital Commitments

The Credit Union entered into a contract with Global Rail Services in 2016 to redevelop the Branch Office at 171 Ballymun Road, Dublin 9. A contract was signed in the amount of €238,965. During the year Global Rail Services invoiced Progressive Credit Union Limited €143,941 leaving a capital commitment balance payable of €95,024 (approximately) at the year end.

26. Contingent Liabilities

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 €20,000.

27. Comparative information

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

28. Transition to FRS 102

This is the first financial year that Progressive Credit Union Limited has presented financial statements complying with FRS 102. The last financial statements under Irish GAAP were for the financial year ended 30 September 2015. Progressive Credit Union Limited's date of transition to FRS 102 is 1 October 2014. Set out below are the changes in accounting policies which reconcile the excess of income over expenditure for the financial year ended 30 September 2015 and Other Reserves as at 1 October 2014 and 30 September 2015 between Irish GAAP as previously reported and FRS 102.

Reconciliation of Excess of Income over Expenditure from previous accounting standards to FRS 102

	Note	2015 €
Excess of Income over Expenditure as previously reported		1,018,310
Bad debt provision	(a)	702,938
Accruals basis for income recognition	(b)	864
Investments	(c)	37,525
Short term employee benefits	(d)	12,500
Excess of Income over Expenditure (in accordance with FRS 102)		<u>1,772,137</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 September 2016

28. Transition to FRS 102 (continued)

Reconciliation of Other Reserves from previous accounting standards to FRS 102

		2015	2014
	Note	€	€
Other Reserves as previously reported		2,385,954	1,922,936
Bad debt provision	(a)	869,819	166,881
Accruals basis for income recognition	(b)	59,365	58,501
Investments	(c)	39,671	2,146
Short term employee benefits	(d)	-	(12,500)
Other Reserves (in accordance with FRS 102)		<u>3,354,809</u>	<u>2,137,964</u>

The adjustments are:

(a) Bad Debt Provision

FRS 102 does not allow general provisions for bad debts, thereby resulting in the add back of any General Bad Debt Provision at 30 September 2014 and 30 September 2015.

(b) Accruals basis for income recognition

Credit Unions historically account for interest income on loans on a cash receipts basis. FRS 102 requires that income be accounted for on an accruals basis. Interest earned as at 30 September but not received until after September is now accrued at 30 September. The correction is retrospective.

(c) Investments

Investments accounted for under the old "cost model" rules have been restated to amortised cost/fair value resulting in an adjustment applied retrospectively to both the income recognised from these investments and in their carrying amount.

(d) Employee benefits

FRS 102 requires the cost of short-term compensated absences to be recognised when employees render the service that increases their entitlement. Progressive Credit Union Limited had not made an accrual for short-term employee benefits at 30 September 2014 resulting in an adjustment to the Other Reserves at 30 September 2014 and the excess of income over expenditure for the year ended 30 September 2015.

SCHEDULES

For the Financial Year Ended 30 September 2016

The following Schedules do not form part of the Statutory Financial Statements which are the subject of the Independent Auditor's Report on pages 11 to 12.

SCHEDULE 1 – INTEREST ON LOANS

	2016	2015
	€	€
Loan Interest Income Received	2,342,932	1,946,480
Loan Interest Income Receivable	21,392	864
TOTAL PER INCOME AND EXPENDITURE ACCOUNT	2,364,324	1,947,344

SCHEDULE 2 – OTHER INTEREST INCOME AND SIMILAR INCOME

	2016	2015
	€	€
Investment Income Received/Receivable within 1 year	1,728,696	1,667,731
Investment Income Receivable outside of 1 year	26,649	11,525
TOTAL PER INCOME AND EXPENDITURE ACCOUNT	1,755,345	1,679,256

SCHEDULE 3 – OTHER INCOME

	2016	2015
	€	€
ECCU Claims Experience Refund	61,419	13,917
Commission & Fees	23,093	19,447
ReBo Rebate	33,847	45,250
TOTAL PER INCOME AND EXPENDITURE ACCOUNT	118,359	78,614

SCHEDULES

For the Financial Year Ended 30 September 2016

SCHEDULE 4 – OTHER MANAGEMENT EXPENSES

	2016	2015
	€	€
Affiliation Fees	50,479	43,480
Savings Protection Scheme	37,447	75,511
Education & Training	26,362	27,954
Rates	57,621	49,617
General Insurance	40,864	35,503
LPLS Insurance	348,265	286,425
AGM & Convention Fees	21,654	31,189
Light & Heat	35,041	32,927
Risk, Internal Audit & Compliance	70,464	35,363
Office Cleaning	24,836	24,228
Repairs & Maintenance	46,385	64,048
Printing & Stationery	45,212	40,582
Advertising & Marketing	92,456	65,720
Postage	20,448	14,637
Telephone	19,223	21,587
Computer Maintenance	164,815	139,752
Legal & Professional Fees	154,756	259,527
Audit Fees	41,205	41,205
Bank Charges	100,078	58,452
General Expenses	107,308	80,544
Resolution Levy	76,529	45,457
Restructuring and Rationalisation costs	190,117	81,551
Impairment on the Premises	–	168,000
TOTAL PER INCOME AND EXPENDITURE ACCOUNT	<u>1,771,565</u>	<u>1,723,259</u>

BRANCH OPENING HOURS

BRANCH	Mon	Tues	Wed	Thur	Fri	Sat
BALBRIGGAN	CLOSED	09:30-17:00	09:30-17:00	09:30-17:00	09:30-19:30	09:30-12:30
BALDOYLE	09:30-17:00	09:30-13:00	09:30-17:00	10:00-17:00	09:30-17:00	09:30-12:30
DONABATE	CLOSED	CLOSED	CLOSED	9.30-13.00/ 14.15-17.00	9.30-13.00 / 14.15-19.00	09:30-12:30
GLASNEVIN	09:30-16:00	CLOSED	09:30-16:00	19:00-20:30	09:30-19:30	CLOSED
SKERRIES	09:45-12.30/ 13:30-16.30	CLOSED	09:45-12.30/ 13:30-16.30	09:45-12.30/ 13:30-16.30	09:45-12.30/ 13:30-18.30	10:30-12:30
SWORDS RIVERVALLEY	CLOSED	09:00-14:00/ 19:30-21:00	CLOSED	09:00-14:00	09:00-19:00	09:30-12:00

CHRISTMAS OPENING HOURS 2016

BRANCH	Fri 23rd December	24th -28th December	Thurs 29th December	Fri 30th December	Sat 31st December Sun 1st January	Mon 2nd January
BALBRIGGAN	OPEN	CLOSED	OPEN	OPEN	CLOSED	CLOSED
BALDOYLE	OPEN	CLOSED	OPEN	OPEN	CLOSED	OPEN
DONABATE	OPEN	CLOSED	OPEN	OPEN	CLOSED	CLOSED
GLASNEVIN	OPEN	CLOSED	OPEN	OPEN	CLOSED	OPEN
SKERRIES	OPEN	CLOSED	OPEN	OPEN	CLOSED	OPEN
SWORDS RIVERVALLEY	OPEN	CLOSED	OPEN	OPEN	CLOSED	CLOSED

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Reg: CU226



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



- Local
- Strong
- Secure