



MYCU Current Account and MYCU debit Mastercard[®] have arrived at People First Credit Union



2021
ANNUAL
REPORT

Attendee Draw
5 x €50 Gift Cards will be given away on the night!

NOTICE is hereby given that the 2021 Annual General Meeting (AGM) of People First Credit Union will take place **on Wednesday, 15th December at 7.30pm. Due to current Covid-19 restrictions this event will take place virtually.** To attend the AGM each member must register their individual details as below.

How do I register for the virtual AGM?

Members over the age of 16 who wish to attend the virtual AGM are requested to register their below details through our online link www.peoplefirstcu.ie/agm-registration

- | | |
|------------------------------|-------------------|
| 1. Membership Account Number | 3. Name |
| 2. Current Email Address | 4. Contact Number |

Please Note: Deadline for PFCU to receive registration details is by Noon on Friday 10th December 2021

Once PFCU have verified member's details, members will receive AGM instructions and a unique link before the event. Your unique link to join the online AGM will be sent to you 24 hours prior to the AGM.

Please Note: this link cannot be shared and is unique to the email address you registered with. If you share this information, you forego the right to vote during the AGM.

Evelyn Dunne
Secretary

AGM AGENDA

- | | |
|--|---|
| 1. Credit Union Invocation | 12. Marketing Report |
| 2. Acceptance of proxies (if any) | 13. Report of the Board Oversight Committee |
| 3. Ascertainment of quorum | 14. Report of the Nominations Committee |
| 4. Adoption of standing orders | 15. Motions |
| 5. Chairman's address/Report of Directors | 16. Appointment of tellers |
| 6. CEO Report & Consideration of Accounts | 17. Elections and balloting |
| 7. Declaration of dividend | 18. Any other business |
| 8. Auditor's report | 19. Results of the elections |
| 9. Report of the Credit Committee | 20. AGM Attendee Draw |
| 10. Report of the Membership Committee | 21. Close Meeting |
| 11. Report of the Credit Control Committee | |

Christmas Opening Hours

Portlaoise, Athy & Abbeyleix

Friday 24th December	Closed
Saturday 25th December	Closed
Sunday 26th December	Closed
Monday 27th December	Closed
Tuesday 28th December	Closed
Wednesday 29th December	Open
Thursday 30th December	Open
Friday 31st December	Closed
Saturday 1st January	Closed
Monday 3rd January	Closed

Stradbally

Saturday 25th December	Closed
Saturday 1st January	Closed

MESSAGE FROM THE CHAIR

Dear fellow Members,

It is that time of year again and it is my pleasure to present you with our AGM booklet which outlines the current financial position of our Credit Union.

You will see that PFCU has performed well, considering the uncertainty and volatility over the past financial year due to the continuing impact of the pandemic. This good performance was down, in so small terms, to the hard work of the Board of Directors, Management Team and staff who undertook their respective roles in a professional and dedicated manner. Strategic decisions were always made in a prudent manner and a carefully managed financial strategy, where Member's best interests were always considered, has left PFCU in a stable and healthy financial position. I want to thank all concerned for their hard work over the year.

The pandemic didn't hinder PFCU in continuing to develop its services to Members. Many Members services are now available on-line. Loan products continue to be expanded and a new debit card (MyCu) was launched this year, all of which will facilitate, not just the current, but also the future needs of Members. This development of Member services has not come with the withdrawal of more traditional methods of doing business. PFCU continues to offer counter services where Members can still meet a friendly face and do their business in person.

One of the strengths of the Credit Union movement is its dependence on volunteerism. The Board of Directors is comprised entirely of volunteers who, giving freely of their time, use their knowledge and expertise in governing



the affairs of the Credit Union. Those who volunteer find this to be a very rewarding and worthwhile experience. This spirit of volunteerism is vital for the future success of the Credit Union movement and I encourage Members to give consideration to volunteering with PFCU. You will learn new skills, meet new people and will gain immense satisfaction from serving your community.

I encourage you to not just read this booklet, but to register for and join our AGM. PFCU is owned by its Members and, in attending our AGM, you will gain an insight into the work of your Credit Union and how it benefits the whole community. For seven years in a row, Credit Unions have claimed first place for best customer experience at the official CXi awards. That is something we can all be proud of.

Míle buíochas as do mhuinín inár gComhar Creidmheasa.

Le dea-ghuí

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

AGM STANDING ORDERS

VOTING

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

ELECTION PROCEDURE & ELECTRONIC VOTE

2. Voting on elections and motions will be by electronic means, instructions for voting electronically will be issued at the AGM to all Members who have registered to attend. Members must attend for the virtual AGM for their votes to be counted.
3. Elections shall be in the following order:
 - a) Elections to the Board of Directors,
 - b) Elections to the Board Oversight Committee,
 - c) Elections for Auditor.
4. The votes will be tallied electronically. When all elections have been completed and results become available, the Chairperson will announce the results.

MOTIONS

5. In light of specific difficulties that we are facing in holding an AGM this year due to COVID-19, the purpose of this year's AGM is to deal with the essential business of the credit union. This includes reporting to Members on the financial status of the credit union and voting on elections and motions.
6. As such, there will be no motions from the floor due to the difficulties in managing same remotely. Members are welcome to submit questions at the AGM via a "Q&A" option that will be available for attendees at the AGM.

MISCELLANEOUS

7. The Chairperson of the credit union shall be the Chairperson of any general meeting, except where he/she is not available, in which case it shall be the Vice-Chair, except where he/she is not available, in which case the Board shall decide amongst themselves who shall act as Chair of any meeting.
8. The Chairperson may at his/her discretion, extend the privilege of the floor to any person who is not a member.
9. Matters not covered by the Agenda may be introduced under 'Other Business' at the discretion of the Chairperson. At a virtual AGM in the current circumstances, this may not be practical, however, the option may be invoked if required.
10. The Chairperson's decision on any matter relating to these standing orders or interpretation of same will be final.
11. In accordance with Section 82(2) 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/her shareholding or the number of accounts in his/her 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 and will be in accordance with 82(4) and 82A of the Credit Union Act, 1997 (as amended). For further details of appointment of proxy, please contact PFCU directly.
12. Any matter to be decided upon by vote at the AGM shall, unless

otherwise expressly provided for by law or the rules, will be decided upon by simple majority.

13. The virtual AGM will be recorded.

SUSPENSION OR ALTERATION OF STANDING ORDERS

14. Any one of these Standing 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.

15. 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

16. Adjournments of the AGM shall take place only in accordance with section 81(1) of the Credit Union Act, 1997 (as amended).

AGM - RULE AMENDMENTS AND RELATED MOTIONS

17. The follow motions will be put to the meeting for a vote, the Chairperson

shall have the absolute right to decide at any time when a motion has been sufficiently discussed.

Motion No. 1

Rule 63(4)

That this Annual General Meeting agrees to delete Rule 63(4) of the Standard Rules for Credit Unions (Republic of Ireland) (2019) to remove the requirement for credit unions to complete and return the Return of Officers form to the Irish League of Credit Unions.

Motion No. 2

That this Annual General Meeting approves a motion that no dividend or Loan Interest Rebate be made for 2021.

Motion No. 3

That this Annual General Meeting approves a motion that PFCU transfers €30,000 to the Community Fund.



WE'RE ALL ABOUT YOU
HERE TO HELP LOCAL BUSINESSES WITH MAJOR DISRUPTIONS DUE TO COVID 19. GUARANTEED.

Covid-19 Credit Guarantee Scheme from your local People First Credit Union

The scheme is designed to assist businesses, including primary Producers, impacted by Covid-19 to access credit.

People First
CREDIT UNION
We're Stronger Together

State of Michigan | SFCU

MARKETING REPORT

The aim of Marketing is to promote People First Credit Union as a modern, relevant financial partner within our community. This is done by raising awareness through campaigns aimed at attracting new Members along with increasing our loan book and membership engagement.

Over the past year, we have expanded our services and launched new campaigns, which include:

NEW CAMPAIGNS

- **MYCU Current Account & Debit Master Card** – Our Current Account offers all the features and benefits Members have come to expect from a current account but delivered with the local trustworthy service of People First Credit Union.
- **SBCI Covid 19 Credit Guarantee Scheme** – People First is proud to be one of the first Credit Unions approved to offer the scheme, which provides low-cost credit to local SME's and Primary Producers financially impacted by Covid-19.
- **Phone a Loan** – Need a loan but no time to come to branch or go online? Not a problem, this new service allows Members to apply for their loan over the phone.
- Throughout the year, Marketing continued to promote our more popular loans. We offer larger loans of up to €30K for Home Improvements and Car Loans at reduced rates. This year we also saw a high uptake for our lowest rate loan, our Student Loan at just 6.5%.

DIGITAL

Digital services play an important role for the progression of People First Credit Union. This year we upgraded our website and increased our reach with the use of Google Advertising and Analytics.

Our social media channels connect us with our audiences, we constantly keep Members updated with latest loan offers, news, competitions, so make sure to follow us on– Facebook, Instagram, You Tube, Twitter, and LinkedIn.

We look forward to further digital transformation in 2022 as we roll out electronic member communications. Communicating this way will not only save money but will have a positive impact on the environment. Members wishing to move to paperless communications are asked to fill out the consent form on the back of this booklet.

STUDENT SCHOLARSHIPS

Students are our investment for the future, with this in mind we increased the Student Scholarship Award up to €7,000. From 2021, we are offering seven prizes of €1,000 to lucky students from each of the seven secondary schools in our Common Bond area.

COMMUNITY FUNDING

People First continue to support local groups and organisations through our Community Sponsorship Fund. Covid has had a significant impact on the mental health of everyone, which is why we set up the People First €8,000 Mental Health Fund. This Fund was aimed at financially supporting the needs of non-profit groups involved with mental health projects within our local community. We supported 6 groups through this fund.

We remind local non-profit organisations, groups or charities requiring funding to apply to our Community Sponsorship Fund, application forms can be downloaded from our website.



“We’re Stronger Together, when we continue to work together”

IMPORTANT MEMBER NOTICE - ACTION REQUIRED BY MEMBERS

DEATH BENEFIT INSURANCE

Important Member Notice - Action Required By Members

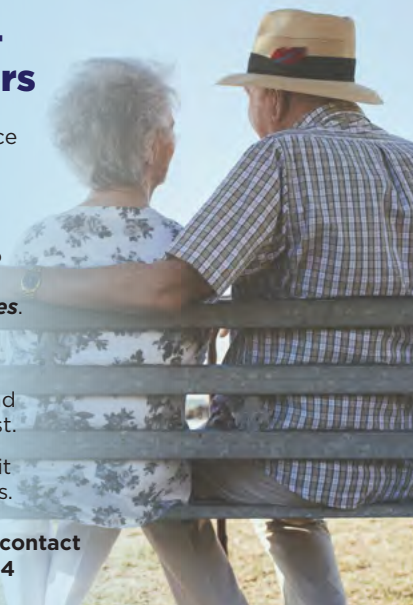
People First Credit Unions Death Benefit Insurance offering is changing **from 1st January 2022 and members will need to act.**

In order for members to have continued insurance cover in the event of a death, members will need to sign up to our **NEW Funeral Cover Option**, offered by our insurance partner **Irish Life Financial Services**.

This is a **Whole of Life Insurance Policy** offering. While there is a cost to members for this cover, People First Credit Union believes the broader and better benefits for members far outweigh the cost.

This new offering puts our members and your credit union on a more sustainable footing for future years.

To get more details, please visit us in branch or contact our Membership Call Centre on Ph: 057 862 2594



CEO REVIEW AND CONSIDERATION OF ACCOUNTS 2021

Firstly the staff and management of PFCU hope you and your family are keeping well during the continuing difficult times. Despite the challenges your credit union has had a solid performance for 2020/2021.

COVID-19

COVID-19 remains the number one challenge to your credit union for the year ahead. For the most part of last year loan demand was muted as Members saved their cash instead of spending it. This added further pressure to our Reserves, which resulted in us reluctantly writing to Members with savings in excess of €30,000 asking them to reduce their balance. Thankfully most of these Members obliged. While we saw an initial bounce in activity as the country came out of lockdown, rising numbers this autumn have the potential to derail this economic uplift. With the uncertainty of potential future lockdowns loan demand may wain. In operations we did lose some office days in January and February due to COVID outbreaks but thankfully the impact was limited.

FINANCIALS

As I have stated 2021 has been a solid year for PFCU. We saw a fall in total income of 10.67% to €3,836,081 compared with 2020, driven mainly by a drop of loan interest income and a drop in one-off investment gains. To counter this PFCU expenditure fell by 27.51% to €3,156,228 and this allowed us to generate a surplus of €679,853 before appropriation. This surplus has allowed PFCU to strengthen our Reserves as we continue to develop and grow. Our plans for 2022 are to grow our loan book and other income while further cutting costs. Our push into the SME/Agri and mortgage markets should help us in this drive.

CURRENT ACCOUNT AND DEBIT CARD

Following years of planning, and with the imminent departure of two banks from Ireland, PFCU launched our new MYCU

Current Account and Mastercard Debit Card in September 2021. This is a full-service current account giving Members 24/7/365 access to your funds. The card is accepted at any point worldwide displaying the Mastercard symbol and can be used for online purchases. We also offer Members an overdraft option should it be required. Planning is ongoing to offer Google pay, Apple pay and wallets. We are also working on a youth debit card option so watch out for further details on this in 2022. Why not switch your current account now to the number 1 trusted brand in Ireland!

NEW SERVICES & MEMBER ENGAGEMENT

In partnership with Metamo PFCU continues to develop new services to deliver to our membership. We will shortly be launching a new service offering Life Assurance, Pensions, Term Investments and regular savings. These are being offered in association with Irish Life, one of Irelands biggest insurance companies. Look out for further information in our offices and online.

PFCU are also introducing improved back-office services that should result in quicker turnaround times for loans being sought. We aim to make this service a best in class for Members. During the past year we have also reached out to our Members affected by the withdrawal of Provident Personal Credit from the Irish market, seeking their re-engagement with PFCU.

COMPLIANCE AND RISK

The credit union operates in a highly regulated environment where we are obliged to meet the highest standard in compliance and risk management. PFCU appointed a new Risk Manager in September 2020 and together with our well-established Compliance Officer we have strengthened our operations. Our goal is to maintain the highest standards while focusing on our member's needs.

STAFF

I would like to acknowledge our staff for their performance and effort during a very challenging 2021. While a lot of people were able to avail of working from home, for most of our staff, this option was not available. They continued to report to work and perform their duties without objection. As CEO I thank each one of you for your dedication.

CLIMATE AND PFCU

At our 2020 AGM PFCU was challenged to do more in an effort to reduce our carbon footprint. As a result we are asking all Members to help us achieve this by giving us an email address and permission to electronically send out our AGM packs and statements. It is estimated 80 trees are needed to produce the paper to send out this information each year. We too are doing our bit and have switched all offices to LED lighting. And we will continue to do more.

CONCLUSION

PFCU remains a strong credit union committed to the financial wellbeing of its Members. Our continued growth and

development needs continued member support. While the financial services landscape contracts PFCU will step up to the challenge and meet our Members needs. Go spread the word of the benefit of credit union membership to your family, neighbours and friends.

I would like to thank our directors, supervisors and volunteers for all their time and efforts over the past year. I would especially like to thank our chairperson Kieran Brosnan as he steps down from the Board after 13 year of dedicated service to PFCU. As unpaid volunteers to the credit union your time and commitment is commendable and should not go unnoticed by the general membership. Finally I would like to thank you our membership for your continued support. Without this support there is no credit union.

Seán Dunne
CEO

GENERAL INFORMATION

Directors

Kieran Brosnan (Chair)
Clive Davis (Vice-Chair)
Evelyn Dunne (Secretary)
Mary Carmody
Billy Fitzpatrick
Des Mulhall
John Whelan
Gerard Fitzgibbon
Micheál Scully
Mary Crowley
Tiernan Dempsey

Board Oversight Committee

Brendan O'Sullivan (Chair)
Frank Delaney (Secretary)
Clodagh Finlay
Caroline Devoy
Mary Forrestal

Secretary

Evelyn Dunne

Company Number 137CU

Registered Office

James Fintan Lalor Avenue,
Portlaoise,
Co. Laois

Auditors

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

Bankers

Ulster Bank
Laois Shopping Centre,
Portlaoise,
Co. Laois

Solicitors

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

MONTHLY CASH DRAW

PFCU MEMBERS CASH DRAW REPORT 2020/2021

MEMBERS DRAW INCOME AND EXPENDITURE ACCOUNT

INCOME

Opening Balance	€ 34,149
Members Entry Fees	€ 212,997

EXPENDITURE

Prizes to Cash Draw Winners	€ -213,700
Less Spot Prizes at Cash Draw Event	-
Less Marketing Expenses	-

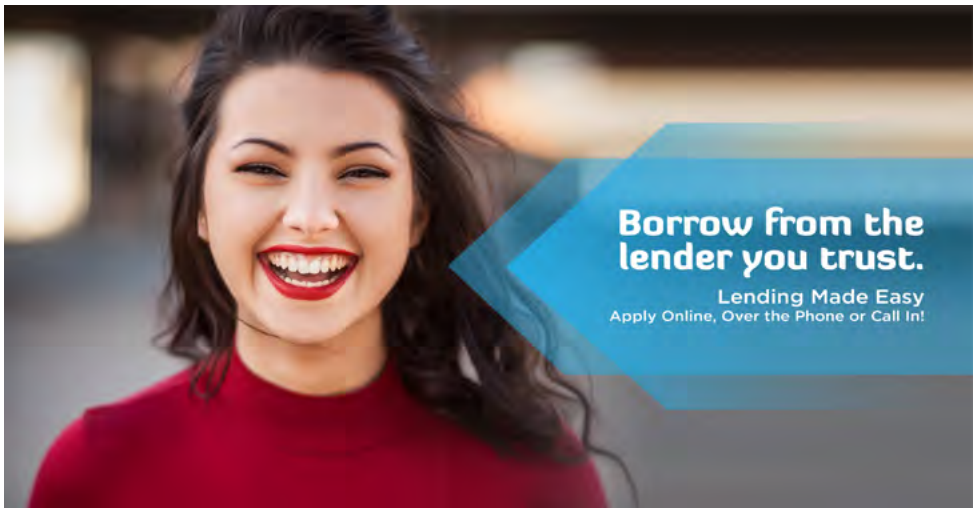
CLOSING BALANCE € 33,447

BALANCE AS PER TB € 33,447

TOP PRIZE WINNERS OF MEMBERS DRAW FOR 2020/2021 €10,000 PRIZE

- Oct 20: *Adrian Rafter*
Nov 20: *Clare Archbold*
Dec 20: *Oliver Okorielke and Deirdre Hennessy*
Jan-21 *John Dowling*
Feb-21 *Marie Daly*
Mar-21 *David Caroll*
Apr-21 *Margaret Kehoe*
May-21 *Avril Barry*
Jun-21 *Teresa Phelan*
Jul-21 *Darren Kirwan*
Aug-21 *Dermot Drennan*
Sep-21 *Patrick Larkin*

CLOSING BALANCE OF €33,000 WILL BE USED AT CHRISTMAS BUMPER DRAW



ANNUAL REPORT OF THE BOARD OVERSIGHT COMMITTEE (BOC) 2021

The BOC are elected by the Members of the Credit Union at the AGM and form part of the Governance in the Credit Union. John Meehan a long serving member of the BOC retired at the end of 2020, and the BOC welcomed three new volunteers in 2021 namely Clodagh Finlay, Caroline Devoy and Mary Forrestal.

Under section 76M of the Credit Union Act, the function of the committee 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. In total the BOC observed twelve meetings of the Board and hosted four quarterly Appraisal meetings with the Board.

While we are under no obligation to attend the sub-committee meetings, we have been represented at thirty-six meetings in total, of the various sub-committees during the year and can report they are functioning very well and we compliment the volunteers and the staff Members who give their time to make these committees work. We also report to the external and internal auditors, who carry out a vital function within the organisation. All Members of the BOC have completed their mandatory annual training.

People First Credit Union covers a large combined common bond area surrounding the four branch offices in Abbeyleix, Athy, Stradbally, and Portlaoise. We can assure the Members that the same high standards are maintained in all offices.

PFCU staff continued to provide service to Members throughout 2021 despite the Pandemic and they deserve great credit.

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:

Brendan O'Sullivan (Chair)

Frank Delaney (Secretary)

Clodagh Finlay

Caroline Devoy

Mary Forrestal

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

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2021.

PRINCIPAL ACTIVITY

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

AUTHORISATION

The credit union is authorised as follows:

- Insurance, reinsurance or ancillary insurance intermediary under the European Union (Insurance Distribution) Regulations, 2018.
- 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 acknowledge the results for the year and the year-end financial position of the credit union. The directors expect to develop and expand the credit union's current activities and they are confident of its ability to continue to operate successfully in the future.

DIVIDENDS AND LOAN INTEREST REBATES

The directors are not proposing a dividend or loan interest rebate in respect of the financial year ended 30 September 2021 (2020: The directors did not propose a dividend or loan interest rebate).

PRINCIPAL RISKS AND UNCERTAINTIES

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

Credit risk

Credit risk is the risk that a borrower will default on their contractual

obligations relating to repayments to the credit union, resulting in financial loss.

Lack of loan demand

Lending is the principal activity of the credit union and the credit union is reliant on 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.

COVID-19 risk

There is an economical and operational risk relating to the uncertainty surrounding the impact of the COVID-19 pandemic.

These risks and uncertainties 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.

COVID-19 risk

The board of directors and management closely monitor the evolution of the COVID-19 pandemic and continue to take appropriate actions to mitigate any possible adverse effects on the credit union.

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 Lalor 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

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 and signed on its behalf by:



Chairperson of the Board of Directors

Kieran Brosnan



Member of the Board of Directors

Clive Davis

Date: 15th November 2021



Christmas crunch?

Chat to us about the popular One Year Christmas low loan rate.

People First
CREDIT UNION
We're Stronger Together

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

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

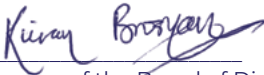
those standards, and note the effect and reason for any material departure from those standards; and

- 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.

On behalf of the board:

Kieran Brosnan



Chairperson of the Board of Directors

Clive Davis



Member of the Board of Directors

Date: 15th November 2021


BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

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.

On behalf of the board oversight committee:

Brendan O'Sullivan



Chairperson of the Board Oversight Committee

Date: 15th November 2021

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 2021, and the related notes to the financial statements, including the summary of significant accounting policies.

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

In our opinion, 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 2021 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, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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

In auditing the financial statements, we have concluded that the director's use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the credit union's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

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

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 the directors either intends to liquidate the credit union or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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: 15th November 2021

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INCOME AND EXPENDITURE ACCOUNT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Schedule	2021 €	2020 €
Income			
Interest on Members' loans		2,538,973	2,661,907
Other interest income and similar income	1	1,034,416	1,001,058
Gains on investments		184,129	583,217
Net interest income		3,757,518	4,246,182
Other income	2	78,563	48,236
Total income		3,836,081	4,294,418
Expenditure			
Employment costs		1,699,724	1,604,479
Other management expenses	3	1,675,391	2,036,671
Depreciation		126,044	146,463
Net impairment losses/(gains) on loans to Members (note 5)		(344,931)	566,130
Total expenditure		3,156,228	4,353,743
Surplus/(deficit) for the financial year		679,853	(59,325)


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



Clive Davis
Member of Board of Directors



Brendan O'Sullivan
Chair of the Board Oversight Committee



Sean Dunne
CEO

Date: 15th November 2021

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	2021 €	2020 €
Surplus/(deficit) for the financial year	679,853	(59,325)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the financial year	679,853	(59,325)

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



Clive Davis
Member of Board of Directors



Brendan O'Sullivan
Chair of the Board Oversight Committee



Sean Dunne
CEO

Date: 15th November 2021

The notes on pages 22 to 33 form part of these financial statements.

BALANCE SHEET

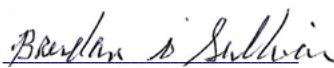
AS AT 30 SEPTEMBER 2021

	Notes	2021 €	2020 €
Assets			
Cash and balances at bank		4,208,564	2,171,554
Deposits and investments – cash equivalents	7	13,127,327	16,839,236
Deposits and investments – other	7	103,729,967	104,936,224
Loans to Members	8	31,895,116	31,428,040
Provision for bad debts	9	(1,820,595)	(1,859,276)
Tangible fixed assets	10	1,720,266	1,822,844
Investments in associates	11	265,000	265,000
Debtors, prepayments and accrued income	12	877,262	826,086
Total assets		154,002,907	156,429,708
Liabilities			
Members' savings	13	132,615,367	135,636,954
Members' current accounts	14	34,079	-
Other liabilities, creditors, accruals and charges	15	360,451	477,863
Other provisions	16	28,579	24,508
Total liabilities		133,038,476	136,139,325
Reserves			
Regulatory reserve	18	16,578,616	16,578,616
Operational risk reserve	18	2,125,000	1,870,000
Other reserves			
- Realised reserves	18	2,074,272	1,680,228
- Unrealised reserves	18	186,543	161,539
Total reserves		20,964,431	20,290,383
Total liabilities and reserves		154,002,907	156,429,708

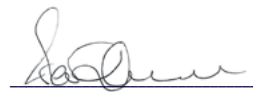
The financial statements were approved and authorised for issue by the board and signed on behalf of the credit union by:



Clive Davis
Member of Board of Directors



Brendan O'Sullivan
Chair of the Board Oversight Committee



Sean Dunne
CEO

Date: 15th November 2021

The notes on pages 22 to 33 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Regulatory reserve €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Total €
As at 1 October 2019	16,578,616	1,856,772	2,111,310	96,550	20,643,248
Surplus for the financial year	-	-	(124,314)	64,989	(59,325)
Dividends and loan interest rebates paid	-	-	(261,954)	-	(261,954)
Payments from reserves	-	-	(31,586)	-	(31,586)
Transfers between reserves	-	13,228	(13,228)	-	-
As at 1 October 2020	16,578,616	1,870,000	1,680,228	161,539	20,290,383
Surplus for the financial year	-	255,000	384,322	40,531	679,853
Payments from reserves	-	-	(5,805)	-	(5,805)
Transfers between reserves	-	-	15,527	(15,527)	-
As at 30 September 2021	16,578,616	2,125,000	2,074,272	186,543	20,964,431

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2021 was 10.77% (2020: 10.60%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2021 was 1.38% (2020: 1.20%).

The notes on pages 22 to 33 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 €	2020 €
Opening cash and cash equivalents		19,010,790	29,075,230
Cash flows from operating activities			
Loans repaid by Members	8	16,577,604	17,926,234
Loans granted to Members	8	(17,124,999)	(16,275,965)
Interest on Members' loans		2,538,973	2,661,907
Other interest income and similar income		1,034,416	1,001,058
Gain on investments		184,129	583,217
Bad debts recovered and recoveries		386,569	384,955
Other income		78,563	48,236
Members' current account lodgements	14	63,463	-
Members' current account withdrawals	14	(29,384)	-
Dividends paid		-	(58,459)
Interest rebates paid		-	(203,495)
Operating expenses		(3,375,115)	(3,641,150)
Other disbursements		(5,805)	(31,586)
Movement in other assets and liabilities		(164,517)	50,846
Net cash flows from operating activities		163,897	2,445,798
Cash flows from investing activities			
Fixed asset (purchases)/disposals		(23,466)	(45,072)
Net cash flow from other investing activities		1,206,257	(26,112,057)
Net cash flows from investing activities		1,182,791	(26,157,129)
Cash flows from financing activities			
Members' savings received	13	60,967,450	70,851,056
Members' savings withdrawn	13	(63,989,037)	(57,204,165)
Net cash flow from financing activities		(3,021,587)	13,646,891
Net increase/(decrease) in cash and cash equivalents		(1,674,899)	(10,064,440)
Closing cash and cash equivalents	6	17,335,891	19,010,790

The notes on pages 22 to 33 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

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

Deposit and investment income is recognised on an accruals basis using the effective interest method.

Other income

Other income is recognised on an accruals basis.

2.5 CASH AND CASH EQUIVALENTS

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

2.6 DEPOSITS AND INVESTMENTS

Held at amortised cost

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

Central Bank deposits

Credit unions are obliged to maintain certain minimum deposits with the Central Bank but may also hold an excess over the regulatory minimum. The regulatory minimum deposits are technically assets of the credit union but to which the credit union has restricted access. The regulatory minimum portion will not ordinarily be returned to the credit union while it is a going concern and is separately identified in note 7, Deposits and investments - other. Funds held with the Central Bank in excess of the regulatory minimum requirements are fully available to the credit union and are therefore treated as cash equivalents and are separately identified in note 7, Deposits and investments - cash equivalents. The

2. ACCOUNTING POLICIES (continued)

amounts held on deposit with the Central Bank are not subject to impairment reviews.

Investments at fair value

Investments held for trading and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category. Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They are valued at fair value (market value) at the year-end date and all gains and losses are taken to the income and expenditure account.

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market these assets will be carried at cost less impairment.

2.7 FINANCIAL ASSETS – LOANS TO MEMBERS

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

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

2.8 PROVISION FOR BAD DEBTS

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

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

If there is a decrease in the impairment loss arising from an event occurring after the

impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the income and expenditure account.

2.9 TANGIBLE FIXED ASSETS

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

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

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

Depreciation is provided on the following basis:

Freehold premises 2% straight line per annum

Short leasehold property

Over the lesser of the useful economic life and the remaining term of the lease

Fixtures and fittings 15% straight line per annum

Office equipment 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' SAVINGS

Members' savings 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 FINANCIAL LIABILITIES – MEMBERS' CURRENT ACCOUNTS

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

2.15 OTHER PAYABLES

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

2.16 PENSION COSTS

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.

2.17 HOLIDAY PAY

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

2.18 TERMINATION BENEFITS

Termination benefits are included in legal and professional fees, repayments of deductions and reorganisational costs where applicable and are expensed to the income and expenditure account on an accruals basis.

2.19 DERECOGNITION OF FINANCIAL LIABILITIES

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

2.20 REGULATORY RESERVE

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

2.21 OPERATIONAL RISK RESERVE

Section 45(5)(a) of the Credit Union Act, 1997

2. ACCOUNTING POLICIES (continued)

(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 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).

2.22 OTHER RESERVES

Other reserves are the accumulated surpluses to date that have not been declared as dividends returnable to Members. The other reserves are subdivided into realised and unrealised. The credit union has 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".

2.23 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.

2.24 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 the directors 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 €1,720,266 (2020: €1,822,844).

Provision for bad debts

The credit union's accounting policy for impairment of loans is set out in the accounting policy in note 2.8. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements. The provision for bad debts in the financial statements at the year end was €1,820,595 (2020: €1,859,276) representing 5.71% (2020: 5.92%) of the total gross loan book.

Investments in associates

The investments in associates represents the credit union'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, the credit union 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 €2,125,000 (2020: €1,870,000).

Adoption of going concern basis for financial statements preparation

The credit union continue to closely monitor the evolution of the COVID-19 pandemic. 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 the credit union are all unpaid volunteers. The key management personnel compensation is as follows.

	2021	2020
	€	€
Short term employee benefits paid to key management	455,895	417,934
Payments to pension schemes	46,479	47,633
Total key management personnel compensation	502,374	465,567

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

	2021	2020
	€	€
Bad debts recovered	(355,275)	(348,473)
Impairment of loan interest reclassified as bad debt recoveries	(31,294)	(36,482)
Movement in bad debts provision during the year	(38,681)	798,479
Loans written off during the year	80,319	152,606
Net impairment losses/(gains) on loans to Members	(344,931)	566,130

6. CASH AND CASH EQUIVALENTS

	2021	2020
	€	€
Cash and balances at bank	4,208,564	2,171,554
Deposits & investments – cash equivalents (note 7)	13,127,327	16,839,236
Total cash and cash equivalents	17,335,891	19,010,790

7. DEPOSITS AND INVESTMENTS

	2021	2020
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	8,100,594	11,607,554
Bank bonds	-	250,000
Central Bank deposits	5,026,733	4,981,682
Total deposits and investments – cash equivalents	13,127,327	16,839,236

Deposits and investments – other

Accounts in authorised credit institutions (Irish and non-Irish based)	62,500,000	57,500,000
Irish and EEA state securities	2,006,022	2,006,898
Bank bonds	35,050,032	40,002,614
Central Bank deposits	1,188,052	1,213,103
Other investments	2,985,861	4,213,609
Total deposits and investments – other	103,729,967	104,936,224
Total deposits and investments	116,857,294	121,775,460

8. FINANCIAL ASSETS – LOANS TO MEMBERS

	2021	2020
	€	€
As at 1 October	31,428,040	33,230,915
Loans granted during the year	17,124,999	16,275,965
Loans repaid during the year	(16,577,604)	(17,926,234)
Gross loans and advances	31,975,435	31,580,646

Bad debts

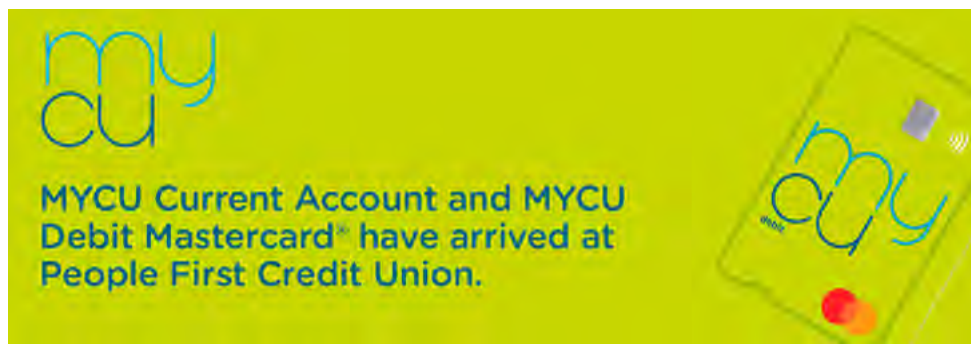
Loans written off during the year	(80,319)	(152,606)
As at 30 September	31,895,116	31,428,040

9. PROVISION FOR BAD DEBTS

	2021	2020
	€	€
As at 1 October	1,859,276	1,060,797
Movement in bad debts provision during the year	(38,681)	798,479
As at 30 September	1,820,595	1,859,276

The provision for bad debts is analysed as follows:

	2021	2020
	€	€
Grouped assessed loans	1,820,595	1,859,276
Provision for bad debts	1,820,595	1,859,276



10. TANGIBLE FIXED ASSETS

	Freehold premises €	Short leasehold property €	Fixtures and fittings €	Office equipment €	Total €
Cost					
1 October 2020	2,350,290	20,066	626,302	1,035,530	4,032,188
Additions	-	-	-	23,466	23,466
At 30 September 2021	2,350,290	20,066	626,302	1,058,996	4,055,654
Depreciation					
1 October 2020	726,145	20,066	559,066	904,067	2,209,344
Charge for year	47,006	-	18,107	60,931	126,044
At 30 September 2021	773,151	20,066	577,173	964,998	2,335,388
Net book value					
30 September 2021	1,577,139	-	49,129	93,998	1,720,266
30 September 2020	1,624,145	-	67,236	131,463	1,822,844

11. INVESTMENTS IN ASSOCIATES

Cost	€
At 1 October 2020 and 30 September 2021	265,000
Accumulated impairment	
At 1 October 2020 and 30 September 2021	-
Net book value	
At 30 September 2021	265,000
At 30 September 2020	265,000

Interests in associate

The credit union has interests in the following associate:

Associate	Registered address	Type of shares held	Proportion held %	Net Assets €	Profit or (loss) €
Metacu Management Designated Activity Company	14 Ely Place Dublin 2 Ireland	Redeemable A Ordinary	6.25%	4,025,400	(103,564)

The above financial information in respect of Metacu Management Designated Activity Company was extracted from the audited financial statements for the year ended 31 December 2020.

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

At 1 October 2020	Share of net assets €
Share of profit/(loss) for the financial year after tax	258,060 (6,473)
At 30 September 2021	251,587

12. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2021	2020
	€	€
Prepayments	272,069	136,774
Other debtors	54,364	76,404
Accrued investment income	477,821	524,373
Loan interest receivable	73,008	88,535
	877,262	826,086

13. MEMBERS' SAVINGS

	2021	2020
	€	€
As at 1 October	135,636,954	121,990,063
Received during the year	60,967,450	70,851,056
Withdrawn during the year	(63,989,037)	(57,204,165)
As at 30 September	132,615,367	135,636,954

14. MEMBERS' CURRENT ACCOUNTS

	2021	2020
	€	€
As at 1 October	-	-
Lodgements during the year	63,463	-
Withdrawals during the year	(29,384)	-
As at 30 September	34,079	-

	No. of Accounts	Balance of Accounts
		€
Debit	-	-
Credit	68	34,079
Permitted overdrafts	1	200

15. OTHER LIABILITIES, CREDITORS, ACCRUALS AND CHARGES

	2021	2020
	€	€
Prize draw	33,447	34,149
Other liabilities and accruals	290,494	415,085
PAYE/PRSI	36,510	28,629
	360,451	477,863

16. OTHER PROVISIONS

	2021	2020
	€	€
Holiday pay accrual		
At 1 October	24,508	2,862
Charged to the income and expenditure account	4,071	21,646
At 30 September	28,579	24,508

17. FINANCIAL INSTRUMENTS

17A. FINANCIAL INSTRUMENTS - MEASURED AT AMORTISED COST

Financial assets	2021	2020
	€	€
Financial assets measured at amortised cost	130,855,255	133,085,334

Financial liabilities	2021	2020
	€	€
Financial liabilities measured at amortised cost	133,038,476	136,139,325

Financial liabilities measured at amortised cost

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

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

17B. 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).

17B. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENTS (CONTINUED)

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

At 30 September 2021	Total €	Level 1 €	Level 2 €	Level 3 €
Accounts in authorised credit institutions	17,095,434	-	17,095,434	-
Bank bonds	5,807,470	-	5,807,470	-
Total	22,902,904	-	22,902,904	-

At 30 September 2020	Total €	Level 1 €	Level 2 €	Level 3 €
Accounts in authorised credit institutions	17,098,027	-	17,098,027	-
Bank bonds	6,057,470	-	6,057,470	-
Total	23,155,497	-	23,155,497	-

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2021 (2020: €nil).

18. RESERVES

	Balance 01/10/20 €	Payments from reserves €	Appropriation of current year surplus €	Transfers between reserves €	Balance 30/09/21 €
Regulatory reserve	16,578,616	-	-	-	16,578,616
Operational risk reserve	1,870,000	-	255,000	-	2,125,000
Other reserves					
Realised					
General reserve	1,665,843	-	354,322	15,527	2,035,692
Community fund	14,385	(5,805)	30,000	-	38,580
Total realised reserves	1,680,228	(5,805)	384,322	15,527	2,074,272
Unrealised					
Interest on loans reserve	88,535	-	-	(15,527)	73,008
Investment income reserve	73,004	-	40,531	-	113,535
Total unrealised reserves	161,539	-	40,531	(15,527)	186,543
Total reserves	20,290,383	(5,805)	679,853	-	20,964,431

19. CREDIT RISK DISCLOSURES

In line with regulatory requirements, the credit union:

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

The carrying amount of the loans to Members represents the credit union'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.

	2021		2020	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	29,015,329	90.97%	27,712,377	88.18%
Impaired loans:				
Not past due	856,994	2.69%	1,209,400	3.85%
Up to 9 weeks past due	1,382,641	4.33%	1,721,718	5.48%
Between 10 and 18 weeks past due	180,093	0.57%	218,005	0.69%
Between 19 and 26 weeks past due	131,228	0.41%	110,317	0.35%
Between 27 and 39 weeks past due	52,061	0.16%	172,341	0.55%
Between 40 and 52 weeks past due	37,554	0.12%	53,907	0.17%
53 or more weeks past due	239,216	0.75%	229,975	0.73%
Total impaired loans	2,879,787	9.03%	3,715,663	11.82%
Total loans	31,895,116	100.00%	31,428,040	100.00%

20. RELATED PARTY TRANSACTIONS

20A. LOANS

	2021		2020	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	5	64,750	1	20,000
Total loans outstanding to related parties at the year end	9	89,969	10	58,774
Total provision for loans outstanding to related parties		3,453		2,107

The related party loans stated above comprise of loans outstanding to directors and the management team (to include their family Members or any business in which the directors or management team had a significant shareholding). Total loans outstanding to related parties represents 0.28% of the total loans outstanding at 30 September 2021 (2020: 0.19%).

20B. SAVINGS

The total amount of savings held by related parties at the year end was €276,819 (2020: €272,625).

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

21A. FINANCIAL RISK MANAGEMENT

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

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves the credit union's credit lending policy. Credit risk mitigation may include the requirement to obtain collateral as set out in the credit union's loan policy. Where collateral or guarantees are required, they are usually taken as a secondary source of repayment in the event of the borrower's default. The credit union maintains policies which detail the acceptability of specific classes of collateral. The principal collateral types for loans are: an attachment over Members' pledged shares; personal guarantees; and charges over assets. The nature and level of collateral required depends on a number of factors such as the term of the loan and the amount of exposure. 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: The credit union's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. The credit union reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable.

21B. LIQUIDITY RISK DISCLOSURES

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

21C. INTEREST RATE RISK DISCLOSURES

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

		2021		2020
	€	Average interest rate %	€	Average interest rate %
Gross loans to Members	31,895,116	8.29%	31,428,040	8.27%

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

22. DIVIDENDS AND LOAN INTEREST REBATES

The following distributions were paid during the year:

	2021		2020	
	%	€	%	€
Dividend on shares	0.00	-	0.05	58,459
Loan interest rebate (excluding online loans for 2021)	0.00	-	7.50	203,495

The directors are not proposing a dividend or loan interest rebate in respect of the financial year ended 30 September 2021 (2020: The directors did not propose a dividend or loan interest rebate).

23. EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

24. INSURANCE AGAINST FRAUD

The credit union has Insurance against fraud in the amount of €5,200,000 (2020: €5,200,000) in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

25. CAPITAL COMMITMENTS

There were no capital commitments at 30 September 2021.

26. 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. Following this, the credit union undertook 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. The credit union has concluded its review and is satisfied that no over-collection of interest has occurred.

27. COMPARATIVE INFORMATION

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

28. 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.

As part of the solvency assessment process, the Scheme actuary must carry out a separate valuation under the Minimum

Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent Actuarial Funding Certificate was effective as at 1 March 2020 and it certified that the Scheme satisfied the funding standard.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 29 February 2020. The principal actuarial assumption used in the valuation was the investment return in the years before Members retire would be 1.25% higher than the annual salary increases. The market value of the scheme's assets at 29 February 2020 was €250m. The actuarial valuation disclosed a past service deficit of €41.8m at 29 February 2020 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. Following the actuarial review, the same contribution as applied previously – 27.5% for pension plus 2.5% for risk benefits – was invoiced in February 2021. The principal employer and trustees have undertaken a review of the scheme and are in the process of considering a Section 50a application to the Pensions Authority which delivers benefits to scheme Members while maintaining the existing contribution rate.

29. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved these financial statements for issue on 15th November 2021.

SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

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

	2021 €	2020 €
Investment income received/receivable within 1 year	993,885	949,648
Investment income receivable outside of 1 year	40,531	51,410
Total per income and expenditure account	<u>1,034,416</u>	<u>1,001,058</u>

Schedule 2 – Other income

	2021 €	2020 €
ECCU rebate	51,287	-
Rental income	12,794	17,724
Commissions and other sundry income	13,970	30,512
MPCAS income	512	-
Total per income and expenditure account	<u>78,563</u>	<u>48,236</u>



SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

Schedule 3 – Other management expenses

	2021	2020
	€	€
Training	13,244	13,968
Rent and rates	17,595	32,790
General insurance	62,663	54,858
Computer maintenance	167,121	145,485
Lighting, heating and cleaning	53,788	47,248
Repairs and maintenance	22,291	34,303
Printing and stationery	25,369	33,986
Advertising and promotion	50,227	65,351
Postage and telephone	60,125	58,065
Chapter expenses	2,100	2,168
Debt collection	82,635	84,040
AGM expenses	33,486	36,503
Share and loan insurance and DBI	568,102	607,313
Travel expenses	3,133	8,713
Audit fee	21,525	21,175
Internal audit	14,282	14,251
Legal and professional fees, repayments of deductions and reorganisational costs	2,141	340,227
Member initiatives	20,178	25,126
Bank interest and charges	87,238	87,357
Investment management fees	15,830	14,760
Uniforms	8,788	128
Affiliation fees	43,750	43,673
SPS contribution	9,497	12,187
Subscriptions	11,659	13,920
Regulatory levies	241,352	227,756
General expenses	6,522	11,320
MPCAS fees	30,750	-
Total per income and expenditure account	<u>1,675,391</u>	<u>2,036,671</u>

WE'RE GOING GREEN, ARE YOU?

Many of our members prefer to communicate through email and transact online to reduce the amount of paper and their carbon footprint. Our "Go Green" campaign is asking you to update your preferences and switch to receiving certain communications via email or access to banking services online by signing up to electronic notifications. You can help us save the thousands of euros that printing and posting these booklets cost each year plus you'll be doing your bit for our environment. Switching is quick and costs nothing.

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Name	
Account Number	
Email	Mobile*
Signed	Date

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