

Four hands are positioned around the center of the page, palms facing inward, as if holding or supporting the central logo. The hands are light-skinned and appear to be of different ages or ethnicities. The background is white.

Together We're Better



ANNUAL REPORT 2020 & AGM NOTIFICATION

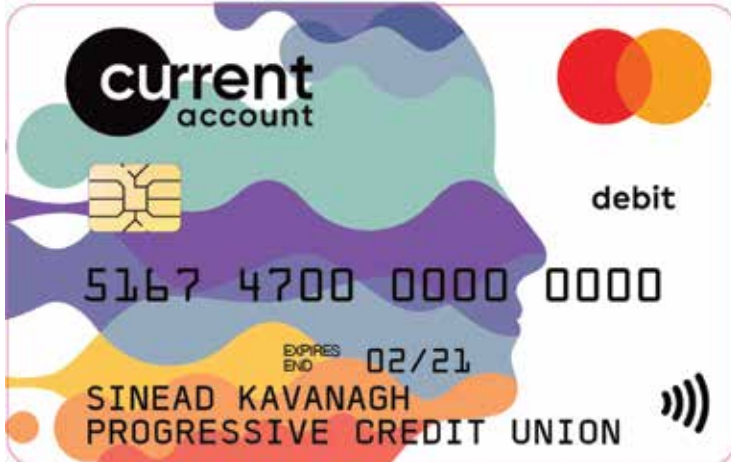
Broadcast via Zoom on 16 February 2021 at 6.00pm

Progressive Credit Union Limited is regulated by the Central Bank of Ireland



Progressive Credit Union

Current Accounts



- ✓ Globally accepted Debit Card
- ✓ Overdraft facility
- ✓ Contactless payment as standard

Tel: 01 8411 348

Email: info@progressivecu.ie | Web: www.progressivecu.ie

Mastercard is a registered trademark and the circles design is a trademark of Mastercard International Incorporated. This card is issued by Transact Payments Malta Limited pursuant to licence by Mastercard. Overdrafts are available to Current Account holders aged 18 years or older. Lending criteria, terms and conditions apply.

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Progressive Credit Union Limited

Table of Contents

Notice of Meeting	2
Order of Business	2
Virtual AGM	3
Year in Review	4
Member Death Benefit Insurance Programme	7
Directors' report	10
Directors' responsibilities statement	12
Board oversight committee's responsibilities statement	12
Independent auditor's report to the members of Progressive Credit Union Limited	13
Income and expenditure account	16
Statement of comprehensive income	16
Balance sheet	17
Statement of changes in reserves	18
Statement of cash flows	19
Notes to the financial statements	20
Schedules to the income and expenditure account	36
Nominations Committee Report	38
Proposed Rule Change	39
Internal Audit and Risk Management Committee Report	41
Board Oversight Committee Report	43
Car Draw Report	44
AML Requirements	45
Data Protection	45

Notice of Meeting

Dear Member

Notice is hereby given that the Annual General Meeting of Progressive Credit Union will take place online via Zoom on 16 February 2021 at 6.00pm. Please register to attend the Annual General Meeting online at www.progressiveccu.ie by close of business on 11 February 2021.

Elections will be held to fill six vacancies on the Board of Directors, one vacancy on the Board Oversight Committee and the position of Auditor.

HARRY KEEGAN
Secretary

Order of Business

- Ascertainment that a quorum is present
- Adoption of Standing Orders
- Reading and Approval (or correction) of Minutes of 2019 Annual General Meeting
- Report of the Board of Directors
- Presentation of Financial Statements
- Report of the Auditor
- Appointment of Tellers
- Proposed Rule Change
- Report of the Nominations Committee
- Balloting
- Report of the Board Oversight Committee
- Report of the Internal Audit and Risk Management Committee
- Announcement of Election Results
- Any other business
- Adjournment of meeting

Virtual AGM

In these unprecedented times, Progressive Credit Union has done all that we can to continue to deliver vital services to you, our members, whilst keeping our staff and volunteers safe. The Board of Directors hope all members and their families are keeping well and safe.

With Covid-19 impacting all of our lives, we have taken the decision to hold our Annual General Meeting (AGM) by virtual means which will result in us doing things a little different this year. We want our members to continue to have the opportunity to vote on key decisions about the running of the credit union including election of officers.

In order to attend and participate in this year's AGM please see instructions below; -

- 1) Please register to attend the Annual General Meeting online at www.progressivecu.ie by close of business on 11 February 2021.
- 2) Your login details will be emailed to you once you are verified as a member that is eligible to attend.
- 3) We will also email you a copy of the minutes of last year's AGM and Standing Orders for this Year's AGM. Please read these before the meeting.
- 4) Please submit questions to the board in advance of the AGM by e-mailing info@progressivecu.ie and the board will address these during the AGM
- 5) Before the date of the AGM, we would advise you to familiarise yourself with Zoom and prepare for the event ahead of time.
- 6) The starting time will be at 6pm on 16 February 2021. However, we suggest to you to login a little bit earlier to avoid any last minute technical issues.
- 7) Please click on the link provided. Please note that your login details are specific to you and can only be used on one device.
- 8) Please wait for the host (Chair) to start the meeting. While you are waiting, you can test your computer audio. Please make sure it is turned on and at the right volume.
- 9) You will be asked your name before joining the meeting. Please fill in the field with Name and Surname. This information will be used to identify you for the purposes of determining a quorum.
- 10) Please select "Join with Computer Audio", so that you will be able to see and hear the Chair and any persons presenting.
- 11) All non-presenting participants will be muted to allow the smooth running of the meeting. However, you can type a question to the host by clicking on the "Chat" button at the bottom of the page.
- 12) During the meeting you will be given the option to vote anonymously online for the election of officers and on resolutions proposed to be passed at the meeting. A screen will pop up and you will be asked to vote.
- 13) Please note that the Virtual AGM will be recorded for minute-taking and archiving purposes, so any contribution you make will be recorded.
- 14) At the end of the AGM, the host will close the Zoom Meeting.

Progressive Credit Union Limited

Year in Review

We would like to present to you our Annual Report and Financial Statements for the year ended 30 September 2020.

Unfortunately, we cannot write this report without mentioning the dreaded “C” Word. The COVID-19 pandemic has led to a dramatic loss of human life and presents an unprecedented challenge not only to public health, but to the world of work and how we go about our daily lives. The economic and social disruption caused by the pandemic is devastating. Everybody has been affected by this. Even the way that we hold our AGM has changed this year.

Progressive Credit Union is classified as an essential service and we have remained open during this period and continue to remain open for business. Our online and phone services have remained open at all times. Controlling your finances from the safety of your own home has never been easier. Before visiting one of our branches, please ask yourself if your visit is necessary as your transaction could be done over the phone or online. There may be times when we need to close branches temporarily or reduce opening hours due to staff shortages. We are “Living with COVID” so the need to quarantine and self-isolate has become part of life for the time being.

Progressive Credit Union has always prided itself as being a safe, stable and financially sound institution in which you can borrow and save with confidence. Even during these uncertain times this continues to be the case. All savings held with the Credit Union are covered by the Deposit Guarantee Scheme. Our surplus for the year was €825,160. This is an excellent result in a very tough environment of decreasing investment returns and increasing costs. Total assets now stand at €221.5 million making us one of the largest credit unions in the country.

Due to the current economic environment, the COVID 19 pandemic, the uncertainty of Brexit and the negative return we are getting on some of our investments we are not proposing to pay a dividend on member's savings this year. Another reason behind this decision is to protect our Reserve Ratio. Adequate reserves are the foundation on which the financial stability of a credit union rests. Our reserves at 30 September 2020 amounted to €28 million which is a healthy 13% and above the minimum requirement of 10%.

However, one of the main risks to our Reserve Ratio is Savings Growth: Savings inflows have been very strong over recent years. Despite the introduction of a savings cap of €30,000 in 2019, savings inflow continued to increase this year, especially during the first lockdown period. Over the financial year 2,219 members have joined Progressive Credit Union. Total member savings are €191 million, an increase of €21 million. These large savings inflows create capital and liquidity requirement issues. We are required to hold an additional €1 in capital for every €10 increase in member savings. This capital comes directly from our surplus. That is why the Board made the difficult decision to cap total members' savings to €15,000 in November 2020, at the start of our new financial year. As with all decisions this was made with the best interests of the membership as a whole and to ensure the viability of Progressive Credit Union.

Progressive Credit Union made a financial return to members by transferring €260,000 to a Community and Social Responsibility Reserve in 2019 to fund sponsorship applications for social, cultural, educational and charitable purposes from members of the credit union. Never before have we seen a need for solidarity and support, especially with the most vulnerable in our community. Only together can we overcome the

Progressive Credit Union Limited

intertwined health, social and economic impacts of the pandemic. As one of Ireland's largest Community based Credit Unions, Progressive Credit Union prides itself on always being here for all our local communities. With this in mind we propose to transfer a further €250,000 to the Community and Social Responsibility Reserve this year.

Our Loan Book is €53.6 million at 30 September 2020. Progressive Credit Union is actively lending and very much open for business. During these strange times, we all need to support each other by keeping business local. Shop local, spend local and borrow local is the key to making our communities stronger. The difference between returns on loans and investments emphasises the need for continued growth in our loan book to generate the income necessary to enhance our surplus which in turn increases our reserve ratio. In this continuing lengthy period of low interest rates it is vital we lend out our assets rather than having to have them invested. Our loan to assets ratio is 24% and, while better than our credit union peers, it is vital that we increase this percentage.

We will continue to develop our range of Loan Products and are keen to lend, offering approval in principle on loans up to €100,000 in 24 hours. We promise to keep the paperwork to a minimum and provide a fast decision on all loan applications. We offer a range of loan types to suit all of our members borrowing needs. During the year we launched a digital signature service meaning you can sign your loan application and credit agreement online and draw down your loan to your current account without having to visit our branches.

It is very encouraging to see that the vast majority of our members are still honouring their loan repayment commitments and repaying their loans as agreed. Arrears on loans are relatively low and well under control. We have changed our credit control policy to allow temporary arrangements to be offered to members who find themselves in difficulty because of job loss or reduced income. We ask that any member who may experience difficulties contact us as soon as possible to review your repayment options.

Due to the uncertainty of any potential impacts Brexit and COVID-19 may have on our members' ability to repay loans in the future we felt it prudent to increase our bad debts provision this year.

Our investment portfolio currently stands at €161.6 million. Despite a low and sometimes negative interest rate environment the investment portfolio generated income of €2 million in the financial year ending 30 September 2020 which is a result of active portfolio management by the investment committee and Board.

Every year we thank the PCU Team, which includes the Board of Directors, Staff, Management, Board Oversight Committee and all other Committee Volunteers for their hard work during the year. However, this year we would like to pay particular appreciation to our staff for their continued dedication and relentless hard work in what has been an extremely challenging period, both on a business level and a personal one. PCU has a great team who work well with each and provide you the members with an excellent service and, in some cases, they go above and beyond in order to continue to provide this high quality service to you. These efforts do not go unnoticed and while we may not say it often enough – we are very thankful to them.

Finally, we wish to thank you our loyal members for your support and trust throughout the year. Stay Safe.

FINIAN KILTY
CHAIRMAN

SEAN STAUNTON
CEO



MORTGAGES



MAKE IT YOUR OWN WITH A PCU LOAN

BORROW	TERM	APRC/ INTEREST RATE	420 Monthly Repayments of	COST	TOTAL COST OF BORROWING
€200,000	35 years	3.56 % APRC 3.5% Interest Rate Variable	€826.59	€147,117.82	€347,117.82

Contact our lending team

01 8411348 - lending@progressivecu.ie - www.progressivecu.ie

WARNING: IF YOU DO NOT MEET THE REPAYMENTS ON YOUR LOAN, YOUR ACCOUNT WILL GO INTO ARREARS. THIS MAY AFFECT YOUR CREDIT RATING, WHICH MAY LIMIT YOUR ABILITY TO ACCESS YOUR CREDIT IN THE FUTURE.

WARNING: IF YOU DO NOT KEEP UP YOUR REPAYMENTS YOU MAY LOSE YOUR HOME.

WARNING: POSSIBLE FLUCTUATIONS IN THE INTEREST RATE COULD AFFECT THE AMOUNT PAYABLE.

Security, Property Insurance and Life Cover required. Loans are subject to approval. Terms and conditions apply.

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Member Death Benefit Insurance Programme

Progressive Credit Union will continue to offer the Members Death Benefit Insurance for 2021. The premium for 2021 was deducted from member's account on Monday 11 January 2021 for members who had signed up before 31 December 2020.

From 1 January 2021 we are pleased to inform members that we have enhanced the program to allow eligible members to join the program during the year, the fee will be pro-rata based on the date of joining.

The following are the cut off dates for new entrants:

- Q1** 31 March 2021 – Deduction of €45 will be made 1 April
- Q2** 30 June 2021 – Deduction of €30.00 will be made 1 July
- Q3** 30 September 2021 – Deduction of €15.00 will be made 1 October

Please note if the payment was not deducted from your account you will have to re-join the program however you must be eligible at the date of deduction and not the date that the form is signed.

Full details are available on <https://www.progressivecu.ie/death-%20benefit-insurance-programme>



Member Death Benefit Insurance Programme



€3,500 payment towards your funeral costs

For an annual premium of €60

TERMS AND CONDITIONS APPLY

Progressive Credit Union Limited is regulated by the Central Bank of Ireland

Progressive Credit Union Limited

**YOUR CONTINUED BUSINESS
IS YOUR CONTINUED SUPPORT
TO THE LOCAL COMMUNITY**

**€168,600 GIVEN BACK TO
OUR MEMBERS IN 2020**



Progressive Credit Union Limited

St. Molaga's NS Balbriggan
St. Laurence's NS Baldoyle
Ardgillan Community College
Fingal Community College Swords
Scoil Catriona Glasnevin
Baldoyle Musical Society
DCU Accounting and Finance Society



Directors' report

For the financial year ended 30 September 2020

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2020.

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 or ancillary insurance intermediary under the European Union (Insurance Distribution) Regulations, 2018 (as amended).
- Investment Intermediaries (Restricted Activity Investment Product Intermediary) pursuant to Section 26 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 acknowledge 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 directors are not proposing a dividend in respect of the year ended 30 September 2020 (2019: proposed dividend of €nil (0.00%)).

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.

Directors' report (continued)

For the financial year ended 30 September 2020

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 policies. All loan applications are assessed with reference to the lending policies 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 finance 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

Since the year end the COVID-19 pandemic has continued to have a direct effect on the credit union, the economy and the general population. The directors and management are closely monitoring the evolution of the pandemic, and while there is no clear indication as to when the impact will be curtailed or eliminated, they will continue to take appropriate actions to mitigate any possible adverse effects on the credit union, on its officers and on its members.

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 9 November 2020 and signed on its behalf by:

FINIAN KILTY
Chairperson of The Board Of Directors

HARRY KEEGAN
Member of The Board Of Directors

DATE: 9 November 2020

Directors' responsibilities statement

For the financial year ended 30 September 2020

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 9 November 2020 and signed on its behalf by:

FINIAN KILTY

Chairperson of the Board of Directors

Date: 9 November 2020

HARRY KEEGAN

Member of the Board of Directors

Board oversight committee's responsibilities statement

For the financial year ended 30 September 2020

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 9 November 2020 and signed on its behalf by:

MIRIAM KINANE

Chairperson of The Board Oversight Committee

DATE: 9 NOVEMBER 2020

Independent auditor's 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 other comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2020, 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 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 2020 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 auditor's 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.

Independent auditor's report to the members of Progressive Credit Union Limited (continued)

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; and
- 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 auditor's 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.

Independent auditor's report to the members of Progressive Credit Union Limited (continued)

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 auditor's 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 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 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 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.

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

DATE: 9 November 2020

Income and expenditure account

For the financial year ended 30 September 2020

	Schedule	2020 €	2019 €
Income			
Interest on members' loans		4,630,016	4,492,975
Other interest income and similar income	1	2,001,692	2,040,271
Net interest income		6,631,708	6,533,246
Other income	2	492,154	158,466
Total income		7,123,862	6,691,712
Expenditure			
Employment costs		2,622,526	2,485,938
Other management expenses	3	2,806,070	2,740,655
Depreciation		484,014	432,095
Net impairment losses/(gains) on loans to members (note 5)		386,092	(88,008)
Total expenditure		6,298,702	5,570,680
Surplus for the financial year		825,160	1,121,032

The financial statements were approved and authorised for issue by the board on 9 November 2020 and signed on behalf of the credit union by:

FINIAN KILTY
Member of the Board of
Directors

MIRIAM KINANE
Member of the Board Oversight
Committee

SEÁN STAUNTON
CEO

Date: 9 November 2020

Statement of other comprehensive income

For the financial year ended 30 September 2020

	2020 €	2019 €
Surplus for the financial year	825,160	1,121,032
Other comprehensive income	-	-
Total comprehensive income for the year	825,160	1,121,032

The financial statements were approved and authorised for issue by the board on 9 November 2020 and signed on behalf of the credit union by:

FINIAN KILTY
Member of the Board of
Directors

MIRIAM KINANE
Member of the Board Oversight
Committee

SEÁN STAUNTON
CEO

Date: 9 November 2020

The notes on pages 20 to 35 form part of these financial statements.

Balance sheet

As at 30 September 2020

	Notes	2020 €	2019 €
Assets			
Cash and balances at bank		4,447,398	1,535,613
Deposits and investments – cash equivalents	7	20,034,198	31,136,660
Deposits and investments – other	7	141,574,896	107,781,365
Loans to members	8	53,664,050	56,526,450
Provision for bad debts	9	(4,022,616)	(3,189,422)
Members' current accounts	13	4,265	131
Tangible fixed assets	10	5,470,450	5,244,369
Debtors, prepayment and accrued income	11	289,676	283,586
Total assets		221,462,317	199,318,752
Liabilities			
Members' shares	12	184,672,827	164,392,423
Members' deposits	12	6,464,046	6,137,347
Members' current accounts	13	689,650	9,319
Other liabilities, creditors, accruals and charges	14	1,277,150	1,069,349
Other provisions	15	32,292	40,522
Total liabilities		193,135,965	171,648,960
Reserves			
Regulatory reserve	17	24,371,963	22,230,650
Operational risk reserve	17	1,674,220	1,674,220
Other reserves			
- Realised reserves	17	1,988,184	3,570,133
- Unrealised reserves	17	291,985	194,789
Total reserves		28,326,352	27,669,792
Total liabilities and reserves		221,462,317	199,318,752

The financial statements were approved and authorised for issue by the board on 9 November 2020 and signed on behalf of the credit union by:

FINIAN KILTY
Member of the Board of
Directors

MIRIAM KINANE
Member of the Board Oversight
Committee

SEÁN STAUNTON
CEO

Date: 9 November 2020

The notes on pages 20 to 35 form part of these financial statements.

Statement of changes in reserves

For the financial year ended 30 September 2020

	Regulatory reserve	Operational risk reserve	Realised reserves	Unrealised reserves	Total
	€	€	€	€	€
As at 1 October 2018	19,828,922	1,302,335	2,769,534	146,134	24,046,925
Surplus for the financial year	-	200,000	872,377	48,655	1,121,032
Dividends paid	-	-	(144,850)	-	(144,850)
Payments from reserves	-	-	(248,201)	-	(248,201)
On transfer of engagements	2,401,728	171,885	321,273	-	2,894,886
As at 1 October 2019	22,230,650	1,674,220	3,570,133	194,789	27,669,792
Surplus for the financial year	-	-	718,585	106,575	825,160
Payments from reserves	-	-	(168,600)	-	(168,600)
Transfers between reserves	2,141,313	-	(2,131,934)	(9,379)	-
As at 30 September 2020	24,371,963	1,674,220	1,988,184	291,985	28,326,352

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2020 was 11.01% (2019: 11.15%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2020 was 0.76% (2019: 0.84%).

The notes on pages 20 to 35 form part of these financial statements.

Statement of cash flows

For the financial year ended 30 September 2020

	Notes	2020 €	2019 €
Opening cash and cash equivalents		32,672,273	25,740,060
Cash flows from operating activities			
Loans repaid by members	8	27,523,210	26,893,134
Loans granted to members	8	(24,878,337)	(30,680,759)
Interest on members' loans		4,630,016	4,492,975
Members' current accounts lodgements	13	4,242,227	34,778
Members' current accounts withdrawals	13	(3,566,030)	(25,590)
Other interest income and similar income		2,001,692	2,040,271
Bad debts recovered and recoveries		664,629	689,325
Dividends paid		-	(144,850)
Other receipts		68,733	134,803
Other disbursements		(168,600)	(248,201)
Operating expenses net of movement in other assets and liabilities		(5,235,115)	(5,231,593)
Net cash flows from operating activities		5,282,425	(2,045,707)
Cash flows from investing activities			
Cash and investments introduced from transfer of engagements		-	17,667,851
Fixed assets (purchases)/disposals		(286,674)	74,142
Net cash flow from other investing activities		(33,793,531)	(4,201,824)
Net cash flows from investing activities		(34,080,205)	13,540,169
Cash flows from financing activities			
Members' savings received	12	85,618,643	103,061,349
Members' savings withdrawn	12	(65,011,540)	(107,623,598)
Net cash flow from financing activities		20,607,103	(4,562,249)
Net (decrease)/increase in cash and cash equivalents		(8,190,677)	6,932,213
Closing cash and cash equivalents	6	24,481,596	32,672,273

The notes on pages 20 to 35 form part of these financial statements.

Notes to the financial statements

For the financial year ended 30 September 2020

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

Deposit and 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 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.

2.6 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

2. Accounting policies (continued)

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.

2.7 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.

2.8 Provision for bad debts

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

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

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.

2.9 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

2. Accounting policies (continued)

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:

Freehold premises	2% straight line per annum
Leasehold improvements	Over the lesser of the useful economic life and the remaining term of the lease
Fixtures, 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.

2.10 Impairment of assets

At each reporting date 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.

2.11 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.

2.12 Financial liabilities – members' shares and member's deposits

Members' shares and members' deposits 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.

2.13 Members deposits

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

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

2. Accounting policies (continued)

2.14 Members' current accounts

The credit union provides Member Personal Current Account Services in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended).

2.15 Other payables

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

2.16 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.

2.17 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.

2.18 Operating leases

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

2.19 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 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.

2.21 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

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. The credit union 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 the credit union 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.

In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act, 1997 (as amended).

2.22 Other reserves

Other reserves are the accumulated surpluses to date 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”.

2.23 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.

2.24 Taxation

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

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

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 €5,470,450 (2019: €5,244,369).

Provision for bad debts

The credit union's accounting policy for impairment of loans is set out in the accounting policy in note 2.8. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements. The provision for bad debts in the financial statements at the year end was €4,022,616 (2019: €3,189,422) representing 7.50% (2019: 5.64%) 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. The credit union 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. In addition, the credit union has included in its operational risk reserve a Member Personal Current Account Service operational risk reserve, in accordance with Section 49(3) of the Credit Union Act 1997, (as amended). The operational risk reserve of the credit union at the year end was €1,674,220 (2019: €1,674,220).

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.

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

4. Key management personnel compensation

The directors of the credit union are all unpaid volunteers. The key management personnel compensation is as follows.

	2020	2019
	€	€
Short term employee benefits paid to key management	641,219	625,038
Payments to pension schemes	60,430	63,947
Total key management personnel compensation	701,650	688,985

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

	2020	2019
	€	€
Bad debts recovered	(571,357)	(599,694)
Impairment of loan interest reclassified as bad debt recoveries	(93,272)	(89,631)
Movement in bad debts provision during the year	833,194	220,788
Loans written off during the year	217,527	380,529
Net impairment losses/(gains) on loans to members	386,092	(88,008)

6. Cash and cash equivalents

	2020	2019
	€	€
Cash and balances at bank	4,447,398	1,535,613
Deposits and investments (note 7)	161,609,094	138,918,025
Less: Deposit and investment amounts maturing after three months	(141,574,896)	(107,781,365)
Total cash and cash equivalents	24,481,596	32,672,273

7. Deposits and investments

	2020	2019
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	17,896,617	30,975,879
Irish and EEA state securities	-	60,781
Other investments	2,137,581	100,000
Total deposits and investments – cash equivalents	20,034,198	31,136,660

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

	2020 €	2019 €
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	93,104,394	76,455,162
Irish and EEA state securities	-	4,220,338
Bank bonds	29,592,846	12,741,770
Other investments	8,246,572	12,782,955
Central Bank deposits	10,631,084	1,581,140
Total deposits and investments – other	141,574,896	107,781,365
Total deposits and investments	161,609,094	138,918,025

8. Financial assets – loans to members

	2020 €	2019 €
As at 1 October	56,526,450	48,303,686
Loans arising on transfer of engagements	-	4,815,668
Loans granted during the year	24,878,337	30,680,759
Loans repaid during the year	(27,523,210)	(26,893,134)
Gross loans and advances	53,881,577	56,906,979
Bad debts		
Loans written off during the year	(217,527)	(380,529)
As at 30 September	53,664,050	56,526,450

9. Provision for bad debts

	2020 €	2019 €
As at 1 October	3,189,422	2,672,745
Provision arising on transfer of engagements	-	295,889
Movement in bad debts provision during the year	833,194	220,788
As at 30 September	4,022,616	3,189,422

The provision for bad debts is analysed as follows:

	2020 €	2019 €
Grouped assessed loans	4,022,616	3,189,422
Provision for bad debts	4,022,616	3,189,422

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

10. Tangible fixed assets

	Freehold premises €	Leasehold improvements €	Fixtures, fittings and equipment €	Computer equipment €	Total €
Cost					
1 October 2019	7,189,659	386,297	528,090	535,297	8,639,343
Additions	358,791	327,059	70,739	82,216	838,805
Disposals	(130,800)	-	-	-	(130,800)
At 30 September 2020	7,417,650	713,356	598,829	617,513	9,347,348
Depreciation					
1 October 2019	2,784,239	112,693	279,253	218,789	3,394,974
Charge for year	145,498	56,534	104,641	177,341	484,014
Disposals	(2,090)	-	-	-	(2,090)
At 30 September 2020	2,927,647	169,227	383,894	396,130	3,876,898
Net book value					
30 September 2020	4,490,003	544,129	214,935	221,383	5,470,450
30 September 2019	4,405,420	273,604	248,837	316,508	5,244,369

11. Debtors, prepayments and accrued income

	2020 €	2019 €
Prepayments	82,814	82,476
Other debtors	66,859	51,728
Loan interest receivable	140,003	149,382
	289,676	283,586

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

12. Members' savings

	2020	2019
	€	€
As at 1 October	170,529,770	155,004,455
Savings arising on transfer of engagements	-	20,087,564
Received during the year	85,618,643	103,061,349
Withdrawn during the year	(65,011,540)	(107,623,598)
As at 30 September	191,136,873	170,529,770

Members' savings are analysed as follows:

Members' shares	184,672,827	164,392,423
Members' deposits	6,464,046	6,137,347
Total members' savings	191,136,873	170,529,770

13. Members' current accounts

	2020	2019
	€	€
As at 1 October	9,188	-
Lodgements	4,242,227	34,778
Withdrawals	(3,566,030)	(25,590)
As at 30 September	685,385	9,188

	No. of Accounts	Balance of Accounts
		€
Debit	80	4,265
Credit	624	689,650
Permitted overdrafts	6	7,050

14. Other liabilities, creditors, accruals and charges

	2020	2019
	€	€
Other creditors and accruals	1,186,236	999,172
Members' draw balance	31,351	19,702
PAYE/PRSI	59,563	50,475
As at 30 September	1,277,150	1,069,349

15. Other provisions

	2020	2019
	€	€
Holiday pay accrual		
At 1 October	40,522	47,746
Charged to the income and expenditure account	(8,230)	(7,224)
As at 30 September	32,292	40,522

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

16. Financial instruments

16a. Financial instruments – measured at amortised cost

Financial assets	2020	2019
	€	€
Financial assets measured at amortised cost	183,987,783	184,366,137
Financial liabilities	2020	2019
	€	€
Financial liabilities measured at amortised cost	193,135,965	171,648,960

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

Financial liabilities measured at amortised cost comprise members' savings, members' current accounts, other liabilities, creditors, accruals and charges and other provisions.

16b. 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 2020	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in Authorised Credit Institutions	31,666,302	-	31,666,302	-
Bank bonds	2,000,000	-	2,000,000	-
Other investments	2,137,581	-	2,137,581	-
Total	35,803,883	-	35,803,883	-
At 30 September 2019	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in Authorised Credit Institutions	7,011,618	-	7,011,618	-
Bank bonds	2,000,000	-	2,000,000	-
Other investments	3,654,192	-	3,654,192	-
Total	12,665,810	-	12,665,810	-

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2020 (2019: €nil).

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

17. Reserves

	Balance 01/10/19	Payments from reserves	Appropriation of current year surplus	Transfers between reserves	Balance 30/09/20
	€		€	€	€
Regulatory reserve	22,230,650	-	-	2,141,313	24,371,963
Operational risk reserve	1,674,220	-	-	-	1,674,220
Other reserves					
Realised					
General reserve	3,210,133	-	468,585	(2,031,934)	1,646,784
Future dividend reserve	100,000	-	-	(100,000)	-
Community and social responsibility reserve	260,000	(168,600)	250,000	-	341,400
Total realised reserves	3,570,133	(168,600)	718,585	(2,131,934)	1,988,184
Unrealised					
Interest on loans reserve	149,382	-	-	(9,379)	140,003
Investment income reserve	45,407	-	106,575	-	151,982
Total unrealised reserves	194,789	-	106,575	(9,379)	291,985
Total reserves	27,669,792	(168,600)	825,160	-	28,326,352

18. Credit risk disclosures

In line with regulatory requirements, the credit union:

- 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 business loans, community loans or loans to another credit union.

The carrying amount of the loans to members represents the credit union 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.

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

18. Credit risk disclosures (continued)

	2020		2019	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	46,572,025	86.78%	49,830,045	88.15%
Impaired loans:				
Not past due	962,472	1.79%	719,359	1.27%
Up to 9 weeks past due	3,494,940	6.52%	4,024,406	7.12%
Between 10 and 18 weeks past due	639,442	1.19%	594,179	1.05%
Between 19 and 26 weeks past due	537,763	1.00%	343,248	0.61%
Between 27 and 39 weeks past due	714,178	1.33%	216,495	0.38%
Between 40 and 52 weeks past due	125,826	0.24%	93,242	0.17%
53 or more weeks past due	617,404	1.15%	705,476	1.25%
Total impaired loans	7,092,025	13.22%	6,696,405	11.85%
Total loans	53,664,050	100.00%	56,526,450	100.00%

19. Related party transactions

19a. Loans

	2020		2019	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	16	61,829	15	60,100
Total loans outstanding to related parties at the year end	12	80,855	19	208,202
Total provision for loans outstanding to related parties		3,650		6,384

The related party loans stated above comprise of loans outstanding to directors and the management team (to include their family members or any business in which the directors or management team had a significant shareholding).

Total loans outstanding to related parties represents 0.15% of the total loans outstanding at 30 September 2020 (2019: 0.37%).

19b. Savings

The total amount of savings held by related parties at the year end was €288,920 (2019: €266,521).

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

20. Additional financial instruments disclosures

20a. Financial risk management

The credit union manages its members' savings and loans 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, 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 the credit union's lending policies. All loan applications are assessed with reference to the lending policies 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: The credit union's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. The credit union 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.

20b. 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.

20c. Interest rate risk disclosures

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

	2020		2019	
	€	Average interest rate %	€	Average interest rate %
Gross loans to members	53,664,050	8.40%	56,526,450	8.77%

Any 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.

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

21. Dividends

The following distributions were paid during the year:

	2020		2019	
	%	€	%	€
Dividend on shares	0.00%	-	0.10%	144,850

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

	2020		2019	
	%	€	%	€
Dividend on shares	0.00%	-	0.00%	-

22. Rate of interest paid on members' deposit accounts

	2020		2019	
	%	€	%	€
Interest on deposits	0.00%	-	0.00%	-

23. Events after the end of the financial year

Since the year end the COVID-19 pandemic has continued to have a direct effect on the credit union, the economy and the general population. The directors and management are closely monitoring the evolution of the pandemic, and while there is no clear indication as to when the impact will be curtailed or eliminated, they will continue to take appropriate actions to mitigate any possible adverse effects on the credit union, on its officers and on its members.

24. Insurance against fraud

The credit union has Insurance against fraud in the amount of €5,200,000 (2019: €5,200,000) in compliance with Section 47 of the Credit Union Act, 1997 (as amended)

25. Capital commitments

There were no capital commitments at 30 September 2020.

26. Contingent liabilities

26a. 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.

26b. 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 is progressing a review of this matter 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. It is expected that the credit union will finalise its review over the coming months. 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.

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2020

27. Leasing commitments

The credit union entered into a 20 year lease on 8 October 2019 which has a break clause after 5 years. At 30 September 2020 the credit union had future minimum lease payments under a non-cancellable operating lease as follows:

	2020	2019
	€	€
Less than 1 year	35,000	-
1 to 5 years	105,000	-
At 30 September	140,000	-

28. Comparative information

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

29. Approval of financial statements

The board of directors approved these financial statements for issue on 9 November 2020.

Schedules to the income and expenditure account

For the financial year ended 30 September 2020

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's report on pages 13 to 15.

SCHEDULE 1 – OTHER INTEREST INCOME AND SIMILAR INCOME

	2020	2019
	€	€
Investment income received/receivable within 1 year	1,561,283	1,347,230
Gains on sale of investments	333,834	669,520
Investment income receivable outside of 1 year	106,575	23,521
Total per income and expenditure account	2,001,692	2,040,271

SCHEDULE 2 – OTHER INCOME

	2020	2019
	€	€
ECCU refund	-	33,705
Commissions, fees and other income	31,652	74,569
Rental income	26,500	26,500
MPCAS fees	10,581	29
Profit on disposal of fixed assets	423,421	23,663
Total per income and expenditure account	492,154	158,466

Progressive Credit Union Limited

Schedules to the income and expenditure account (continued)

For the financial year ended 30 September 2020

SCHEDULE 3 – OTHER MANAGEMENT EXPENSES

	2020	2019
	€	€
Affiliation fees	57,670	57,778
Savings protection scheme	16,298	14,540
Education and training	49,535	37,655
Rent and rates	99,911	101,805
General insurance	86,427	74,158
LPLS insurance	455,544	426,090
AGM and convention expenses	55,860	63,536
Light and heat	55,994	48,211
Risk, internal audit and compliance	47,366	69,442
Office cleaning	55,683	35,588
Repairs and maintenance	79,037	87,568
Printing and stationery	74,920	81,522
Advertising and marketing	79,218	78,242
Postage	30,887	46,881
Telephone	19,312	19,952
Computer maintenance	345,091	339,844
Legal and professional fees	436,574	201,445
Audit fees	44,444	39,975
Bank charges	116,222	109,463
Office administration and general expenses	167,062	160,805
Regulatory levies	353,368	351,874
Restructuring and reorganisational costs	-	250,075
Payment account charges	79,647	21,522
Product development	-	22,684
Total per income and expenditure account	2,806,070	2,740,655

Nominations Committee Report

Our duties under 56B of the Credit Union Act 1997 (as amended) include:

- Reviewing and amending the Succession Plan and presenting to the Board for approval.
- Reviewing the composition of the Board and identifying any gaps in the skill set

Training needs for the Board that were identified, were in the areas of GDPR, AML, Ethics and Data Protection. Training was organised and completed.

We reviewed and arranged for completion by Board members of up dated Fitness and Probity forms

There are two resignations from the Board, effective from the AGM, Gabrielle Beggs and William Watson. On behalf of the Board the nomination committee wish to thank them for all they have contributed to the Board of PCU over the year.

The committee also wish to thank Ciaran McLoughlin who retired last year.

As part of the Board renewal plan and to ensure the high standard of volunteers, the Nomination Committee considered the balance of the skills, knowledge and experience on the Board. E-mails were issued, video advertisement played in all PCU offices, adverts were placed in social media and local newspapers, seeking expression of interest for either Board of Directors or the Board Oversight Committee.

We currently have a panel of suitable skilled and experienced candidates for nomination to the Board, as vacancies arise. However, further additions to the panel will be required. If this is something that would interest YOU, as a member of the Progressive Credit Union and YOU feel that YOU have the commitment to give to your Credit Union, then please send your CV by email to: - nominations@pcuboard.ie

Every candidate nominated for appointment as a member of the Board, should be proposed through the Nomination Committee only.

Board of Directors' Elections

This year, there are six candidates for election to the Board of Directors. With the retirement of Gabrielle Beggs and William Watson there will be two new candidates for election:

All passed fitness and probity

The committee propose the following for election for 3 years

Aidan McGuinness, (Existing member of the board)

Julian Rouchy-Kelly (Existing member of the board)

Elizabeth Boylan (Existing member of the board)

Brian Connaughton (new to the Board)

The committee propose the following for election for 1 year:

Orlaith Gallagher (new to the board)

Tracey Dempsey (co-opted during 2020 and replacing Ciaran McLoughlin)

Progressive Credit Union Limited

Nominations Committee Report (continued)

To summarise:

- Four are three years' duration
- Two for one-year duration

Board Oversight Committee

Miriam Kinane is proposed for re-election to the Board Oversight Committee.

Auditor

Grant Thornton Chartered Accountants proposed for election as Auditor.

HARRY KEEGAN (Chair)

JILL KIERNAN (Secretary)

GABRIELLE BEGGS

Proposed Rule Changes

Rule 11 - Membership

Amendment to Rule 11 to include the insertion of "East Wall and Clontarf", following Special Resolution passed on 11 December 2018 to read as follows:

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 and 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, East Wall and Clontarf and surrounding areas



Progressive Credit Union

Online Complete Loan

Apply Online – Collect Online – Repay through your PCU Current Account



BORROW	TERM	APR/ INTEREST RATE	60 Monthly Repayments of	COST / TOTAL REPAID
€10,000	60 MONTHS (5 years)	6.17 % APR (Annual Percentage Rate) 6 % Interest Rate	€193.33	€1,598.19/ €11,598.19

Contact our lending team

01 8411348 - lending@progressivecu.ie - www.progressivecu.ie

Loans are subject to approval. Terms & Conditions apply. If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating which may limit your ability to access credit in the future. Overdrafts are available to Current Account holders aged 18 years or older. Lending criteria, terms and conditions apply. Mastercard is a registered trademark and the circles design is a trademark of Mastercard International Incorporated. This card is issued by Transact Payments Malta Limited pursuant to licence by Mastercard International.

Progressive Credit Union Limited is regulated by the Central Bank of Ireland

Internal Audit and Risk Management Committee Report

The Board of Directors of Progressive Credit Union, agreed that the functions of the two separate committees, Audit Committee and Risk Committee should be overseen by one committee, as the two control functions are so closely linked.

The Audit and Risk Committee's primary role is to ensure that an effective risk management framework has been implemented. Within this framework, the committee assists the board in fulfilling its oversight responsibilities regarding financial risks, including efficiency and effectiveness of operations; safeguarding of assets and members' deposits; compliance with regulatory requirements; reliability of financial reporting; and independence of the external and internal audit functions. This report outlines the key activities undertaken during the year.

Risk management function

The committee gained assurance that the risk management framework is effective by reviewing various reports prepared by Progressives Risk Management Officer, and meeting monthly with the RMO. The committee reviewed the risk management program and recommended updates to the board for approval. The committee also reviewed various risk-related governing policies and recommended these policies to the board for approval.

Throughout the year the Risk Committee met:

- To review the Risk Management Framework to ensure risk is managed, monitored, recorded and reported in the credit union.
- To review the Risk Register to identify whether there were any new risks required to be included.
- To review Red Flare reports to assess whether the Credit Union was operating in line with the risk tolerance levels.
- To review progress on recommendations made in previous reviews.
- To prepare and submit a monthly report to the board of directors.
- To ensure that Progressive Credit Union fully adheres to legislation and Central Banks Regulations and recommendations.

The Risk Committee will continue to work closely with the Risk Management Officer to ensure that the systems and controls which are in place are maintained and developed to mitigate all risks identified

Internal audit function

The committee oversaw the internal audit function by:

- Assessing the performance of the Auditor to establish independence, effectiveness and compliance with the Credit Union Act.
- Ensuring the internal audit function is independent and has a reporting line and unfettered access to the audit committee
- Reviewing the internal audit charter and internal audit plan for 2019/2020 and 2020/2021

Progressive Credit Union Limited

- Reviewing quarterly reports from the internal auditors and taking appropriate action in relation to recommendations made by them.
- Reporting to the Board of Directors, the results of Moore (internal auditors) audits have been reviewed by the Board and any issues arising have been managed and rectified in a timely manner.
- Reviewing the Credit Union's procedures for detecting fraud and money laundering
- Monitoring the effectiveness of the Credit Union's internal audit function
- Monitor the effectiveness of the Credit Union's risk management function

External Auditor

The committee engaged with the External Auditor in the usual course of engagement with the board, and can confirm the external auditor's independence and the constructiveness of their interaction with the Board of Directors.

The committee is satisfied that its activities during the year supported the delivery of its responsibilities. In the opinion of the Committee the financial control environment of Progressive Credit Union is robust, and sufficient personnel with appropriate expertise have been employed to ensure compliance with the Credit Union's obligation to keep proper books of account and to provide members with financial statements that are free from material misstatement.

JILL KIERNAN (Chairperson)

ELIZABETH BOYLAN (Secretary)

FINIAN KILTY

HARRY KEEGAN

GABRIELLE BEGGS



Board Oversight Committee Report

The functions of the Board Oversight Committee are set out in Part IVA of the Credit Union and Co-operation with Overseas Regulators Act 2012 (CUCORA).

The Board Oversight Committee is not directly involved in the operation of the Credit Union. Its role is to assess whether the Board of Directors has operated in accordance with,

- (a) Part IV and Part IVA of the Credit Union Act, 1997 (as amended) and
- (b) Any other matter prescribed by the Central Bank in relation to the Board of Directors.

With the ongoing situation with COVID 19 PCU BOD meetings continue to be held by conference call. The Board Oversight Committee attended every conference call meeting of the Board.

The Committee met the Board of Directors by conference call four times during the year and provided them with a written assessment.

The BOC acknowledge that in these difficult circumstances that PCU Board continues to act in accordance with Part IV of the CU Act.

The BOC commend the PCU Board for their diligence and commitment.

During the year we have obtained information and explanations, which, to the best of our knowledge and belief, we consider assures the Board Oversight Committee that the Board of PCU continually strive for and maintain a robust governance structure in order to protect the members' assets.

The Committee would like to thank the Board of Directors, the CEO and staff for the support and co-operation shown to us throughout the year.

Board Oversight Committee

MIRIAM KINANE, Chair

MAIREAD MAC QUAILE, Secretary

TERRY REDMOND, Member



Progressive Credit Union Limited

Car Draw Report

All members are welcome to join our Car Draw that costs €5.50 every two months. The Car Draw is held every month and any surplus funds are distributed by way of additional draws. During the year thirteen members drove away in new cars. At 30 September there were 6,358 members in the Car Draw.

The Income and Expenditure of the car draw is as follows; -

		€	€
Opening Balance at 1 October 2019			19,702
Income			
Oct 19 to Sep 20	Car Draw Subscriptions		208,478
Expenditure			
Oct 19 to Sep 20	13 Cars	196,436	
	Bank Fees, Printing and Advertising Costs	393	196,829
Closing Balance at 30 September 2020			31,351



The Winners of the Car Draw During the year were as follows;-

October 2019	Nuala Augheu	April 2020	James Lawless
November 2019	Clodagh Kenny	May 2020	Laura O'Flaherty
December 2019	Keith Foran	June 2020	Adebayo Sadiq
December 2019	Rachel O'Neill	July 2020	Siobhan Brady
January 2020	Elizabeth Whelan	August 2020	Michael Fox
February 2020	Fergal Walsh	September 2020	Deirdre Hernon
March 2020	Lorraine Dycher		

AML Requirements

Identification Requirements

In order comply with legislation to combat money laundering and terrorist financing, Progressive Credit Union is obliged to verify and maintain up to date proof of both your identity and your current permanent address whilst you are an active account holder.

Perhaps you may have received a letter requesting this documentation or a member of staff has advised you that your account documentation requires updating. If so, please assist the credit union in fulfilling its legal obligations by providing your information in branch at your earliest convenience. You are required to provide the original of one Photo ID and one Proof of Address as outlined below.

Suitable Proof of Photographic Identification:

- Current Valid signed Passport
- Passport Card
- Current Valid EU Driving License– must contain photograph (Irish Learner Permit accepted)

Suitable Proof of Address:

Documents must be issued to you at your home address within the past 6 months

- Utility Bill e.g. telephone, mobile, gas, electricity, heating, oil, waste collection, etc.
- Correspondence from a Regulated Financial Institution operating in the Republic of Ireland (Insurance / Assurance Co., Bank, Building Society, Credit Union, Credit Card Company)
- Correspondence from a Government Department / Body

Note

The name on your photographic identification (e.g. name on your passport) must exactly match the name on your proof of address.

Failure to provide requested identification and Proof of Address may lead to the suspension of some Progressive Credit Union services on your account.

Data Protection

As you all will be aware the General Data Protection Regulation came into effect on the 25 of May 2018. In accordance with these new regulations, Progressive Credit Union has updated all our privacy notices detailing how we process your data. These privacy notices are available to all members. If you would like to view these notices you can request a copy from any of our branches or alternatively you can view these privacy notices on our website, please see link below.

<https://www.progressivecu.ie/privacy-notices>



Offering our members, the perfect balance of personal service and modern convenience.



That's Progressive

CONTACT DETAILS:

Tel: **01 8411 348** Fax: **01 8413 865**

Email: **info@progressivecu.ie** Web: **www.progressivecu.ie**

Registered Office:

Harper House, 43-45 Dublin Street,

Balbriggan, Co. Dublin.

Reg: CU226

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