



**Ballincollig**  
CREDIT UNION LIMITED  
*Pure financial freedom*

**2016**  
Annual Report  
& Accounts



## AGM MEETING

Oriel House Hotel, Ballincollig  
on Wednesday 14<sup>th</sup> June 2017  
at 7.30pm

Notice to Members:  
Don't forget your Credit Union Book  
when attending the AGM

## Agenda for Annual General Meeting

1. Credit Union Invocation
2. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons
3. Ascertainment that a quorum is present
4. Adoption of Standing Orders
5. Reading and approval (or correction) of the minutes of the 2015 AGM
6. Report of the Board of Directors
7. Declaration of dividend and rebate of interest
8. Operations Report
9. Report of the Board Oversight Committee
10. Report of the Auditor
11. Report from the Nominating Committee
12. Report from the Membership Committee
13. Report from the Credit Control Committee
14. Report from the Credit Committee
15. Report from the Finance/Investment Committee
16. Report from the Marketing and Sponsorship Committee
17. Appointment of Tellers
18. Election to fill vacancies on the Board of Directors, Board Oversight Committee and the Auditor
19. Approval of International Development Foundation Fund contribution
20. Notice of Motion (Amendment to Rules)
21. Any other business
22. Announcement of election results
23. Adjournment or close of meeting



## Notice of Motion - Amendment to Rules

### Rule 13 (2)

That this annual general meeting agrees to amend Rule 13(2) of The Standard Rules of Credit Unions (ROI) to read as follows:

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

## Notice of Elections

Elections will take place to fill the following vacancies:

Elections will be held to fill the following vacancies:

- 6 vacancies on the Board of Directors
- 2 vacancies on the Board Oversight Committee
- the position of Auditor.

Due to a change in the Credit Union Act, 2012, nominations cannot be taken from the floor.

## CREDIT UNION INVOCATION

Lord, make me an instrument of Thy peace  
Where there is hatred, let me sow love;  
where there is injury, pardon;  
where there is doubt, faith;  
where there is darkness, light;  
and where there is sadness, joy.

O Divine Master, grant that I may not so much  
seek to be consoled as to console;  
to be understood as to understand;  
to be loved as to love;  
for it is in giving that we receive,  
it is in pardoning that we are pardoned,  
and it is in dying that we are born to eternal life.  
Amen

## Notice of Annual General Meeting



Notice is hereby given that the Annual General Meeting of Ballincollig Credit Union Ltd. will take place in the Oriel House Hotel, Ballincollig on Wednesday 14<sup>th</sup> June 2017 at 7.30pm



**Gary O'Brien**  
Secretary

### Payment Services Notice:

Please note that a copy of the Regulation 53 Framework contract, which governs your relationship with Ballincollig Credit Union Limited as a Payment Service Provider, can be downloaded at [www.bcu.ie](http://www.bcu.ie)

## Company Information

### Chairperson

Nicola O'Connell

### Hon. Secretary

Gary O'Brien

### Directors

Irene Byrne (resigned 29/06/2016)

John Curtin

Breda Callanan

Paddy McCarthy (appointed 29/06/2016)

Sheila Maguire (resigned 29/06/2016)

Paul Healy (resigned 29/06/2016)

Catherine Greene (resigned 29/06/2016)

Stella McVeigh

David Kagari (resigned 29/06/2016)

Ian Brennan (appointed 29/06/2016)

Robert O'Flynn (appointed 29/06/2016)

Maura O'Driscoll (appointed 29/06/2016)

Ann Eberé Anaba (appointed 29/06/2016)

Bobby Murphy (appointed 29/06/2016)

### Credit Committee

Bob O'Hea

Mary Coleman

Breda Callanan

Margaret McGeough (appointed 20/07/2016)

Maura O'Driscoll (appointed 20/07/2016)

### Board Oversight Committee

Sheila Somers (resigned 29/06/2016)

Cormac Manning (resigned 11/07/2016)

John Jeffers

Catherine Fennell (appointed 29/06/2016)

Susan Mathews (appointed 20/07/2016)

### Interim Manager

Jamie O'Leary

### Registered Office

Credit Union House, Harrington Street, Ballincollig, Co.Cork

### Auditors

Crowleys DFK Partnership, 5 Lapps Quay, Cork

### Bankers

Allied Irish Bank, Main Street, Ballincollig, Co.Cork

### Solicitors

O'Donnell, Breen Walsh, O'Donoghue

Trinity House, 8 George's Quay, Co.Cork

## Reports



- Operations & Committee Reports are available from [www.bcu.ie](http://www.bcu.ie)
- These reports are also available at the counter in Harrington Street
- The Reports will also be available on the night of the AGM

## Minutes of AGM 2015

Mrs. Nicola O Connell welcomed everyone and invited all to recite the Credit Union invocation. As there was a quorum the meeting proceeded. Standing Orders were adopted.

**Proposed by: Ted Ray Seconded by: Maria Hughes.**

A copy of the minutes for the AGM 2015 meeting was enclosed with the Booklet. It was proposed that we take the minutes as read.

**Minutes of 2015 were proposed by John Curtin and Seconded by Paul Healy.**

**Chairperson Address:** Mrs. O Connell welcomed everyone to the 44th AGM. She apologised that the AGM has been late this year but this was due to a few issues regarding governance. She assured the membership that these had been sorted, and the Central Bank had approved for us to go ahead with our AGM. The operations of this Credit Union remains extremely strong and noted that we now ranked number 13 out of any credit unions of our same size. During 2015 we continued to support a range of local and community organisations and good causes. An example of our support is the School Credit Union. Mrs O Connell thanked the principals and teachers for facilitating the Credit Union to bring our ethos to the children, as they are our future and will benefit from the co-operative ideal. The Board is pleased to recommend a loan interest of 10% and a share dividend of 0.25% of which we are very proud to be in a position to do so.

**Proposed by: Rena O Connor Seconded by: Marian Dineen**

**Manager's Report:** The Interim Manager Mr. Jamie O'Leary gave an account of the financial report and commended the staff at Ballincollig Credit Union. Mr. O Leary answered any questions that the members had on the night regarding accounts and the position of Manager. Members queried the rates of interest between different products that the credit union had on offer, both the chairperson and the interim manager assured the membership that the different rates of interest was to build the credit unions loan book and income.

**Proposer by: Ian Brennan Seconded by: Gerry Byrne**

**Excerpt from the Auditors Report:** In their opinion the Financial Statements, gave a true and fair view of the state of the Credit Union's affairs as at 30th September 2015. They had been prepared in accordance with generally accepted Accounting Practice in Ireland. They had obtained all the information and explanations which they considered were necessary for the purposes of their audit. These included all documentation regarding the exit from the lease and the prior year adjustments following the change in the accounting procedure for the lease payments in 2013/2014. In their opinion proper accounting records had been kept by the Credit Union. The financial statements were in agreement with the accounting records.

**Proposed by: Ted Murphy Seconded by: Gerry Byrne**

**Credit Committee Report:** Mr O Hea confirmed that a gross 2,938 loans were paid out amounting to a total of €10.6 million. The main categories for the loans during 2014/2015 were vehicles, home improvements, holidays, secured loans and student loans.

**Proposed by: Gerry Byrne Seconded by: Phil Cullen**

**Credit Control Report:** Mr Curtin stated that we had increased our bad debt recovery and that the Credit Control department have achieved a significant reduction in arrears. He thanked both staff and volunteers for this improvement and hard work.

**Proposed by: Ted Murphy Seconded by: Tony Lynch**

**Marketing Report:** BCU sponsored the following groups/initiatives in the past year – Ballincollig GAA, Ballincollig Camogie Club, Scoil Eoin, Westgate Foundation, Ballincollig Community School, Pyke theatre group, the Resource Centre, Iniscarra Agricultural Show, Ballincollig Boxing Club, Lakewood Pitch & Putt, Eire og ladies football, Irish Guide Dogs, Ballincollig Lit Wrists Cuan Mhuire

**Proposed by: Rena O Connor Seconded by: Marian Dineen.**

**Membership Committee Report:** The membership of Ballincollig Credit Union is continuing to grow and opened 459 accounts this year. This brings our total membership to 17,153.

**Proposed by: Dermot Long Seconded by: Eddie Fitzgerald.**

## Minutes of AGM 2015 *continued*

**Board Oversight Committee Report:** Mr John Jeffers thanked the staff of Ballincollig Credit Union for all their hard work and professionalism during the year. He commented on a year in which so many legislative and policy changes were and are still being put in place, constantly reviewed and updated. He thanked the Board of Directors, his fellow supervisors and volunteers for their time and dedication to you, the Credit Union members, during the past year.

**Proposed by:** Paschal Cullen **Seconded by:** Kathleen Lynch.

**Nomination Committee Report:** Mrs. McVeigh informed the members that the report was in the booklet and asked if anyone had any questions. Mr Sealy asked were all candidates approved before going forward for the board and looked for clarification on the process. Mrs. McVeigh went through the process undertaken by candidates and the involvement of the nominations committee.

**Proposed by:** Eddie Fitzgerald **Seconded by** Maria Kierse

**Finance/Investment Committee Report:** Mr McCarthy noted that at present our entire investment portfolio for the Credit Union is €43 million this year which was an increase of €4.6 million. Over the past 12 months interest rates have continued to decrease and the forecasts are telling us that they will not move in the short to the medium term. As outlined above our investment income continues to decline as a number of our long term deposits are maturing during 2016. Mr McCarthy would like to thank his fellow committee, board, management and staff, for all their help during the year.

**Proposed by:** Ted Murphy **Seconded by:** Gerry Byrne

**Merger discussions:** Mr McCarthy read out a statement regarding proposed merger talks for Ballincollig Credit Union. He outlined the background to these discussions and asked for input and comments from the membership. Following the inputs and views from the floor it was agreed by all to hold further talks with other credit unions but that no decision was to be made without getting membership support. It was also agreed to hold an information meeting with the members regarding mergers and the process that is involved.

**Agreed by show of hands**

All the directors and oversight committee member's going forward for election stood up and made a speech about themselves. The Chairperson asked the members to fill out the ballot papers for the 5 vacancies on the board and 1 on the Board Oversight. The tellers were Ted Riordan, Susan Matthews and Paschal Cullen

### Results

#### Board Oversight Committee

- Catherine Fennell

#### Board of Directors

- Ian Brennan
- Maura O Driscoll
- Bobby Murphy
- Ann Ebere Anaba
- Robert Flynn
- Paddy McCarthy

Mrs Nicola O Connell closed the meeting and asked for all board members to stay behind

## Standing Orders

### Voting

1. Each member shall be entitled to one vote irrespective of his/her shareholding, in accordance with Standard Rule 139.

### Election Procedure

2. A ballot paper for the election of the Board and the Board Oversight Committee, where applicable, will be distributed to each member at the A.G.M. as per the Credit Union Act (Amended 2012).
3. Election to the Board of Directors, to the Board Oversight Committee, and the position of Auditor shall be by a majority vote and by secret ballot.

### Motions

4. All motions from the floor of the A.G.M. must be proposed and seconded by members present at the A.G.M. and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.
5. 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.
6. In exercising his/her right of reply, a proposer may not introduce new material.
7. The seconder of the motion shall have such time as shall be allowed by the Chairperson to second the motion.
8. 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.
9. 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

10. The Chairperson of the Board of Directors shall be the Chairperson of any general meeting, except where he/she is not available, and 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.

11. The Chairperson may at his/her discretion, extend the privilege of the floor to any person who is not a member.
12. Matters not covered by the Agenda may be introduced under "Other Business" at the Discretion of the Chairperson.
13. The Chairperson's decision on any matter relating to these Standing Orders or Interpretation of the same shall be final.
14. In accordance with Standard Rule 132 (1) 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 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. Refer to Standard Rule 138 also re-election procedure.
15. Any matter to be decided upon by vote at the A.G.M. shall, unless otherwise expressly provided for by the law or the rules, be decided upon by simple majority.

### Suspension of Standing Orders

16. 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

17. 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

18. Adjournments of the AGM shall take place only in accordance with Standard Rule 132.

## Chairperson's Address

Dear Member,

On behalf of the Board of Directors, I am pleased to present the Annual Report for the year ended 30th September 2016.

Ballincollig Credit Union is committed to our community and has expressed this commitment through a variety of ways, such as, sponsorship/donations for local schools, senior citizens activities, sports and a host of other organisations in our community. Your Credit Union has been at the heart of our community for over 43 years and at all times is directed towards improving the economic and social wellbeing of all members. With this in mind, I would ask members to tell family and friends of the many benefits of joining the Credit Union.

One of the most important signs of strength of a Credit Union is the size and quality of its loan book. Ballincollig Credit Union is continuing to lend actively. However, it is the ambition of the Credit Union to grow its loan book in the coming years and be the first choice for all your saving and loan needs. We aim to provide a wider range of financial services to our members. There has been significant pressure on our cost base. This was due to the changes in the regulatory regime. We now have internal audit/compliance/risk functions. We also pay a variety of levies.

As many of you are aware Credit Unions are in a period of great change due to a number of amalgamations. While Ballincollig Credit Union remains independent and is keen to ensure its future viability, it would be seriously remiss of your Board of Directors not to look forward with vision and to plan for the future. If the opportunity should arise to review ways to further develop Ballincollig Credit Union, the Board of Directors would welcome exploratory discussions regarding same.

The Board of Directors held 16 meetings this year, in addition board members sit on an average of 2-3 committees.

All board members have undertaken a number of training courses to improve their knowledge and skills for the benefit of all. This represents a great deal of unpaid personal time invested in member's interest and shows the level of commitment to Ballincollig Credit Union.

As Chairperson, I am proud to advise our members that together the Board of Directors, Interim Manager, Management team, Staff and Board Oversight Committee operate to the highest standards.

At this AGM, the Board is recommending a dividend of 0.25% and a rebate of 10%. The dividend is a prudent figure which reflects the increase in cost base.

In conclusion, I would like to thank my fellow Directors and the Board Oversight Committee who have given so freely and generously of their time on a voluntary basis.

On behalf of the Board, I would like to thank the interim manager, management team and staff for their work in the past year and for the professional, excellent and courteous service they provide for our members.



Nicola O Connell  
CHAIRPERSON



### Reports

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## Report of the Board Oversight Committee

To the Members of Ballincollig Credit Union Ltd

This report covers the period since the members last met at the Annual General Meeting on the 28 June 2016. Following elections by you the members, Ms Catherine Fennell was elected to the Board Oversight Committee. Mr. Cormac Manning who had been elected at a previous SGM resigned due to work commitments out of state; Ms Susan Matthews was later co-opted on to replace Cormac.

On 11 October 2013 the commencement of certain sections of the Credit Union & Co-operation with Overseas Regulators Act 2012 replaced the Supervisory Committee of all credit unions with a Board Oversight Committee. Some of the functions that were previously the responsibility of the Supervisory Committee have now been taken over by the Internal Audit function including circularisation of members and checking bank reconciliations. The Board Oversight Committee forms part of the new governance structures in credit unions along with the Risk Management Officer, Compliance Officer and Internal Audit Function.

The function of the Board Oversight Committee is to assess whether the Board of Directors has operated in accordance with the governance requirements set out in legislation, regulations and guidance. **The Board Oversight Committee is required to report to the board on its assessment of whether the board has operated in accordance with the required governance provisions.**

Challenges remain for 2017 and we feel that the principal matter for the newly elected Board to deal with is to find innovative ways to get a reasonable return for you its members from the considerable amount of funds available for investment.

The members of the Board of Directors, like the Board Oversight Committee, are elected by you to act on your behalf. Given the volunteerism and the ever increasing work load, the Board Oversight Committee are pleased to report that in our opinion your board both individually and collectively operated your Credit Union with honesty and integrity; motivated by the best interests of you, the membership and believe that in as far as is reasonably practicable, they the "Board of Directors" are compliant in respect of the Credit Union Acts.

Board Oversight Committee:

**John M Jeffers**  
CHAIRPERSON

**Catherine Fennell**  
MEMBER



### Reports

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- These reports are also available at the counter in Harrington Street
- The Reports will also be available on the night of the AGM

## Statement Of Directors' Responsibilities and Board Oversight Committee Responsibilities For The Year Ended 30 September 2016

### Statement of Directors' Responsibilities

The Credit Union Act, 1997 (as amended) require the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and to enable them to ensure that the financial statements are prepared in accordance with applicable Irish law and FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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.



**Nicola O'Connell**  
CHAIRPERSON



**Gary O'Brien**  
SECRETARY

Date: 29 March 2017

### Statement of Board Oversight Committee's Responsibilities

The Credit Union Act, 1997 (as amended) require the appointment of a Board Oversight Committee to assess whether the Board of Directors has operated in accordance with Part IV, Part IVA and any regulations made for the purposes of Part IV or Part IVA of the Credit Union Act, 1997 (as amended) and any other matter prescribed by the Bank in respect of which they are to have regard in relation to the Board.



**John Jeffers**  
BOARD OVERSIGHT COMMITTEE

Date: 29 March 2017

## Independent Auditor's Report To The Members Of Ballincollig Credit Union Limited Year Ended 30 September 2016

We have audited the financial statements of Ballincollig Credit Union Limited for the year ended 30 September 2016, which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and the related notes.

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

This report is made solely to the Credit Union's members, as a body, in accordance with Section 120 of the Credit Union Act, 1997 (as amended). Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an 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.

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements giving a true and fair view and otherwise comply with the Credit Union Act, 1997 (as amended). Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard - Provisions Available for Small Entities Revised" in the circumstances set out in note 26 to the financial statements.

### Scope of the audit of the financial statements

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

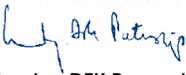
### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities, and financial position of the Credit Union as at 30 September 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, the requirements of the Credit Union Act, 1997 (as amended).

### Other matters prescribed by the Credit Union Act, 1997 (as amended)

- We have obtained all the information and explanations which we considered 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.



**Crowleys DFK Partnership**  
Chartered Accountants and Registered Auditors  
5 Lapp's Quay  
Cork

Date: 29 March 2017

## Income and Expenditure Account

For The Year Ended 30 September 2016

	Note	2016 €	2015 €
Interest on members loans	4	1,797,779	1,819,946
Other interest income and similar income	5	<u>558,356</u>	<u>718,889</u>
<b>Net interest income</b>		<b>2,356,135</b>	<b>2,538,835</b>
Other income	7	59,256	18,396
Employment costs	8	(740,628)	(687,457)
Other management expenses (Schedule 1)		(934,446)	(927,460)
Depreciation	10	(43,796)	(48,152)
Net recoveries or (losses) on loans to members	11	310,533	615,032
Release of onerous contract provision	18	<u>126,805</u>	<u>-</u>
<b>Surplus for the financial year</b>		<b>1,133,859</b>	<b>1,509,194</b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<b><u>1,133,859</u></b>	<b><u>1,509,194</u></b>

These financial statements were approved and authorised for issue by the Board on 29 March 2017 and agreed on its behalf by:



**Jamie O'Leary**  
INTERIM MANAGER



**Nicóla O'Connell**  
CHAIRPERSON



**John Jeffers**  
BOARD OVERSIGHT COMMITTEE

## Statement of Changes in Reserves

As At 30 September 2016

	Undistributed surplus/ deficit €	Regulatory reserve €	Operational Risk reserve €	Dividend reserve €	Non - Distributable investment income reserve €	Total reserves €
As at 1 October 2015	917,048	6,710,697	-	1,238,454	10,495	8,876,694
Total comprehensive income for the year	1,133,859	-	-	-	-	1,133,859
Transfer between reserves	(425,341)	342,824	80,000	-	2,517	-
Dividends paid during the year	(123,740)	-	-	-	-	(123,740)
Loan interest rebate	(182,818)	-	-	-	-	(182,818)
<b>As at 30 September 2016</b>	<b>1,319,008</b>	<b>7,053,521</b>	<b>80,000</b>	<b>1,238,454</b>	<b>13,012</b>	<b>9,703,995</b>
As at 1 October 2014	636,273	5,743,786	-	1,238,454	8,003	7,626,516
Total comprehensive income for the year	1,509,194	-	-	-	-	1,509,194
Transfer between reserves	(969,403)	966,911	-	-	2,492	-
Dividends paid during the year	(117,820)	-	-	-	-	(117,820)
Loan interest rebate	(141,196)	-	-	-	-	(141,196)
<b>As at 30 September 2015</b>	<b>917,048</b>	<b>6,710,697</b>	<b>-</b>	<b>1,238,454</b>	<b>10,495</b>	<b>8,876,694</b>

- The Regulatory reserve of the Credit Union as % of total assets as at 30 September 2016 was 10.52%.
- In accordance with section 45 of the Credit Union Act 1997 (as amended), Ballincollig Credit Union Limited put in place an Operational Risk reserve during the current period. The Board approved a transfer of €80,000 from the undistributed surplus to the new Operational Risk reserve, following the completion of an internal process of assessing the level of the reserve required to cover the operational risk within the Credit Union.
- Following commencement of section 13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their statutory reserve (now known as the Regulatory reserve) each year has been removed. Notwithstanding this the Board of Ballincollig Credit Union Limited has transferred €342,824 of its current year surplus to its Regulatory reserve so that the reserve would stand at 10.52% at current year end. This is in excess of the required limit of 10%.

## Balance Sheet

### As At 30 September 2016

	Note	2016 €	2015 €
<b>ASSETS</b>			
Cash and cash equivalents	9	13,693,940	14,197,094
Tangible fixed assets	10	785,908	823,222
Loans to members	11	18,499,134	17,971,862
Prepayments and accrued income	12	432,945	433,999
Investments	13	<u>33,639,762</u>	<u>29,561,030</u>
Total Assets		<u>67,051,689</u>	<u>62,987,207</u>
<b>LIABILITIES</b>			
Members shares	14	(56,302,944)	(51,690,443)
Members deposits	15	-	(36,750)
Money management accounts	17	(578)	(583)
Members' EFT current accounts		(709,470)	(354,022)
Other liabilities, accruals and charges	18	<u>(334,702)</u>	<u>(2,028,715)</u>
Total liabilities		<u>(57,347,694)</u>	<u>(54,110,513)</u>
<b>ASSETS LESS LIABILITIES</b>		<u><b>9,703,995</b></u>	<u><b>8,876,694</b></u>
<b>RESERVES</b>			
Undistributed surplus / deficit reserve		1,319,008	917,048
Regulatory reserve		7,053,521	6,710,697
Operational risk reserve		80,000	-
Non-distributable investment income reserve		13,012	10,495
Dividend reserve		<u>1,238,454</u>	<u>1,238,454</u>
Total reserves		<u><b>9,703,995</b></u>	<u><b>8,876,694</b></u>

These financial statements were approved, and authorised for issue, by the Board on 29 March 2017 and signed on its behalf by:

On behalf of the Credit Union



**Jamie O'Leary**  
INTERIM MANAGER



**Nicola O'Connell**  
CHAIRPERSON



**John Jeffers**  
BOARD OVERSIGHT COMMITTEE

## Cash Flow Statement For The Year Ended 30 September 2016

	Note	2016 €	2015 €
<b>Cash flows from operating activities</b>			
Loans repaid by members	11	10,973,062	10,481,298
Loans granted to members	11	(11,489,510)	(10,635,478)
Loan interest received	4	1,800,191	1,814,742
Investment income received		555,839	716,397
Other income received		59,256	18,396
Bad debts recovered	11	299,710	279,246
Dividends paid	6	(123,740)	(117,820)
Loan interest rebate paid	6	(182,818)	(141,196)
Operating expenses paid to include employment costs		(1,675,074)	(1,614,917)
Movements in other assets		1,054	(51,323)
Movements in other liabilities		(1,567,113)	5,124
Net cash flow from operating activities		<u>(1,349,143)</u>	<u>754,469</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(6,483)	(14,215)
Purchase and disposal of investments		(4,078,732)	(3,289,301)
Net cash flows from investing activities		<u>(4,085,215)</u>	<u>(3,303,516)</u>
<b>Cash flow from financing activities</b>			
Cash inflow from money management accounts	17	(227,141)	(152,731)
Cash outflow from money management accounts	17	227,146	153,089
Cash inflow from budget accounts		8,283,720	5,359,826
Cash outflow from budget accounts		(7,928,272)	(5,249,124)
Members' shares received	14	36,896,841	34,770,999
Members' shares withdrawn	14	(32,284,340)	(30,974,958)
Members' deposit receipts	15	1,649	1,143
Members' deposit withdrawn	15	(38,399)	(26,561)
Net cash flows from financing activities		<u>4,931,204</u>	<u>3,881,683</u>
Net increase / (decrease) in cash and cash equivalents		(503,154)	1,332,636
Cash and cash equivalents at beginning of year		<u>14,197,094</u>	<u>12,864,458</u>
Cash and cash equivalents at end of year		<u>13,693,940</u>	<u>14,197,094</u>

## Notes To The Financial Statements For The Year Ended 30 September 2016

### 1. Legal and regulatory framework

Ballincollig Credit Union Limited is established under the Credit Union Act 1997 (as amended). The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is Credit Union House, Harrington Street, Ballincollig.

### 2. Accounting Policies

#### 2.1. Statement of compliance and the basis of preparation

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

The financial statements have been prepared on the historical cost basis.

#### 2.2. First time adoption of FRS 102

These are Ballincollig Credit Union Limited's first financial statements to comply with FRS 102. The date of transition to FRS 102 is 1 October 2014.

The transition to FRS 102 has resulted in a number of accounting policy changes compared to those applied previously. Note 24 to the financial statements describes the differences between the reserves and surplus presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ended 30 September 2015 (i.e. comparative information), as well as the retained reserves presented in the opening balance sheet (i.e. at 1 October 2014). It also describes all the required changes in accounting policies made on first-time adoption of FRS 102.

#### 2.3. Currency

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

#### 2.4. Going Concern

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

- Is generating surpluses;
- Maintains an appropriate level of liquidity; and
- Has reserves that are currently in excess of the minimum requirements of the Central Bank.

#### 2.5. Income

##### Interest on members' loans

Interest on loans to members is recognised using the effective interest method, and is calculated and accrued on a daily basis.

##### Investment income

The Credit Union currently only has investments that are valued at amortised cost, and use the effective interest method to recognise investment income.

##### Other income

Other income such as commissions receivable on foreign exchange services arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

#### 2.6. Dividends to members' and interest on members' deposits

##### Interest on members' deposits

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

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

### **Dividends on shares and loan interest rebates**

Dividends are made from current year's surplus or the dividend reserves set aside for that purpose. The Board's proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union.

The interest on members' deposits and the rate of dividend and loan interest rebate recommended by the Board will reflect:

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

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

### **2.7. Taxation**

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

### **2.8. Cash and cash equivalents**

Cash and cash equivalents comprise operating cash on hand and cash deposited with banks with original maturity of less than or equal to three months.

### **2.9. Financial instruments**

Financial instruments are recognised when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

### **2.10. Basic financial assets**

Basic financial assets are initially measured at the transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method. Basic financial instruments include the following:

#### **Loans to members**

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

#### **Investments held at amortised cost**

Investments held at amortised cost are measured at amortised cost using the effective interest method less impairment. This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount; minus, in the case of a financial asset, any reduction for impairment or un-collectability. This effectively spreads out the return on such investments over time, but does take account immediately of any impairment in the value of the investment.

### **2.11. Other receivables**

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

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

### 2.12. Impairment of financial assets

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

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

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

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

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

### 2.13. Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. Ballincollig Credit Union Limited does not transfer loans to third parties.

### 2.14. Basic financial liabilities

Basic financial liabilities are initially recognised at the transaction price, including transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

#### Financial liabilities members' shares, deposits and current accounts

Member's shares and current accounts are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at the nominal amount.

#### Other payables

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### 2.15. De-recognition of financial liabilities

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

### 2.16. Tangible fixed assets

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

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Buildings	-	2% straight line
Office Equipment	-	20% Straight Line
Computer Equipment	-	33.33% Straight Line
Fixtures and fittings	-	20% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Income and Expenditure account.

### 2.17. Impairment of tangible fixed assets

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

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

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

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

### 2.18. Employee benefits

#### Pension scheme

The Credit Union operates a defined contribution scheme. Retirement benefit contributions in respect of the scheme for employees are charged to the income and expenditure account as they become payable in accordance with the rules of the scheme. The assets are held separately from those of the Credit Union in an independently administered fund. Differences between the amounts charged in the income and expenditure account and payments made to the retirement benefit scheme are treated as assets or liabilities.

#### Other employee benefits

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

#### Termination benefits

Termination benefits are recognised immediately as an expense when the Credit Union is demonstrably committed to terminate the employment of an employee or to provide termination benefits. Other once-off termination payments that are not required by contract, legislation, or other obligations or commitments, are recognised in the financial year in which they become payable.

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

### 2.19. Reserves

#### Undistributed surplus

These are accumulated surpluses to date.

#### Regulatory reserve

The Credit Union is required to maintain and establish a minimum Regulatory reserve of at least 10% of the assets of the Credit Union in accordance with Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. This reserve is to be perpetual in nature; freely available to absorb losses; realised financial reserves that are unrestricted and non-distributable. This reserve is similar in nature and replaces the Statutory Reserve which was a requirement of previous legislation.

#### Operational risk reserve

The Credit Union has established an Operational Risk reserve in accordance with Section (45)(a) of the Credit Union Act 1997 (as amended) an operational risk reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its regulatory reserve. The amount held in the operational risk reserve is the predicted impact of operational risk events that may have a material impact on the Credit Union's business.

#### Dividend reserve

Dividend reserves are the accumulated surpluses to date that have not been set aside for the payment of future dividends or loan interest rebates, but have not yet been declared as returnable to members.

#### Non-Distributable Investment Income reserve

Investment income that has been recognised in the financial statements but will not be received within 12 months of the Balance Sheet date is classified as "non-distributable" and is not distributable as a dividend in accordance with Section 31 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. A reclassification between non-distributable and distributable is made as investments come to within 12 months of maturity date.

### 3. Use of estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

#### Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 2.17. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions ("IBNR") are based on the historical experiences of the Credit Union's allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of time, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

### Impairment of buildings

The Credit Union's accounting policy on tangible fixed assets is set out in the accounting policies on 2.16 and 2.17 of the financial statements. As described in the accounting policy the Credit Union is required to assess at each reporting date whether there is any indication of that an asset may be impaired. If an impairment is identified, the Credit Union is required to estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

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

- (a) Estimating the future cash inflows and outflows to be derived from continuing use of the property and from its ultimate disposal, where appropriate; and
- (b) Applying the appropriate discount factor to those future cashflows.  
The future cash inflows and outflows required for the value in use calculation are taken from financial projections prepared by management and approved by the board of directors. The discount factor applied in the value in use calculation is an assessment of the time value of money applicable to the Credit Union and will take account of guidance received from the Central Bank.

### 4. Interest receivable on members' loans

	2016	2015
	€	€
Interest on members' loans - opening accrual	(40,988)	(35,784)
Interest on members' loans received	1,800,191	1,814,742
Interest on members' loans - closing accrual	<u>38,576</u>	<u>40,988</u>
Total interest on members' loans	<u>1,797,779</u>	<u>1,819,946</u>

### 5. Other interest income and similar income

	2016	2015
	€	€
Investment income received in the year	263,396	414,192
Investment income receivable within 12 months	290,682	294,202
Investment income receivable after 12 months	<u>4,278</u>	<u>10,495</u>
Total investment income	<u>558,356</u>	<u>718,889</u>

## Notes To The Financial Statements

### For The Year Ended 30 September 2016 *continued*

#### 6. Dividends and interest rebate

The dividend and any loan interest rebate are formally proposed by the directors after the year end and are confirmed at an AGM of the members. As a result the proposed dividend for the current year does not represent a liability at the Balance Sheet date and the dividend included in the Statement of Reserves in the current year relates to dividends paid to members for the prior year.

The dividends and loan interest rebate for the current and prior periods were as follows:

	<b>2016</b>	<b>2015</b>
	€	€
Dividend paid during the year	<u>123,740</u>	<u>117,820</u>
Dividend rate:		
Member shares	<u>0.25%</u>	<u>0.25%</u>
	<b>2016</b>	<b>2015</b>
	€	€
Loan interest rebate paid during the year	<u>182,818</u>	<u>141,196</u>
Loan interest rebate:		
Member loans	<u>10%</u>	<u>7.5%</u>
	<b>2016</b>	<b>2015</b>
	€	€
Dividend proposed, but not recognised	<u>133,288</u>	<u>129,392</u>
Dividend rate:		
Member shares	<u>0.25%</u>	<u>0.25%</u>
	<b>2016</b>	<b>2015</b>
	€	€
Loan interest rebate proposed, but not recognised	<u>179,845</u>	<u>181,474</u>
Loan interest rebate:		
Member loans	<u>10%</u>	<u>10%</u>

#### 7. Other income

	<b>2016</b>	<b>2015</b>
	€	€
Foreign exchange	16,232	15,564
Commissions	4,219	2,832
ECCU Refund	38,805	-
Total other income	<u><u>59,256</u></u>	<u><u>18,396</u></u>

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

### 8. Employees and employment costs

Number of employees

The average monthly number of employees during the year was:

	2016	2015
	Number	Number
Employees	19	19
Manager	1	1
	<u>20</u>	<u>20</u>
Employment costs	2016	2015
	€	€
Wages and salaries	684,663	640,674
Payments to pension schemes	55,965	46,783
	<u>740,628</u>	<u>687,457</u>

#### 8. a. Key management personnel

The remuneration of key management personnel was as follows:

	2016	2015
	€	€
Short term employee benefits	155,540	164,719
Payments to pension schemes	13,204	13,811
	<u>168,744</u>	<u>178,530</u>

Short term employee benefits include wages, salaries, social security contributions and paid annual leave.

### 9. Cash and cash equivalents

	2016	2015
	€	€
Cash at hand and in bank	774,417	763,593
Short term deposits with banks	12,985,554	13,468,156
Bank overdrafts	(66,031)	(34,655)
	<u>13,693,940</u>	<u>14,197,094</u>

Short term deposits with banks are deposits with original maturity of less than or equal to three months. All other deposits with bank are included under Investments in the Balance Sheet and disclosed in Note 13.

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

### 10. Tangible fixed assets

	Buildings equipment €	Computer fittings €	Fixtures and equipment €	Office €	Total €
<b>Cost</b>					
At 1 October 2015	965,813	148,008	18,161	22,667	1,154,648
Additions	-	2,894	-	3,589	6,483
Other movements	(6,051)	(60,955)	(2,435)	-	(69,441)
At 30 September 2016	<u>959,762</u>	<u>89,947</u>	<u>15,726</u>	<u>26,256</u>	<u>1,091,690</u>
<b>Depreciation</b>					
At 1 October 2015	184,829	124,328	10,633	11,636	331,426
Other movements	(6,051)	(60,955)	(2,435)	-	(69,441)
Charge for the year	19,142	16,640	3,116	4,898	43,796
At 30 September 2016	<u>197,920</u>	<u>80,013</u>	<u>11,314</u>	<u>16,534</u>	<u>305,781</u>
<b>Net book values</b>					
At 30 September 2016	<u>761,842</u>	<u>9,934</u>	<u>4,412</u>	<u>9,722</u>	<u>785,908</u>
At 30 September 2015	<u>780,984</u>	<u>23,680</u>	<u>7,528</u>	<u>11,031</u>	<u>823,222</u>

In December 2016 the Board of Directors reviewed, for impairment, the carrying value of the Credit Union's building at Harrington Street, Ballincollig. The impairment review was carried out in accordance with the requirements of FRS 102. Following completion of the review, the Board of Directors determined that the recoverable amount of the building exceeded its carrying value in the financial statements and that the building was not impaired. On this basis, no adjustment has been made to the carrying value of the building in these financial statements.

### 11. Loans to members - financial assets

#### 11. a. Loans to members

	Note	2016 €	2015 €
As at 1 October 2015		20,132,614	20,263,022
Advanced during the year		11,489,510	10,635,478
Repaid during the year		(10,973,062)	(10,481,298)
Loans written off		(147,753)	(284,589)
Gross loans to members	11. b.	20,501,309	20,132,613
Impairment allowances:			
Individual loans		(537,526)	(820,540)
Groups of loans		(1,464,649)	(1,340,211)
Loan provision	11. c.	(2,002,175)	(2,160,751)
As at 30 September 2016	11. b.	<u>18,499,134</u>	<u>17,971,862</u>

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

### 11. b. Credit risk disclosures

Ballincollig Credit Union Limited does offer home loans and take security on these loans. All personal loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There are maximum amounts set down by the Central Bank in terms of what amount a member can borrow from the Credit Union.

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

	2016		2015	
	Amount €	Proportion %	Amount €	Proportion %
<b>Not impaired:</b>				
Neither past due nor impaired	12,148,967	60	13,511,439	67
Up to 9 weeks past due	2,634,520	13	3,386,271	17
Between 10 and 18 weeks past due	44,696	-	53,587	-
Between 19 and 26 weeks past due	6,629	-	16,172	-
Between 27 and 39 weeks past due	7,528	-	11,996	-
Between 40 and 52 weeks past due	16,687	-	1,671	-
53 or more weeks due	<u>31,228</u>	-	<u>23,280</u>	-
<b>Gross loans not impaired</b>	<u>14,890,255</u>	<u>73</u>	<u>17,004,416</u>	<u>84</u>
<b>Individually impaired:</b>				
Not yet past due, but impaired	3,278,053	16	613,991	3
Up to 9 weeks past due	845,510	4	392,960	2
Between 10 and 18 weeks past due	164,633	1	297,777	2
Between 19 and 26 weeks past due	105,649	1	133,029	1
Between 27 and 39 weeks past due	131,926	1	169,340	1
Between 40 and 52 weeks past due	62,020	-	193,898	1
53 or more weeks due	<u>1,023,263</u>	<u>4</u>	<u>1,327,202</u>	<u>6</u>
<b>Gross loans not fully recoverable</b>	<u>5,611,054</u>	<u>27</u>	<u>3,128,197</u>	<u>16</u>
<b>Total gross loans to members</b>	20,501,309	100	20,132,613	100
<b>Impairment allowance:</b>				
Individual loans	(537,526)		(820,540)	
Groups of loans	<u>(1,464,649)</u>		<u>(1,340,211)</u>	
<b>Total carrying value</b>	<u>18,499,134</u>		<u>17,971,862</u>	

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

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

### 11. c. Loan provision account for impairment losses

	2016	2015
	€	€
As at 1 October 2015	2,160,751	2,781,126
Allowances reversed during the year	<u>(158,576)</u>	<u>(620,375)</u>
Increase/(decrease) in loan provisions during the year	<u>(158,576)</u>	<u>(620,375)</u>
As at 30 September 2016	<u>2,002,175</u>	<u>2,160,751</u>

### 11. d. Net recoveries or losses recognised for the year

	2016	2015
	€	€
Bad debts recovered	(299,710)	(279,246)
Increase/(decrease) in loan provisions during the year	<u>(158,576)</u>	<u>(620,375)</u>
Loans written off	<u>(458,286)</u>	<u>(899,621)</u>
	<u>147,753</u>	<u>284,589</u>
Net recoveries on loans to members recognised for the year	<u>(310,533)</u>	<u>(615,032)</u>

### 12. Prepayments and accrued income

	2016	2015
	€	€
Prepayments	91,268	90,074
Accrued income investments	303,101	302,937
Accrued loan interest income	<u>38,576</u>	<u>40,988</u>
	<u>432,945</u>	<u>433,999</u>

### 13. Investments

	2016	2015
	€	€
Fixed term deposits with banks	23,883,407	20,783,158
Government bonds	9,259,817	8,290,018
Central bank minimum deposits	<u>496,538</u>	<u>487,854</u>
	<u>33,639,762</u>	<u>29,561,030</u>

The category of counterparties with whom the investments were held was as follows:

	2016	2015
	€	€
A1	4,604,363	2,600,000
A2	6,007,486	997,724
A3	4,671,102	3,500,000
Aa1	-	605,050
Aa2	1,094,987	500,000
B1	-	1,748,366
Ba1	-	7,280,767
Ba3	3,000,000	23,597
Baa1	8,241,870	2,693,753
Baa2	5,019,954	7,613,762
Baa3	<u>1,000,000</u>	<u>1,998,011</u>
	<u>33,639,762</u>	<u>29,561,030</u>

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

### 14. Members' shares - financial liabilities

	2016	2015
	€	€
As at 1 October	51,690,443	47,894,402
Received during the year	36,896,841	34,770,999
Repaid during the year	<u>(32,284,340)</u>	<u>(30,974,958)</u>
As at 30 September	<u>(56,302,944)</u>	<u>(51,690,443)</u>

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

	2016	2015
	€	€
Unattached shares	49,925,527	45,415,797
Attached shares	<u>6,377,417</u>	<u>6,274,646</u>
	<u>56,302,944</u>	<u>51,690,443</u>

### 15. Members' deposits - financial liabilities

	2016	2015
	€	€
As at 1 October	36,750	62,168
Received during the year	1,649	1,143
Repaid during the year	<u>(38,399)</u>	<u>(26,561)</u>
As at 30 September	<u>-</u>	<u>36,750</u>

### 16. Members' EFT current accounts

	2016	2015
	€	€
As at 1 October	354,022	243,320
Received during the year	8,283,720	5,359,826
Repaid during the year	<u>(7,928,272)</u>	<u>(5,249,124)</u>
As at 30 September	<u>709,470</u>	<u>354,022</u>

### 17. Money management accounts - financial liabilities

	2016	2015
	€	€
As at 1 October 2015	583	941
Received during the year	227,141	152,731
Repaid during the year	<u>(227,146)</u>	<u>(153,089)</u>
As at 30 September 2016	<u>578</u>	<u>583</u>

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

### 18. Other liabilities, accruals and charges

	2016	2015
	€	€
Other creditors	160,116	183,539
Onerous contract provision (Note 18.1)	-	1,653,536
Accruals	159,881	179,567
PAYE/PRSI	14,705	12,073
	<u>334,702</u>	<u>2,028,715</u>

#### 18.1. Provision for lease obligation

As at 1 October 2015 the Credit Union carried a provision of €1,653,536 in respect of lease obligations payable on the remaining term of its lease on the premises at Ballincollig Shopping Centre. In May 2016 the Credit Union reached an agreement with its landlord to terminate the lease early. The cost of the early termination of the lease was €1.5m. The Credit Union settled this liability in full on 1 June 2016. In the period between 1 October 2015 and 31 May 2016 the Credit Union incurred charges of €26,731 in respect of the leased premises. The balance of the provision no longer required amounting to €126,805 was released to the Income and Expenditure Account year ended 30 September 2016.

The provision movements in the year are analysed as follows:

	2016	2015
	€	€
Opening balance	1,653,536	1,789,555
Charged during the year	-	-
Utilised during the year	(1,526,731)	(136,019)
Provision no longer required	(126,805)	-
	<u>-</u>	<u>1,653,536</u>

### 19. Additional financial instrument disclosures

#### 19. a. Financial risk management

Ballincollig Credit Union Limited is a provider of personal loans and also provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

The main financial risks arising from activities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below

##### Credit risk

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Ballincollig Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit policy, and all changes to it. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit risk on members' loans is disclosed in Note 11. b.

The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the Central Bank. The credit ratings of the financial institutions where investments are held are disclosed in Note 13.

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

### 19. a. Financial risk management continued

#### Liquidity risk

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

#### Market risk

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

#### Interest rate risk

The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable on investments and members' loans when deciding on the interest rate paid on deposits, on the dividend rate payable on shares and on any loan interest rebate.

### 19. b. Interest rate risk disclosures

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

	2016		2015	
	Amount €	Average interest rate	Amount €	Average interest rate
Gross loans to members	20,501,309	8.66%	20,132,613	8.86%
Financial liabilities				
Members' shares	56,302,944	0.25%	51,690,443	0.25%
Members' deposits	-	-	36,750	-
Members' EFT accounts	709,470	-	354,022	-
Members' money management accounts	578	-	583	-
	<u>57,012,992</u>		<u>52,081,798</u>	

### 19. c. Liquidity risk disclosures

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

### 19. d. Fair value of financial instruments

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

### 19. e. Capital

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current Regulatory reserves are equal to the minimum requirement set down by the Central Bank, and stand at 10% of the total assets of the Credit Union at the Balance Sheet date.

### 20. Post Balance Sheet events

There are no material events after the Balance sheet date to disclose.

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

### 21. Related party transactions

The Credit Union has identified the following transactions which are required to be disclosed under the terms of FRS 102 'Related Party Disclosures'. Related parties include the board of directors and the management team of the Credit Union, their family members and any business in which the director or management team had a significant shareholding.

During the year loans amounting to € 109,800 (2015 - €32,075) were approved for related parties of the Credit Union. These loans were approved in accordance with Standard Credit Union Rules and the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. The aggregate amount of loans owed by related parties at 30 September 2016 was €98,338 (2015 - €81,882). These loans amounted to 0.48% of total gross loans due at 30 September 2016 (2015 - 0.46%). The aggregate amount of savings held by related parties at 30 September 2016 was €151,316 (2015 - €82,356).

During the year ended 30 September 2016, Ballincollig Credit Union Limited used the services of a Company controlled by a Director of the Credit Union. This Director was a controlling shareholder of Company until 19th August 2016 and a Director of the board of that Company throughout the financial year ended 30 September 2016. During the period 1 October 2015 to 19 August 2016 the Credit Union purchased services from the Company totalling €21,269 (2015 - €21,559).

### 22. Contingent liabilities

All capital invested in fixed term deposit products, accounts in authorised credit institutions and investment bonds are guaranteed only if held to maturity. In the unlikely event of early encashment there may exist early settlement penalties or capital losses. The directors have confirmed that all such products are to be held until their respective maturity dates.

### 23. Capital commitments

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

### 24. Transition to FRS 102

Ballincollig Credit Union Limited has adopted FRS 102 for the first time in these financial statements for the year ended 30 September 2016. The reconciliations below highlight the key impacts on both the surplus for the financial year and the reserves of the Credit Union.

#### Reconciliation of surplus from previous Irish accounting standards to FRS 102

	Note	2015 €
Surplus as previously reported		1,642,052
General loan provision not allowed under FRS 102	1	(138,062)
Interest on members' loans using effective interest method	2	5,204
Surplus in accordance with FRS 102		<u>1,509,194</u>

#### Reconciliation of Ballincollig Credit Union Limited's reserves from previous accounting standards to FRS 102

		2016 €	2015 €
Opening reserves as previously stated		8,508,957	7,125,921
General loan provision not allowed under FRS 102	1	339,249	477,311
Interest on members' loans using effective interest method	2	40,988	35,784
Employment costs: holiday pay accrual	3	(12,500)	(12,500)
Opening reserves in accordance with FRS 102		<u>8,876,694</u>	<u>7,626,516</u>

## Notes To The Financial Statements For The Year Ended 30 September 2016 *continued*

### 24. Transition to FRS 102 continued

The adjustments are explained as follows:

#### 1. General loan provision

Under previous Irish accounting standards, the Credit Union carried total loan provisions of €2,500,000 at 30 September 2015 and €3,258,437 at 30 September 2014. Following a review of the bad debt provision the Board determined that €339,249 of the total loan provision at 30 September 2015 and €477,311 of the total loan provision carried at 30 September 2014 do not satisfy the criteria as set down in Section 11 of FRS 102 in relation to objective evidence of impairment. On this basis it is considered appropriate that these general loan provisions should not be recognised in the financial statements prepared under FRS 102.

#### 2. Interest on members' loans

Under previous Irish accounting standards, the Credit Union accounted for its loan interest from members' loans on a cash basis. Section 11 of FRS 102 requires the use of the effective interest method for recognising loan interest income. This effectively means recognising interest on members' loans on an accruals basis, with appropriate allowance made for recognising interest on any impaired loans. This had an impact of increasing total reserves by €35,784 at 30 September 2014 and increasing the surplus for the year ended 30 September 2015 by €5,205.

#### 3. Employment costs

Under previous Irish accounting standards, the Credit Union did not make a provision for holiday pay, i.e. holidays earned but not taken prior to the year end. In contrast, FRS 102 requires the cost of short-term compensated absences to be recognised when employees render the service that increases their entitlement. As a result an additional accrual has been made to reflect this. This had the impact of decreasing total reserves by €12,500 upon transition to FRS 102 on 1 October 2014. There was no impact on the surplus for the year ended 30 September 2015.

### 25. Insurance against fraud

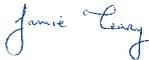
The Credit Union has insurance against fraud in the amount of €2,600,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

### 26. APB Ethical Standards - Provisions available to small entities

In common with many other entities of our size and nature our auditors assist us with the preparation of the statutory financial statements and provide us with adhoc advisory and consultancy services.

### 27. Approval of financial statements

The financial statements were approved by the Board on 29 March 2017 and signed on behalf of the Credit Union by



**Jamie O'Leary**  
INTERIM MANAGER



**Nicola O'Connell**  
CHAIRPERSON



**John Jeffers**  
BOARD OVERSIGHT COMMITTEE

## Schedule I - Other Management Expenses

	2016	2015
	€	€
ICB enquiries	8,883	9,876
Central bank deposit protection account charges	255	4,793
Credit institutions resolution fund levy	30,700	50,891
Internal audit	10,479	9,880
Insurance	23,665	23,345
Rent and rates	10,578	34,794
ECCU insurance	220,623	210,915
League, chapter, registrar filing fees and SPS costs	67,078	58,221
Death benefit insurance	80,432	67,411
Light and heat	13,662	17,427
Computer maintenance and licence fees	103,558	95,206
Repairs and maintenance	12,267	20,526
Cleaning	10,079	11,357
Security	1,725	2,538
Training	6,019	16,676
General expenses	10,008	17,175
Stationery and office expenses	6,839	12,904
Advertising and marketing	62,083	61,376
Postage and telephone	18,850	20,436
Travel and subsistence	11,192	5,342
AGM and convention expenses	41,712	21,491
Legal and professional fees	33,263	28,585
Consultancy fees	61,023	60,821
Audit fee	27,330	18,450
Bank interest and charges	38,420	23,855
Donations and sponsorship	23,723	23,169
	<u>934,446</u>	<u>927,460</u>
Total per income and expenditure account		



# Ballincollig

CREDIT UNION LIMITED

*Pure financial freedom*

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Fax: 021 4876364  
Email: [admin@bcu.ie](mailto:admin@bcu.ie)  
Website: [www.bcu.ie](http://www.bcu.ie)

## Opening Hours

Monday:	9:30	-	5:00
Tuesday:	9:30	-	5:00
Wednesday:	9:30	-	4:00
Thursday:	9:30	-	5:00
Friday:	9:30	-	5.30
Saturday	9:30	-	1.00