



**50<sup>th</sup>**  
ANNUAL GENERAL MEETING  
1969-2019



€1,000  
Cash Prize  
will be split  
between two  
attendees on  
the night\*

**2019**  
ANNUAL  
REPORT

\*Subject to Member booklet presentation, see page 2

# NOTICE

Notice is hereby given that the Annual General Meeting (AGM) of People First Credit Union will take place on Monday, 16th December 2019 at 8pm in the Clanard Court Hotel, Athy, Co. Kildare.

**Members are requested to bring their member books as identification and to enter the draw. Members without books on the night will be excluded from the draw, prizegivings, and any member queries from the floor.**

All members attending will be eligible to participate in a FREE draw on the night to win €1,000 which will be split between two members. Transport by bus will be available from Portlaoise and Abbeyleix Offices to and from Athy on the night. Please see below bus timetable to the AGM.

**Members must reserve a seat by contacting us on 057 8622594 or by email [info@peoplefirstcu.ie](mailto:info@peoplefirstcu.ie)**

**Clive Davis**  
Secretary

Bus Leaving from People First Credit Union Offices:

|                        |                        |
|------------------------|------------------------|
| <b>Location:</b>       | <b>Departure Time:</b> |
| PFCU Office Portlaoise | 7.10pm Sharp           |
| PFCU Office Abbeyleix  | 7.05pm Sharp           |

## AGM AGENDA

1. Credit Union Invocation
2. Acceptance of proxies (if any)
3. Ascertainment of quorum
4. Adoption of standing orders
5. Review of Minutes – AGM 2018
6. Chairman's address/Report of Directors
7. CEO Report & Consideration of Accounts
8. Declaration of dividend
9. Auditor's report
10. Report of the Credit Committee
11. Report of the Membership Committee
12. Report of the Credit Control Committee
13. Report of the Marketing & Promotion Committee
14. Report of the Board Oversight Committee
15. Report of the Nominations Committee
16. Motions
17. Appointment of tellers
18. Elections and balloting
19. CEO Report on his visit to Sierra Leone
20. Any other business
21. Results of the elections
22. Cash Draw, Bursary Award and AGM Draw
23. Close meeting

# Christmas Opening Hours

## Portlaoise & Abbeyleix

|                         |        |
|-------------------------|--------|
| Saturday 21st December  | Open   |
| Monday 23rd December    | Closed |
| Tuesday 24th December   | Closed |
| Wednesday 25th December | Closed |
| Thursday 26th December  | Closed |
| Friday 27th December    | Closed |
| Saturday 28th December  | Open   |
| Monday 30th December    | Closed |
| Tuesday 31st December   | Open   |
| Wednesday 1st January   | Closed |
| Thursday 2nd January    | Open   |

## Athy

|                         |        |
|-------------------------|--------|
| Saturday 21st December  | Closed |
| Monday 23rd December    | Open   |
| Tuesday 24th December   | Closed |
| Wednesday 25th December | Closed |
| Thursday 26th December  | Closed |
| Friday 27th December    | Closed |
| Saturday 28th December  | Closed |
| Monday 30th December    | Open   |
| Tuesday 31st December   | Open   |
| Wednesday 1st January   | Closed |
| Thursday 2nd January    | Open   |

## Stradbally

|                        |        |
|------------------------|--------|
| Saturday 21st December | Open   |
| Saturday 28th December | Closed |

## Ballinakill

|                        |        |
|------------------------|--------|
| Saturday 21st December | Open   |
| Saturday 28th December | Closed |

# AGM STANDING ORDERS

## VOTING

1. Each Member shall be entitled to one vote irrespective of his/her shareholding in accordance with Standard Rule 104.

## ELECTION PROCEDURE

2. Nominations may no longer be accepted from the floor.
3. Elections to the Board of Directors, to the Board Oversight Committee and to the position of Auditor shall be by majority vote and by secret ballot.
4. A Ballot Paper for the election of the Board of Directors and the Board Oversight Committee where applicable will be distributed to each Member at the AGM.

## MOTIONS

5. All motions from the floor of the AGM must be proposed and seconded by Members present at the AGM and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.
6. A proposer of a motion may speak for such period as shall be at the discretion of the Chairperson of the meeting and shall have the right of reply before the motion is put to the meeting for a vote.
7. In exercising his/her right of reply, a proposer may not introduce new material.
8. The seconder of a motion shall have such time as shall be allowed by the Chairperson to second the motion.
9. Members are entitled to speak on any such motion and must do so through the Chair. All speakers to any motion shall have such time as shall be at the discretion of the Chairperson.
10. The Chairperson shall have the absolute right to decide at any time when a motion has been sufficiently discussed and may put the motion to the meeting giving the Proposer the right of reply before doing so.

## MISCELLANEOUS

11. The Chairperson of the Board of Directors shall be the Chairperson of any general meeting, except where he/she is not available, then it shall be the Vice-Chairperson, except where he/she is

not available, in which case the Board shall decide amongst themselves who shall act as Chairperson of any general meeting.

12. The Chairperson may at his discretion, extend the privilege of the floor to any person who is not a member.
13. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the Chairperson.
14. The Chairperson's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
15. In accordance with Rule 104, no member shall have more than one vote on each question at any general meeting of the Credit Union, or any adjournment thereof irrespective of his shareholding, or the number of accounts in his name in the Credit Union provided, however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the Board of Directors.
16. Any matter to be decided upon by a vote of the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.

## SUSPENSION OF STANDING ORDERS

17. Any one of these Orders or all of these Standing Orders may be suspended on a motion to this effect receiving a two-thirds majority of those present and entitled to vote.

## ALTERATION OF STANDING ORDERS

18. Standing Orders may be amended or altered at a general meeting and only if a motion to this effect has received a two-thirds majority of those present and voting.

## ADJOURNMENTS

19. Adjournments of the AGM shall take place only in accordance with Standard Rule 99.

# MESSAGE FROM THE CHAIR



Dear fellow Members,

This year's AGM of People First Credit Union is a special one as 2019 marked the 50th Anniversary of the founding of our Credit Union. So this is now an opportunity for us to reflect on the past 50 years and to acknowledge our achievements over those years. The first Members contributed half a crown each on the founding of the Credit Union and, by the first AGM, shares stood at over £2,000 with loans at over £1,100. Now, 50 years later, we have grown to a membership of almost 40,000 with shares of €122 million and a loan book of €33.2 million. The growth and development of our Credit Union over those years has been phenomenal. However, we would never be where we are

today without the vision and foresight of our founding Members. I wish to acknowledge those founders, the first Board of Directors and the first Members of the Credit Union.

While it is important to celebrate our past 50 years, it is also important that we look forward to ensure that People First Credit Union will still be as successful 50 years from now. I want to acknowledge the work of the Board of Directors and the Management Team, who not just manage the affairs of PFCU currently, but also have an eye to the future in ensuring that the Credit Union will still be as relevant 50 years from now. This forward thinking and vision will be reflected in our new Strategic Plan where the focus will be on planning to meet the needs of the Members into the future.

However, to have a really strong Credit Union we need to have an active membership. I wish to thank you all for believing in our Credit Union and for your confidence and trust in it. The community cooperative that is PFCU has played a key role in our community over the past 50 years. We want it to continue to do so for the next 50 years.

Le gach dea-ghuá.

A handwritten signature in black ink that reads "Kieran Brosnan". The signature is written in a cursive style and is positioned above a horizontal line.

**Kieran Brosnan**  
Chair

People First Credit Union

# Bumper Cash Draw

## TOTAL PRIZE FUND €31,600

### IN CASH PRIZES GIVEN AWAY ON THE NIGHT OF THE AGM

- 1<sup>st</sup> Prize: €10,000
- 2<sup>nd</sup> Prize: €10,000
- 3<sup>rd</sup> Prize: €1,000
- 4<sup>th</sup> Prize: €1,000
- 5<sup>th</sup> Prize: €1,000
- 6<sup>th</sup> Prize: €1,000
- 7<sup>th</sup> Prize: €1,000
- 8<sup>th</sup> Prize: €1,000
- 9<sup>th</sup> Prize: €1,000
- 10<sup>th</sup> Prize: €1,000
- 11<sup>th</sup> Prize: €1,000
- 12<sup>th</sup> Prize: €500
- 13<sup>th</sup> Prize: €500
- 14<sup>th</sup> Prize: €500
- 15<sup>th</sup> Prize: €500
- 16<sup>th</sup> Prize: €300
- 17<sup>th</sup> Prize: €300



## Members' Authorisation

### Yes, please include me in the Monthly Cash Draw

I hereby authorise deduction of €4.33 a month (€52 per annum) from my shares, and continuing until you receive written confirmation from me to cease my account.

- I have read and agree to be bound by the Cash Draw Rules (available on [www.peoplefirstcu.ie/images/library/documents/09052019-140928.pdf](http://www.peoplefirstcu.ie/images/library/documents/09052019-140928.pdf)) (Please tick)
- I am aware that I must have a minimum of €15.00 in uncommitted shares in my account to be entered into the draw each month (Please tick)

1. Name: \_\_\_\_\_

Checked by Credit Union Official: \_\_\_\_\_

2. Phone Number: \_\_\_\_\_

3. Account Number: \_\_\_\_\_

4. Signature: \_\_\_\_\_

5. Date: \_\_\_\_\_

Please detach this page and hand it into one of our offices

# MARKETING COMMITTEE REPORT

## NEW ENTRANTS WERE BORN DIGITAL

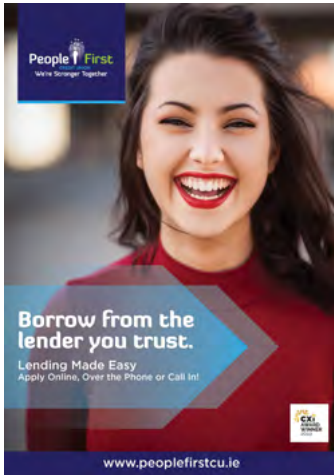
We continue to focus on our digital channels to communicate our Credit Union news to you our members. For all current news updates and competitions follow us on Facebook and Instagram @peoplefirstcreditunion.

Our young members are born Digital and this year we fully embraced that and introduced Online Loans. We are the leader in this area, there is no need for longer opening hours, no need for members to rush in after work or take time off to apply for a loan, it can all be done online now with approval and loan transfer to your bank account within 24 hours!

To apply simply visit our website [www.peoplefirstcu.ie/online-loan-application](http://www.peoplefirstcu.ie/online-loan-application). We are offering a great interest rate of **6.99%** (7.22%APR) for a **LIMITED TIME ONLY!**



## LOAN GROWTH



For any organisation to develop and grow it must continually plan for the future. One of the key goals for 2020 is to continue to grow our loan book by expanding our loan offerings in line with our Strategic plan. Borrowing locally from your Credit Union makes a difference not only to you but to your community.

We are encouraging our members to 'Borrow from a Lender You Can Trust'. People First Credit Union have been voted Number One for Customer Experience in the 2018 CXi Ireland Customer Experience Report, taking the award for the fifth year running along with 250 other Credit Unions. This is the first time, anywhere in the world, that the same organisation has taken the award for five consecutive years.

## 50TH ANNIVERSARY

We are delighted to have this year celebrated our 50th Anniversary of service to the community. This milestone is a great testament to the founders of our Credit Union and the hard work and dedication that has allowed PFCU to flourish over 5 decades.

We celebrated with a series of events throughout the year, we hope you enjoyed them as much as we did! We would love to see some images of your planted trees to mark our 50th anniversary. Please email them to [info@peoplefirstcu.ie](mailto:info@peoplefirstcu.ie)



## COMMUNITY



When you are a member of People First Credit Union you are not only helping yourself, but you are giving back to the

community too. This year we have been involved with some amazing events and are proud supporters of a range of groups within our community. Our community remains at the heart of who we are, and we strive to support our local community through sponsorship and donations. Our Community Funding application form can be found on our website [www.peoplefirstcu.ie/downloads](http://www.peoplefirstcu.ie/downloads).



We supported 67 community groups this year to the value of just over €30,000. Some of our community groups to name a few were: Cuisle Centre Cancer Support Centre, Portlaoise College Careers Fair, Migrants Voice of Ireland, Kildare County Show. If you have a big project that you feel would benefit your community, get in touch with us by filling out our application form!

## MEMBER SERVICE CENTRE

We want to provide the best possible service to our members consistently which is why we have taken the next step in customer service and we are proud to announce that from Friday 31st January 2020 we are bringing you a Member Service Centre.

## MEET THE TEAM



**Sandra Bergin** Team Leader



**Elaine Slattery**



**Trish Farrell**

## WHAT DOES THIS MEAN?

We have some of our best skilled staff ready to answer all your calls in a dedicated Member Service Centre, they will also issue your online PIN requests and answer promptly any queries you may have. There will be no more transfer buttons or long on hold messages, just personalised service from a team of highly trained staff.

**Call:** 057 8622594

**Email:** [info@peoplefirstcu.ie](mailto:info@peoplefirstcu.ie)



**Carol Murphy**  
Marketing & Business  
Development  
Executive

Are you  
up to date  
with our  
Privacy Policy?  
[www.peoplefirstcu.ie/  
Privacy-Policy](http://www.peoplefirstcu.ie/Privacy-Policy)

# CEO REVIEW AND CONSIDERATION OF ACCOUNTS 2019

Dear Members,

As you will know, 2019 marked the 50th Anniversary of the founding of your credit union and various events were held throughout the year to mark this special occasion. From humble beginnings in all our towns credit unions have risen to become the number one trusted brand in Ireland (now for the 5th year in a row). You, our members, trust your credit union and your Board, Management team and staff are committed to enhancing and building further that trust.

## INVESTMENTS

The last year has seen the financial services landscape get more challenging for all operators including People First Credit Union (PFCU). The European Central Bank (ECB) indicated in late 2018 that interest rates were set to rise in January 2019 which would have helped PFCU obtain better investment rates. Instead the ECB changed plan and further reduced the ECB deposit rate to minus 0.5%. This directly impacts on the investment income your credit union can generate and make PFCU more dependant of income from other sources, mainly loans. Many credit unions have introduced share caps on money coming in to help them manage investments. While PFCU hasn't done this to date we cannot rule this option out going forward.

## LOAN BOOK

PFCU saw a fall in loan demand from October 2018 through to April 2019. In June 2019 PFCU introduced our new online loans with an introductory rate

of 6.99%. These loans have proven to be very popular with members and has helped PFCU reverse the declining trend in borrowing. To help us continue our push on lending in September 2019 PFCU recruited a new Head of Lending. Our aim is now to develop a loan offering to the Small & Medium size Enterprises (SME) to help cater for the needs of our self-employed members. We will also explore the re-introduction of Mortgages as well as developing other lending avenues. I must stress though without substantial loan growth PFCU will come under income pressure over the coming three years.

## OTHER SERVICES

Last year we reported that PFCU was collaborating with 16 other like-minded credit unions in opening up discussions with a commercial partner to explore the future development of credit union products and services. In July 2019 our new Credit Union/FEXCO collaboration called Metamo was launched (and more details can be found on [www.metamo.ie](http://www.metamo.ie)). New services are already at planning stage which reaffirms the mission statement of PFCU to be the financial service provider of first choice for our members. Coupled to this planning for a new current account and debit card are well advanced and our members should see progress here in early 2020.

## ORGANISATIONAL STRUCTURE

PFCU is in the process of completing internal structural changes to help better service of members. These include the establishment of a



Member Service Centre to deal with all members calls. We have also fine tuned our Lending processes and our counter processes and we hope you will see improvements in your engagements with us going forward.

## YEAR-END RESULTS

While our year-end figures are very healthy it would be remiss of me not to highlight the one off gain of €406,794 made on the sale of some of our investments during the year. While we may have further opportunities to make some further one off gains in the coming years these will be limited. All members need to be aware that borrowing from your credit union is what makes us survive. So borrow from the lender you can trust! I strongly ask you all here tonight to go promote your

credit union for loans to your family and friends.

Finally I would also like to take this opportunity to thank the Chair, Board and Board Oversight for all their positive assistance during the year. I would like to thank all the staff for their efforts over the past year of change and finally I would like to thank you our members for your continued support.

## MOTIONS

- Dividend of 0.05%
- Loan Interest Rebate of 7.5% excluding online loans for 2019
- Transfer to the community fund of €30,000

**Seán Dunne**  
CEO

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# GENERAL INFORMATION

## Directors

Kieran Brosnan (Chair)  
Frank Cronin (Vice-Chair)  
Clive Davis (Secretary)  
Frank Delaney  
Mary Carmody  
Billy Fitzpatrick  
Des Mulhall  
Caroline Buggy  
Elsie Cummins  
John Dowling  
Caitriona Murphy

## Board Oversight Committee

Erica Kelly (Chair)  
John Meehan (Secretary)  
Brendan O'Sullivan

## Secretary

Clive Davis

**Company Number** 137CU

**Registered Office** James Fintan Lawlor Ave.,  
Portlaoise,  
Co. Laois.

**Auditors** Grant Thornton,  
Mill House,  
Henry Street,  
Limerick, V94 K6HH,  
Ireland.

**Bankers** Ulster Bank  
Portlaoise Shopping  
Centre,  
Portlaoise,  
Co. Laois.

**Solicitors** Bolger, White, Egan  
and Flanagan,  
Lismard Court,  
Portlaoise,  
Co. Laois.

# MONTHLY CASH DRAW

## PFCU MEMBERS CASH DRAW REPORT 2018/2019

### MEMBERS DRAW INCOME AND EXPENDITURE ACCOUNT

#### INCOME

|                    |           |
|--------------------|-----------|
| Opening Balance    | € 7,039   |
| Members Entry Fees | € 197,742 |

#### EXPENDITURE

|                                     |           |
|-------------------------------------|-----------|
| Prizes to Cash Draw Winners         | € 187,000 |
| Less Spot Prizes at Cash Draw Event | € 1,100   |
| Less Advertising Expenses           | € -       |

**CLOSING BALANCE** € 16,682

### TOP PRIZE WINNERS OF MEMBERS DRAW FOR 2018/2019 €10,000 PRIZE

- Oct 18: Lucy Dunne, Timahoe
- Nov 18: Mary Delaney, Abbeyleix
- Dec 18: Mary Flood, Athy
- Jan 19: Nancy O'Gorman, Portlaoise
- Feb 19: Paul Bowe, Portlaoise
- Mar 19: Mark Dunne, Portlaoise
- Apr 19: Patricia Guilfoyle, Portlaoise
- May 19: Suzanne Keenan, Portlaoise
- Jun 19: Catherine Ramsbottom, Timahoe
- Jul 19: Margaret Stokes, Abbeyleix
- Aug 19: Patrick Walsh, Ballinakill
- Sep 19: Mary Wright, Athy

## CLOSING BALANCE OF €16.6K TO BE GIVEN OUT IN PRIZES AT OUR DEC 19 AGM BUMPER DRAW



# ANNUAL REPORT OF THE BOARD OVERSIGHT COMMITTEE (BOC) 2019

The BOC are elected by the members of the Credit Union at the AGM and form part of the Governance in the Credit Union.

Under section 76M of the CU Act, the function of the group is to assess whether the Board of Directors have operated in accordance with Part IV of the Act and any other matter prescribed by the Central Bank of Ireland. This includes assessing whether the Board has carried out its functions, as set out in section 55 of the Act. With this in mind, the BOC held a meeting once a month and attended all Board meetings. At our quarterly meetings with the Board all aspects of the Credit Union Operations were discussed, and reports of these meetings were furnished to the Board and copies sent to the Central Bank.

While we are under no obligation to attend the subcommittee meetings, we have been represented at the majority of them and can report they are functioning very well and we compliment the volunteers who form part of them. We also hold talks with

the external auditor, who carries out a vital function within the organisation.

All members of the BOC have completed mandatory training.

People First Credit Union is a very large organisation with five branches, Abbeylax, Athy, Stradbally, Ballinakill and Portlaoise, it presents a great deal of work. We can assure the members that the same high standards are maintained in all offices.

We urge you, the members to keep in touch with the Credit Union if possible through our social media or in person if preferred.

We thank the Board of Directors for its cooperation in accepting any comments we made throughout the year. We also greatly appreciate the help and assistance we received from the staff without which we would have great difficulty in meeting our commitments.

## COMMITTEE MEMBERS:

Erica Kelly – Chair

John Meehan – Secretary

Brendan O'Sullivan

## Why take a Car Loan at People First Credit Union:

- Your interest is based on your **REDUCING BALANCE**
- There are **NO PENALTIES** for early repayment
- You **OWN THE CAR** from the beginning
- **NO HIDDEN FEES** or balloon payments

### LOAN EXAMPLE

€15,000 Loan @ 8.99% (9.2% APR)

Weekly Repayments @ €71.63 over 5 years.

Total Amount Repayable €18,621.89\*

Loans are subject to approval. Terms & Conditions apply.

People First Credit Union is regulated by the Central Bank of Ireland

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2019.

### PRINCIPAL ACTIVITY

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

### AUTHORISATION

The credit union is authorised as follows:

- Insurance/reinsurance intermediary under the European Communities (Insurance Mediation) Regulations, 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.

### BUSINESS REVIEW

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

### DIVIDENDS AND LOAN INTEREST REBATES

The surplus for the financial year is set out in the income and expenditure account on page 18. The directors are proposing a dividend in respect of the year ended 30 September 2019 of €60,290 (0.05%) (2018: €140,000 (0.125%)) and a loan interest rebate of €200,912 (7.50%) excluding online loans (2018: €265,000 (10.00%)).

### 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 principle activity of the credit union and the credit union is reliant on it for generating income to cover costs and generate a surplus.

#### *Market risk*

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

#### *Liquidity risk*

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

#### *Operational risk*

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

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

#### *Credit risk*

In order to manage this risk, the board of directors regularly reviews and approves the credit union's credit lending policy. All loan applications are assessed with reference to the credit lending policy in force at the time. Subsequently loans are

regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

**Lack of loan demand**

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

**Market risk**

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

**Liquidity risk**

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

**Operational risk**

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

**ACCOUNTING RECORDS**

The directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended)

with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the credit union are maintained at the credit union's premises at James Fintan Lawlor Avenue, Portlaoise, Co. Laois.

**EVENTS AFTER THE END OF THE FINANCIAL YEAR**


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

**AUDITORS**

Grant Thornton were appointed as auditors during the year and 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 23rd October 2019 and signed on its behalf by:

  
\_\_\_\_\_  
**Kieran Brosnan** Director

  
\_\_\_\_\_  
**Clive Davis** Secretary

**Date: 23rd October 2019**



L:R top row : Caitriona Murphy, Billy Fitzpatrick, Frank Delaney, Des Mulhall, John Dowling, Mary Carmody; Btm row: Sean Dunne (CEO), Kieran Brosnan - Chair, Frank Cronin - Vice Chair | Absent: Clive Davis- Secretary, Caroline Buggy, Elsie Cummins

# DIRECTORS' RESPONSIBILITIES STATEMENT

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

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 23rd October 2019 and signed on its behalf by:

**Kieran Brosnan**



Chairperson of the board of directors

**Clive Davis**



Member of the board of directors

**Date: 23rd October 2019**

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# BOARD OVERSIGHT COMMITTEE'S

## RESPONSIBILITIES STATEMENT

### FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

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 on 23rd October 2019 and signed on its behalf by:

**Brendan O'Sullivan**



Chairperson of the board oversight committee

**Date: 23rd October 2019**

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEOPLE FIRST CREDIT UNION LIMITED

## OPINION

We have audited the financial statements of People First 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 2019, and the related notes to the financial statements, including the summary of significant accounting policies.

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

In our opinion, People First 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 2019 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended).

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory

Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## CONCLUSIONS RELATING TO GOING CONCERN

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

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

## OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such

material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE CREDIT UNION ACT, 1997 (AS AMENDED)**

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

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

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment 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: 23rd October 2019**



## **Cash Back of 7.5%!**

Great News! If you have borrowed from us in the last financial year at a loan rate of 8.99% (9.2% APR), you are due a cash refund into your account\*. We call this our **Loan Interest Rebate** to say 'Thank You' for choosing to take out your loan with us and for supporting your Credit Union

**We will credit a total of  
€200,912**

**back to members'  
accounts in December.  
Check your account!**

**Thank you for supporting  
your local Credit Union**

\*The share dividend and the loan interest rebate returned to members for the year ended 30th September 2019 are subject to approval where loan repayments were not received on time and/or in full. This year's return is not an indicator of future performance. There is no guarantee that a loan interest rebate or share dividend will be paid in future years. Terms and conditions apply.

# INCOME AND EXPENDITURE ACCOUNT

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

|  | Schedule | 2019<br>€        | 2018<br>€        |
|--|----------|------------------|------------------|
| <b>Income</b>  |          |                  |                  |
| Interest on members' loans                                 |          | 2,722,962        | 2,667,342        |
| Other interest and similar income                          | 1        | 1,048,745        | 942,577          |
| Gains on investments                                       |          | 406,794          | 150,038          |
| <b>Net interest income</b>                                 |          | <b>4,178,501</b> | <b>3,759,957</b> |
| Other income   | 2        | 113,466          | 123,506          |
| <b>Total income</b>  |          | <b>4,291,967</b> | <b>3,883,463</b> |
| <b>Expenditure</b>   |          |                  |                  |
| Employment costs   |          | 1,562,953        | 1,386,971        |
| Other management expenses                                  | 3        | 2,011,862        | 1,735,449        |
| Depreciation   |          | 146,471          | 146,778          |
| Net impairment losses/(gains) on loans to members (note 5) |          | (167,264)        | (500,614)        |
| <b>Total expenditure</b>                                   |          | <b>3,554,022</b> | <b>2,768,584</b> |
| <b>Surplus for the financial year</b>                      |          | <b>737,945</b>   | <b>1,114,879</b> |

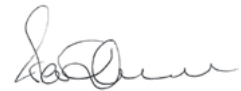
The financial statements were approved and authorised for issue by the board on 23 October 2019 and signed on behalf of the credit union by:



**Clive Davis**  
Member of Board of Directors



**Brendan O'Sullivan**  
Member of the Board Oversight Committee



**Sean Dunne**  
CEO

Date: 23rd October 2019

# STATEMENT OF OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

|  | 2019<br>€      | 2018<br>€        |
|--|----------------|------------------|
| Surplus for the financial year                           | 737,945        | 1,114,879        |
| Other comprehensive income                               | -              | -                |
| <b>Total comprehensive income for the financial year</b> | <b>737,945</b> | <b>1,114,879</b> |

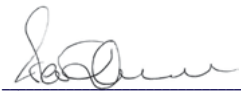
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**Brendan O'Sullivan**  
Member of the Board Oversight Committee



**Sean Dunne**  
CEO

Date: 23rd October 2019

The notes on pages 22 to 34 form part of these financial statements.

# BALANCE SHEET

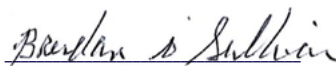
## AS AT 30 SEPTEMBER 2019

|  | Notes | 2019<br>€          | 2018<br>€          |
|--|-------|--------------------|--------------------|
| <b>Assets</b>                                      |       |                    |                    |
| Cash and balances at bank                          |       | 4,915,644          | 1,007,766          |
| Deposits and investments – cash equivalents        | 7     | 24,159,586         | 25,444,470         |
| Deposits and investments – other                   | 7     | 78,824,167         | 74,978,501         |
| Loans to members                                   | 8     | 33,230,915         | 33,596,217         |
| Provision for bad debts                            | 9     | (1,060,797)        | (971,780)          |
| Tangible fixed assets                              | 10    | 1,924,235          | 1,997,091          |
| Investments in associates                          | 11    | 265,000            | -                  |
| Debtors, prepayments and accrued income            | 12    | 889,146            | 788,968            |
| <b>Total assets</b>                                |       | <b>143,147,896</b> | <b>136,841,233</b> |
| <b>Liabilities</b>                                 |       |                    |                    |
| Members' savings                                   | 13    | 121,990,063        | 116,138,363        |
| Other liabilities, creditors, accruals and charges | 14    | 511,723            | 356,614            |
| Other provisions                                   | 15    | 2,862              | 1,550              |
| <b>Total liabilities</b>                           |       | <b>122,504,648</b> | <b>116,496,527</b> |
| <b>Reserves</b>                                    |       |                    |                    |
| Regulatory reserve                                 | 17    | 16,578,616         | 16,578,616         |
| Operational risk reserve                           | 17    | 1,856,772          | 1,831,544          |
| Other reserves                                     |       |                    |                    |
| - Realised reserves                                | 17    | 2,111,310          | 1,923,323          |
| - Unrealised reserves                              | 17    | 96,550             | 11,223             |
| <b>Total reserves</b>                              |       | <b>20,643,248</b>  | <b>20,344,706</b>  |
| <b>Total liabilities and reserves</b>              |       | <b>143,147,896</b> | <b>136,841,233</b> |

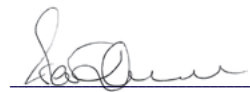
The financial statements were approved and authorised for issue by the board on 23 October 2019 and signed on behalf of the credit union by:



**Clive Davis**  
Member of Board of Directors



**Brendan O'Sullivan**  
Member of the Board Oversight Committee



**Sean Dunne**  
CEO

Date: 23rd October 2019

The notes on pages 22 to 34 form part of these financial statements.

# STATEMENT OF CHANGES IN RESERVES

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

|   | Regulatory<br>reserve | Operational<br>risk reserve | Realised<br>reserves | Unrealised<br>reserves | Total             |
|---|-----------------------|-----------------------------|----------------------|------------------------|-------------------|
|   | €                     | €                           | €                    | €                      | €                 |
| <b>As at 1 October 2017</b>             | <b>16,228,616</b>     | <b>1,556,020</b>            | <b>1,979,974</b>     | <b>16,909</b>          | <b>19,781,519</b> |
| Surplus for the financial year          | 350,000               | 295,524                     | 469,355              | -                      | 1,114,879         |
| Dividends and loan interest rebate paid | -                     | -                           | (518,417)            | -                      | (518,417)         |
| Payments from reserves                  | -                     | -                           | (33,275)             | -                      | (33,275)          |
| Transfers between reserves              | -                     | (20,000)                    | 25,686               | (5,686)                | -                 |
| <b>As at 1 October 2018</b>             | <b>16,578,616</b>     | <b>1,831,544</b>            | <b>1,923,323</b>     | <b>11,223</b>          | <b>20,344,706</b> |
| Surplus for the financial year          | -                     | 25,228                      | 623,259              | 89,458                 | 737,945           |
| Dividends and loan interest rebate paid | -                     | -                           | (408,705)            | -                      | (408,705)         |
| Payments from reserves                  | -                     | -                           | (30,698)             | -                      | (30,698)          |
| Transfers between reserves              | -                     | -                           | 4,131                | (4,131)                | -                 |
| <b>As at 30 September 2019</b>          | <b>16,578,616</b>     | <b>1,856,772</b>            | <b>2,111,310</b>     | <b>96,550</b>          | <b>20,643,248</b> |

•The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2019 was 11.58% (2018: 12.12%).

•The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2019 was 1.30% (2018: 1.34%).

The notes on pages 22 to 34 form part of these financial statements.

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

|   | Notes | 2019<br>€          | 2018<br>€           |
|---|-------|--------------------|---------------------|
| <b>Opening cash and cash equivalents</b>                    |       | <b>26,452,236</b>  | <b>32,014,495</b>   |
| <b>Cash flows from operating activities</b>                 |       |                    |                     |
| Loans repaid by members                                     | 8     | 18,630,393         | 18,348,775          |
| Loans granted to members                                    | 8     | (18,448,407)       | (19,139,725)        |
| Loan interest   |       | 2,722,962          | 2,667,342           |
| Investment income   |       | 1,048,745          | 942,577             |
| Gain on investments   |       | 406,794            | 150,038             |
| Bad debts recovered and recoveries                          |       | 439,597            | 495,590             |
| Other receipts  |       | 113,466            | 123,506             |
| Dividends paid  |       | (138,161)          | (254,150)           |
| Interest rebate paid  |       | (270,544)          | (264,267)           |
| Operating expenses  |       | (3,574,815)        | (3,122,420)         |
| Other disbursements   |       | (30,698)           | (33,275)            |
| Movement in other assets and liabilities                    |       | 56,243             | (102,604)           |
| <b>Net cash flows from operating activities</b>             |       | <b>955,575</b>     | <b>(188,613)</b>    |
| <b>Cash flows from investing activities</b>                 |       |                    |                     |
| Fixed asset (purchases)/disposals                           |       | (73,615)           | (83,444)            |
| Investments in associates                                   |       | (265,000)          | -                   |
| Net cash flow from other investing activities               |       | (3,845,666)        | (14,842,734)        |
| <b>Net cash flows from investing activities</b>             |       | <b>(4,184,281)</b> | <b>(14,926,178)</b> |
| <b>Cash flows from financing activities</b>                 |       |                    |                     |
| Members' savings received                                   | 13    | 69,722,950         | 64,610,573          |
| Members' savings withdrawn                                  | 13    | (63,871,250)       | (55,058,041)        |
| <b>Net cash flow from financing activities</b>              |       | <b>5,851,700</b>   | <b>9,552,532</b>    |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       | <b>2,622,994</b>   | <b>(5,562,259)</b>  |
| <b>Closing cash and cash equivalents</b>                    | 6     | <b>29,075,230</b>  | <b>26,452,236</b>   |

The notes on pages 22 to 34 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

## 1. LEGAL & REGULATORY FRAMEWORK

People First 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 James Fintan Lalor Avenue, Portlaoise, Co. Laois.

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

The following principal accounting policies have been applied:

### 2.2 STATEMENT OF COMPLIANCE

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

### 2.3 GOING CONCERN

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

### 2.4 INCOME

#### *Interest on members' loans*

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

#### *Deposit and investment income*

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

#### *Other income*

Other income is recognised on an accruals basis.

### 2.5 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.

#### *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

## 2. ACCOUNTING POLICIES (continued)

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.

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:***

|                              |                             |
|------------------------------|-----------------------------|
| <b>Freehold premises</b>     | 2% straight line per annum  |
| <b>Fixtures and fittings</b> | 15% straight line per annum |
| <b>Office equipment</b>      | 20% straight line per annum |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains' or 'other losses' in the income and expenditure account.

## 2. ACCOUNTING POLICIES (continued)

### 2.10 INVESTMENTS IN ASSOCIATES

Investments in associates are accounted for at cost less impairment.

### 2.11 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 carry 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 account.

### 2.12 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.

### 2.13 FINANCIAL LIABILITIES – MEMBERS' SHARES

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

### 2.14 OTHER PAYABLES

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

### 2.15 PENSION COSTS

People First Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension

Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees.

The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for People First Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities.

Consequently, it accounts for the Scheme as a defined contribution plan.

### 2.16 HOLIDAY PAY

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

### 2.17 DERECOGNITION OF FINANCIAL LIABILITIES

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

### 2.18 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.

### 2.19 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 directors have considered the requirements of the Act and have calculated the operational risk reserve requirement by reference to the predicted impact of



## 2. ACCOUNTING POLICIES (continued)

operational risk events that may have a material impact on the credit union's business.

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).

### 2.20 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 established a community fund 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. The directors have deemed it appropriate that 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".

### 2.21 DISTRIBUTION POLICY

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

The rate of dividends and loan interest rebates 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 and loan interest rebate expectations;

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

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

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

### 2.22 TAXATION

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

## 3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCE OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. 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 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 €1,924,235 (2018: €1,997,091).

### **Provision for bad debts**

People First Credit Union Limited'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 €1,060,797 (2018: €971,780) representing 3.19% (2018: 2.89%) of the total gross loan book.

### **Investments in associates**

The investments in associates represents People First Credit Union Limited's investment in Metacu Management Designated Activity Company. This investment was made for operational purposes. The credit union holds 6.25% Redeemable A Ordinary shares in the company and through the terms of the shareholders agreement agreed between each of the participating credit unions, People First Credit Union Limited is deemed to have influence over the operations of this company. Therefore the investment has been accounted for as an investment in an associate.

### **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. 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 €1,856,772 (2018: €1,831,544).

### **Adoption of going concern basis for financial statements preparation**

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

### **4. KEY MANAGEMENT PERSONNEL COMPENSATION**

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

|   | <b>2019</b>    | <b>2018</b>    |
|---|----------------|----------------|
|   | <b>€</b>       | <b>€</b>       |
| Short term employee benefits paid to key management | 339,204        | 337,585        |
| Payments to pension schemes                         | 54,095         | 51,696         |
| <b>Total key management personnel compensation</b>  | <b>393,299</b> | <b>389,281</b> |

### **5. NET IMPAIRMENT LOSSES/(GAINS) ON LOANS TO MEMBERS**

|   | <b>2019</b>      | <b>2018</b>      |
|---|------------------|------------------|
|   | <b>€</b>         | <b>€</b>         |
| Bad debts recovered   | (394,383)        | (425,195)        |
| Impairment of loan interest reclassified as bad debt recoveries | (45,214)         | (70,395)         |
| Movement in bad debts provision during the year                 | 89,017           | (160,566)        |
| Loans written off   | 183,316          | 155,542          |
| <b>Net impairment losses/(gains) on loans to members</b>        | <b>(167,264)</b> | <b>(500,614)</b> |

## 6. CASH AND CASH EQUIVALENTS

|  | 2019              | 2018              |
|--|-------------------|-------------------|
|  | €                 | €                 |
| Cash and balances at bank                                      | 4,915,644         | 1,007,766         |
| Deposits & investments (note 7)                                | 102,983,753       | 100,422,971       |
| Less: Deposit & investment amounts maturing after three months | (78,824,167)      | (74,978,501)      |
| <b>Total cash and cash equivalents</b>                         | <b>29,075,230</b> | <b>26,452,236</b> |

## 7. DEPOSITS AND INVESTMENTS

|  | 2019              | 2018              |
|--|-------------------|-------------------|
|  | €                 | €                 |
| <b>Deposits and investments – cash equivalents</b>                     |                   |                   |
| Accounts in authorised credit institutions (Irish and non-Irish based) | 24,159,586        | 25,444,470        |
| <b>Total deposits and investments – cash equivalents</b>               | <b>24,159,586</b> | <b>25,444,470</b> |

### Deposits and investments – other

|  |                    |                    |
|--|--------------------|--------------------|
| Accounts in authorised credit institutions (Irish and non-Irish based) | 54,850,000         | 50,491,892         |
| Irish and EEA state securities   | 10,226,356         | 12,631,572         |
| Bank bonds   | 8,488,637          | 6,601,133          |
| Central Bank deposits  | 1,054,285          | 1,028,342          |
| Other  | 4,204,889          | 4,225,562          |
| <b>Total deposits and investments – other</b>                          | <b>78,824,167</b>  | <b>74,978,501</b>  |
| <b>Total deposits and investments</b>                                  | <b>102,983,753</b> | <b>100,422,971</b> |

## 8. FINANCIAL ASSETS – LOANS TO MEMBERS

|                                 | 2019              | 2018              |
|---------------------------------|-------------------|-------------------|
|                                 | €                 | €                 |
| As at 1 October                 | 33,596,217        | 32,960,809        |
| Loans granted during the year   | 18,448,407        | 19,139,725        |
| Loans repaid during the year    | (18,630,393)      | (18,348,775)      |
| <b>Gross loans and advances</b> | <b>33,414,231</b> | <b>33,751,759</b> |

### Bad debts

|                                   |                   |                   |
|-----------------------------------|-------------------|-------------------|
| Loans written off during the year | (183,316)         | (155,542)         |
| <b>As at 30 September</b>         | <b>33,230,915</b> | <b>33,596,217</b> |

## 9. PROVISION FOR BAD DEBTS

|   | 2019             | 2018           |
|---|------------------|----------------|
|   | €                | €              |
| As at 1 October                                 | 971,780          | 1,132,346      |
| Movement in bad debts provision during the year | 89,017           | (160,566)      |
| <b>As at 30 September</b>                       | <b>1,060,797</b> | <b>971,780</b> |

The provision for bad debts is analysed as follows:

|                                | 2019             | 2018           |
|--------------------------------|------------------|----------------|
|                                | €                | €              |
| Grouped assessed loans         | 1,060,797        | 971,780        |
| <b>Provision for bad debts</b> | <b>1,060,797</b> | <b>971,780</b> |

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## 10. TANGIBLE FIXED ASSETS

|                             | Freehold premises<br>€ | Short leasehold property<br>€ | Fixtures and fittings<br>€ | Office equipment<br>€ | Total<br>€       |
|-----------------------------|------------------------|-------------------------------|----------------------------|-----------------------|------------------|
| <b>Cost</b>                 |                        |                               |                            |                       |                  |
| 1 October 2018              | 2,350,290              | 20,066                        | 601,127                    | 942,018               | 3,913,501        |
| Additions                   | -                      | -                             | 15,183                     | 58,432                | 73,615           |
| <b>At 30 September 2019</b> | <b>2,350,290</b>       | <b>20,066</b>                 | <b>616,310</b>             | <b>1,000,450</b>      | <b>3,987,116</b> |
| <b>Depreciation</b>         |                        |                               |                            |                       |                  |
| 1 October 2018              | 632,134                | 20,066                        | 518,599                    | 745,611               | 1,916,410        |
| Charge for year             | 47,005                 | -                             | 20,355                     | 79,111                | 146,471          |
| <b>At 30 September 2019</b> | <b>679,139</b>         | <b>20,066</b>                 | <b>538,954</b>             | <b>824,722</b>        | <b>2,062,881</b> |
| <b>Net book value</b>       |                        |                               |                            |                       |                  |
| <b>30 September 2019</b>    | <b>1,671,151</b>       | <b>-</b>                      | <b>77,356</b>              | <b>175,728</b>        | <b>1,924,235</b> |
| 30 September 2018           | 1,718,156              | -                             | 82,528                     | 196,407               | 1,997,091        |

## 11. INVESTMENTS IN ASSOCIATES

### Cost

|                             |                |
|-----------------------------|----------------|
| At 1 October 2018           | -              |
| Additions in the year       | 265,000        |
| <b>At 30 September 2019</b> | <b>265,000</b> |

### Accumulated impairment

|                             |          |
|-----------------------------|----------|
| At 1 October 2018           | -        |
| Impairment loss             | -        |
| <b>At 30 September 2019</b> | <b>-</b> |

### Net book value

|                          |                |
|--------------------------|----------------|
| <b>30 September 2019</b> | <b>265,000</b> |
| 30 September 2018        | -              |

### Interests in associate

The credit union has interests in the following associate:

| Associate                                     | Type of shares held   | Proportion held (%) | Net Assets<br>€ | Profit or loss<br>€ |
|---|-----------------------|---------------------|-----------------|---------------------|
| Metacu Management Designated Activity Company | Redeemable A Ordinary | 6.25%               | .*              | .*                  |

The effect of including this investment as if it had been accounted for using the equity method would be as follows:

|   | Share of net assets<br>€ |
|---|--------------------------|
| <b>At 1 October 2018</b>                                | -                        |
| Investment during the year                              | 265,000                  |
| Share of profit/(loss) for the financial year after tax | .*                       |
| Share of other comprehensive income                     | .*                       |
| <b>At 30 September 2019</b>                             | <b>265,000</b>           |

\*Metacu Management Designated Activity Company commenced trading during 2019 and has not yet prepared its first year financial statements. Consequently the net assets or profit/loss of the company is not yet available.

## 12. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

|                           | 2019           | 2018           |
|---------------------------|----------------|----------------|
|                           | €              | €              |
| Prepayments               | 195,123        | 149,380        |
| Other debtors             | 7,799          | 8,400          |
| Accrued investment income | 611,268        | 564,300        |
| Loan interest receivable  | 74,956         | 66,888         |
|                           | <b>889,146</b> | <b>788,968</b> |

## 13. MEMBERS' SAVINGS

|                           | 2019               | 2018               |
|---------------------------|--------------------|--------------------|
|                           | €                  | €                  |
| As at 1 October           | 116,138,363        | 106,585,831        |
| Received during the year  | 69,722,950         | 64,610,573         |
| Withdrawn during the year | (63,871,250)       | (55,058,041)       |
| <b>As at 30 September</b> | <b>121,990,063</b> | <b>116,138,363</b> |

## 14. OTHER LIABILITIES, CREDITORS, ACCRUALS AND CHARGES

|                                | 2019           | 2018           |
|--------------------------------|----------------|----------------|
|                                | €              | €              |
| Prize draw                     | 16,682         | 7,039          |
| Other liabilities and accruals | 471,025        | 324,389        |
| PAYE/PRSI                      | 24,016         | 25,186         |
|                                | <b>511,723</b> | <b>356,614</b> |

## 15. OTHER PROVISIONS

|   | 2019         | 2018         |
|---|--------------|--------------|
|   | €            | €            |
| <b>Holiday pay accrual</b>                    |              |              |
| At 1 October                                  | 1,550        | 15,877       |
| Charged to the income and expenditure account | 1,312        | (14,327)     |
| <b>At 30 September</b>                        | <b>2,862</b> | <b>1,550</b> |
|   |              |              |
| <b>Pension provision</b>                      |              |              |
| At 1 October                                  | -            | 22,341       |
| Charged to the income and expenditure account | -            | (22,341)     |
| <b>At 30 September</b>                        | <b>-</b>     | <b>-</b>     |
|   |              |              |
| <b>Total other provisions</b>                 |              |              |
| At 1 October                                  | 1,550        | 38,218       |
| Charged to the income and expenditure account | 1,312        | (36,668)     |
| <b>At 30 September</b>                        | <b>2,862</b> | <b>1,550</b> |

## 16. FINANCIAL INSTRUMENTS

### 16A. FINANCIAL INSTRUMENTS – AMORTISED COST

|  | 2019               | 2018               |
|--|--------------------|--------------------|
|  | €                  | €                  |
| <b>Financial assets</b>                          |                    |                    |
| Financial assets measured at amortised cost      | <b>136,710,090</b> | <b>130,315,309</b> |
| <b>Financial liabilities</b>                     |                    |                    |
| Financial liabilities measured at amortised cost | <b>122,504,648</b> | <b>116,496,527</b> |

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

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

## 16B. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENTS

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

| At 30 September 2019                       | Total<br>€       | Level 1<br>€ | Level 2<br>€     | Level 3<br>€ |
|--|------------------|--------------|------------------|--------------|
| Accounts in authorised credit institutions | 4,051,671        | -            | 4,051,671        | -            |
| Bank bonds                                 | 1,252,618        | -            | 1,252,618        | -            |
| <b>Total</b>                               | <b>5,304,289</b> | <b>-</b>     | <b>5,304,289</b> | <b>-</b>     |

| At 30 September 2018                       | Total<br>€       | Level 1<br>€ | Level 2<br>€     | Level 3<br>€ |
|--|------------------|--------------|------------------|--------------|
| Accounts in authorised credit institutions | 4,031,727        | -            | 4,031,727        | -            |
| Bank bonds                                 | 1,252,618        | -            | 1,252,618        | -            |
| <b>Total</b>                               | <b>5,284,345</b> | <b>-</b>     | <b>5,284,345</b> | <b>-</b>     |

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2019 (2018: €nil).

## 17. RESERVES

|   | Balance<br>01/10/18<br>€ | Payment<br>of<br>dividend<br>and loan<br>interest<br>rebate<br>€ | Payments<br>from<br>reserves | Appropriation<br>of current<br>year<br>surplus<br>€ | Transfers<br>between<br>reserves<br>€ | Balance<br>30/09/19<br>€ |
|---|--------------------------|--|------------------------------|---|---------------------------------------|--------------------------|
| <b>Regulatory reserve</b>                           | <b>16,578,616</b>        | -  | -                            | -   | -                                     | <b>16,578,616</b>        |
| <b>Operational risk reserve</b>                     |                          |  |                              |   |                                       |                          |
| Operational risk reserve                            | 1,501,544                | -  | -                            | 25,228  | 330,000                               | 1,856,772                |
| MPCAS operational risk reserve                      | 330,000                  | -  | -                            | -   | (330,000)                             | -                        |
| <b>Total operational risk reserve</b>               | <b>1,831,544</b>         | -  | -                            | <b>25,228</b>                                       | -                                     | <b>1,856,772</b>         |
| <b>Other reserves</b>                               |                          |  |                              |   |                                       |                          |
| <b>Realised</b>                                     |                          |  |                              |   |                                       |                          |
| General reserve                                     | 166,792                  | -  | -                            | 332,057   | 1,155,288                             | 1,654,137                |
| General fund  | 604,282                  | -  | -                            | -   | (604,282)                             | -                        |
| Community fund                                      | 46,669                   | -  | (30,698)                     | 30,000  | -                                     | 45,971                   |
| Dividend reserve                                    | 905,580                  | (408,705)  | -                            | -   | (496,875)                             | -                        |
| Special reserve: dividends and loan interest rebate | -                        | -  | -                            | 261,202   | -                                     | 261,202                  |
| Future dividend reserve                             | -                        | -  | -                            | -   | 150,000                               | 150,000                  |
| Capital reserve fund                                | 200,000                  | -  | -                            | -   | (200,000)                             | -                        |
| <b>Total realised reserves</b>                      | <b>1,923,323</b>         | <b>(408,705)</b>   | <b>(30,698)</b>              | <b>623,259</b>                                      | <b>4,131</b>                          | <b>2,111,310</b>         |
| <b>Unrealised</b>                                   |                          |  |                              |   |                                       |                          |
| Interest on loans reserve                           | -                        | -  | -                            | 74,956  | -                                     | 74,956                   |
| Investment income reserve                           | 11,223                   | -  | -                            | 14,502  | (4,131)                               | 21,594                   |
| <b>Total unrealised reserves</b>                    | <b>11,223</b>            | -  | -                            | <b>89,458</b>                                       | <b>(4,131)</b>                        | <b>96,550</b>            |
| <b>Total reserves</b>                               | <b>20,344,706</b>        | <b>(408,705)</b>   | <b>(30,698)</b>              | <b>737,945</b>                                      | <b>-</b>                              | <b>20,643,248</b>        |

## 18. CREDIT RISK DISCLOSURES

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

- restricts the concentration of lending by the credit union within certain sectors or to connected persons or groups (concentration limits);
- restricts the absolute amount of lending to certain sectors to a set percentages of the regulatory reserve (large exposure limit)

- restricts the loan duration of certain loans to specified limits (maturity limits)
- requires specified lending practices to be in place where loans are made to certain sectors such as commercial loans, community loans or loans to another credit union.

The carrying amount of the loans to members represents People First 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.

|  | 2019              |                | 2018              |                |
|--|-------------------|----------------|-------------------|----------------|
|  | €                 | %              | €                 | %              |
| <b>Loans not impaired</b>              |                   |                |                   |                |
| Total loans not impaired, not past due | <u>30,512,963</u> | <u>91.82%</u>  | <u>30,505,308</u> | <u>90.80%</u>  |
| <b>Impaired loans:</b>                 |                   |                |                   |                |
| Not past due                           | 345,736           | 1.04%          | 393,728           | 1.17%          |
| Up to 9 weeks past due                 | 1,685,421         | 5.07%          | 1,695,994         | 5.05%          |
| Between 10 and 18 weeks past due       | 160,133           | 0.48%          | 165,206           | 0.49%          |
| Between 19 and 26 weeks past due       | 75,605            | 0.23%          | 71,849            | 0.21%          |
| Between 27 and 39 weeks past due       | 79,056            | 0.24%          | 142,212           | 0.42%          |
| Between 40 and 52 weeks past due       | 66,704            | 0.20%          | 72,735            | 0.23%          |
| 53 or more weeks past due              | 305,297           | 0.92%          | 549,185           | 1.63%          |
| <b>Total impaired loans</b>            | <u>2,717,952</u>  | <u>8.18%</u>   | <u>3,090,909</u>  | <u>9.20%</u>   |
| <b>Total loans</b>                     | <u>33,230,915</u> | <u>100.00%</u> | <u>33,596,217</u> | <u>100.00%</u> |

## 19. RELATED PARTY TRANSACTIONS

### 19A. LOANS

|  | 2019         |        | 2018         |         |
|--|--------------|--------|--------------|---------|
|  | No. of loans | €      | No. of loans | €       |
| Loans advanced to related parties during the year          | 6            | 18,590 | 10           | 63,200  |
| Total loans outstanding to related parties at the year end | 12           | 50,917 | 17           | 103,375 |
| Total provision for loans outstanding to related parties   |              | 2,928  |              | 4,632   |

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 may hold significant shareholding).

Total loans outstanding to related parties represents 0.15% of the total loans outstanding at 30 September 2019

### 19B. SHARES

The total amount of shares held by related parties at the year end was €393,530 (2018: €469,467).

## 20. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

### 20A. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

**Interest rate risk:** People First Credit Union Limited's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. People First 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.

### 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 to 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.

|                        | 2019                  |       | 2018                  |       |
|------------------------|-----------------------|-------|-----------------------|-------|
|                        | Average interest rate |       | Average interest rate |       |
|                        | €                     | %     | €                     | %     |
| Gross loans to members | 33,230,915            | 8.50% | 33,596,217            | 8.25% |

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.





## 21. DIVIDENDS AND LOAN INTEREST REBATES

The following distributions were paid during the year:

|                      | 2019         |                | 2018         |                |
|----------------------|--------------|----------------|--------------|----------------|
|                      | %            | €              | %            | €              |
| Dividend on shares   | <u>0.125</u> | <u>138,161</u> | <u>0.25</u>  | <u>254,150</u> |
| Loan interest rebate | <u>10.00</u> | <u>270,544</u> | <u>10.00</u> | <u>264,267</u> |

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

|   | %           | €              | %            | €              |
|---|-------------|----------------|--------------|----------------|
| Dividend on shares  | <u>0.05</u> | <u>60,290</u>  | <u>0.125</u> | <u>140,000</u> |
| Loan interest rebate<br>(excluding online loans for 2019) | <u>7.50</u> | <u>200,912</u> | <u>10.00</u> | <u>265,000</u> |

## 22. EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

## 23. 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).

## 24. CAPITAL COMMITMENTS

There were no capital commitments at 30 September 2019.

## 25. CONTINGENT LIABILITIES

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

## 26. COMPARATIVE INFORMATION

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

## 27. THE IRISH LEAGUE OF CREDIT UNIONS REPUBLIC OF IRELAND PENSION SCHEME

People First Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees.

The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for People First Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, it accounts for the scheme as a defined contribution plan, in accordance with FRS 102.

The Pension's Act requires the trustees of the Scheme to assess whether it could meet a certain prescribed standard, known as the Minimum Funding Standard. This assesses whether, if the scheme was wound up on a specified theoretical valuation date, it could satisfy the Funding Standard at that date. Following the Scheme's actuary certifying a Minimum Funding Standard deficit in the scheme in 2009, People First Credit Union Limited, the ILCU group and the other credit unions participating in the Scheme entered into a funding agreement with the Scheme that was designed to ensure that the Scheme could be reasonably expected to satisfy the Minimum Funding Standard by a specified future date (1 March 2019). This funding plan runs up until 2019 and was approved by the Pensions Authority. People First Credit Union Limited has paid the contributions payable under this funding agreement.

As part of the above solvency assessment process, the Scheme actuary must carry out a separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent Actuarial Funding Certificate was effective as at 1 March 2018 and it certified that the Scheme satisfied the funding standard. Further, the Actuary was reasonably satisfied that as at 28 February 2018 the scheme can be expected to satisfy the funding standard as specified in Section 44 of the Pensions Act, 1990, at 1 March 2019, being the date specified by the Pensions Authority under Section 49(2) (a) of the Act for the purpose of the existing funding proposal.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The

last completed triennial actuarial review was carried out with an effective date of 1 March 2017 using the Projected Unit valuation method. The principal actuarial assumption used in the valuation was the investment return would be 1.75% higher than the annual salary increases. The market value of the scheme's assets at 1 March 2017 was €216m. The actuarial valuation disclosed a past service deficit of €6.4m at 1 March 2017 calculated under the ongoing Actuarial Valuation method. This valuation method assumes that the Scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. This actuarial review recommended that the rate agreed under the funding proposal, 27.5% of pensionable salary, continues to be paid. The cost of risk benefits is paid in addition to this rate giving a total contribution rate of 30% of Pensionable Salary.

## 28. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved these financial statements for issue on 23 October 2019.

# SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's Report on pages 15 to 17.

### Schedule 1 – Other interest income and similar income

|   | 2019<br>€               | 2018<br>€             |
|---|-------------------------|-----------------------|
| Investment income and gains received/receivable within 1 year | 1,034,243               | 931,354               |
| Investment income receivable outside of 1 year                | 14,502                  | 11,223                |
| <b>Total per income and expenditure account</b>               | <b><u>1,048,745</u></b> | <b><u>942,577</u></b> |

### Schedule 2 – Other income

|   | 2019<br>€             | 2018<br>€             |
|---|-----------------------|-----------------------|
| ECCU rebate                                     | 50,440                | 66,906                |
| Rental income                                   | 17,484                | 18,164                |
| Commissions and other sundry income             | 45,542                | 38,436                |
| <b>Total per income and expenditure account</b> | <b><u>113,466</u></b> | <b><u>123,506</u></b> |

# SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

## Schedule 3 – Other management expenses

|   | 2019<br>€               | 2018<br>€               |
|---|-------------------------|-------------------------|
| Training  | 14,074                  | 19,885                  |
| Rent and rates                                  | 33,527                  | 42,365                  |
| General insurance                               | 48,192                  | 46,054                  |
| Computer maintenance                            | 114,820                 | 71,213                  |
| Lighting, heating and cleaning                  | 39,501                  | 41,164                  |
| Repairs and maintenance                         | 48,927                  | 29,077                  |
| Printing and stationery                         | 29,441                  | 32,930                  |
| Advertising and promotion                       | 70,990                  | 74,229                  |
| Postage and telephone                           | 47,147                  | 57,407                  |
| Chapter expenses                                | 1,450                   | 1,980                   |
| Debt collection                                 | 73,672                  | 49,535                  |
| AGM expenses                                    | 41,551                  | 35,730                  |
| Share and loan insurance and DBI                | 591,779                 | 552,292                 |
| Travel expenses                                 | 11,454                  | 10,787                  |
| Audit fee                                       | 21,525                  | 23,985                  |
| Internal audit                                  | 16,011                  | 14,520                  |
| Legal and professional fees                     | 144,721                 | 130,811                 |
| Member initiatives                              | 103,365                 | 184,500                 |
| Bank interest and charges                       | 75,324                  | 80,559                  |
| Investment management fees                      | 14,760                  | 14,760                  |
| Uniforms  | 407                     | 17,860                  |
| Affiliation fees                                | 49,696                  | 48,165                  |
| ILCU foundation contribution                    | 10,000                  | 10,000                  |
| SPS contribution                                | 10,760                  | 15,209                  |
| Subscriptions and levies                        | 29,798                  | 42,950                  |
| Regulatory levies                               | 398,997                 | 100,352                 |
| General expenses                                | 31,676                  | 11,537                  |
| Amortisation of capital grants received         | (61,703)                | (24,407)                |
| <b>Total per income and expenditure account</b> | <b><u>2,011,862</u></b> | <b><u>1,735,449</u></b> |



## Christmas crunch?

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We're committed to "green" business practices and to helping you find ways to save money and resources wherever possible.

Every year, we are required by legislation to send every member an AGM booklet, which may mean 2-6 booklets being sent separately to any one household. By signing up to electronic notifications, you can help us save thousands of euros that printing and posting these booklets costs each year. Plus, you'll be doing your bit for our environment.

By signing up, you will receive your AGM booklets, statements and any other regulatory information from us via email.

Please note that by submitting your information, you are agreeing to the terms and conditions of our Privacy Notice. You can opt-out of these communications at any time, by using the unsubscribe button option at the bottom of each communication, or by contacting People First Credit Union.

\*We require your mobile number to ensure that we provide a safe method of communication for your data. This will enable us to send you a unique PIN to your mobile in order for you to access your statements.

E-Statements Yes  No

E-AGM Yes  No

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