

BUNCRANA CREDIT UNION

2020 ANNUAL REPORT



VIRTUAL AGM

MONDAY 26th APRIL 2021 at 7.30pm

buncranacu.ie



**Buncrana
Credit Union**

Notice of AGM

Dear Member

The past year has been very difficult for all of us and we hope you are coping with the continued restrictions which have been placed upon our normal way of life. Our thoughts and prayers are with those members who are sadly no longer with us and those who suffered bereavement since our last AGM. We thank you for your continued support during the past year and we hope that 2021 will see a return to normal life.

This year, due to the ongoing impact of COVID-19 and the related public health restrictions, we are unable to hold a physical Annual General Meeting (AGM). Instead, the AGM will be held **virtually** on **Monday 26 April 2021 at 7.30pm**. We encourage as many members as possible to join us for our virtual AGM and details are set out below on how to register for attendance.

The virtual AGM will be hosted on the "Zoom Webinar" videoconferencing platform. (www.zoom.us).

To register for the AGM please email your name and member number to agm@buncranacu.ie or phone us at 074 9361017 (option 3). **Registration will close on Tuesday 20 April at 5pm**. If necessary, we will contact you if we need to validate your membership details. Please note that, in a household where more than one member wishes to attend, each member will need to attend the meeting on their own device using their own email address.

Following registration, we will contact you by email with further details of how to participate in the AGM. Your AGM registration email will contain detailed instructions on joining the meeting and the protocols to be followed during the course of the meeting.

We recommend that you familiarise yourself with the "Zoom" platform in advance of participating in the AGM – download the application to your laptop, tablet, smartphone or other device you intend to use. www.zoom.us.

We encourage members to submit questions in advance of the meeting by emailing agm@buncranacu.ie or in writing to the office. Members who participate in the virtual AGM will also be able to submit questions during the meeting, via the "Q&A" function on the Zoom platform.

Members who participate in the online AGM will have the opportunity as usual to vote on key decisions about the running of the credit union, including the election of officers, and any resolutions to be considered at the AGM.

These votes will take place anonymously via the "Poll" function on the Zoom platform.

If you have any further questions please email us at agm@buncranacu.ie or contact our office on 074 9361017. We look forward to seeing you at our virtual AGM.

Yours sincerely
Ciaran MacLochlainn
Secretary
Date: 24 March 2021

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Annual General Meeting - Order of Business

1. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons;
2. Ascertainment that there is a quorum present;
3. Adoption of Standing Orders;
4. Reading and approval of the 49th Annual General Meeting minutes;
5. Minute's Silence for Deceased Members;
6. Report of the Chairperson;
7. Report of the Board of Directors;
8. Consideration of Accounts - Finance Report;
9. Independent Auditor's Report;
10. Report of the Board Oversight Committee;
11. Declaration of Dividend and Loan Interest Rebate;
12. Report of the Credit Committee;
13. Report of the Credit Control Committee;
14. Report of the Membership Committee;
15. Report of the Marketing Committee;
16. Report of Nomination Committee;
17. Report of the Risk and Compliance Committee;
18. Report of the Strategy Committee;
19. Insurance Report;
20. Appointment of Tellers;
21. Election of Auditor;
22. Election to fill vacancies on Board Oversight Committee;
23. Election to fill vacancies on the Board of Directors;
24. Annual Draw;
25. Any Other Business;
26. Announcement of Election Results;
27. Adjournment or Close of Meeting.

Rule Amendments

Rule 1A

That this Annual General Meeting amends the rules of Buncrana Credit Union Ltd by the insertion of a new Rule 1A as follows:

Any reference in these rules to a member present and voting at a general meeting shall be construed as including a reference to a member in attendance and voting at a general meeting conducted wholly or partly by the use of electronic communications technology.

Rule 96

That this Annual General Meeting amends Rule 96 of the rules of Buncrana Credit Union Ltd in paragraph (1), by the substitution of “at a time, at a place in the State (where applicable) and in the manner (where applicable)” for “in the State at such date, time and place”,

And

by the insertion of a new 96A as follows:

96A (1) The credit union need not hold a general meeting at a physical venue but may conduct the meeting wholly or partly by the use of electronic communications technology as long as all attendees have a reasonable opportunity to participate in the meeting in accordance with this Rule.

- (2) (a) The credit union may provide for participation in a general meeting by providing or facilitating, for that purpose, the use of electronic communications technology, including a mechanism for casting votes by a member, whether before or during the meeting.
- (b) The mechanism referred to in paragraph (a) shall not require the member to be physically present at the general meeting.
- (3) The use of electronic communications technology pursuant to paragraph (2) may be made subject only to such requirements or restrictions put in place by the credit union as are necessary to ensure the identification of attendees and the security of the electronic communications technology, to the extent that such requirements or restrictions are proportionate to the achievement of those objectives.
- (4) The credit union shall inform attendees, before the general meeting concerned, of any requirements or restrictions which it has put in place pursuant to paragraph (3).
- (5) The credit union that provides for the use of electronic communications technology for participation in a general meeting by an attendee shall endeavour to ensure, as far as practicable, that—
 - (a) such technology:
 - (i) provides for the security of any electronic communications by the attendee,
 - (ii) minimises the risk of data corruption and unauthorised access, and
 - (iii) provides certainty as to the source of the electronic communications.
 - (b) in the case of any failure or disruption of such technology, that failure or disruption is remedied as soon as practicable, and
 - (c) such technology enables the attendee to:
 - (i) hear what is said by the chair of the meeting and any person introduced by the chair, and (ii) speak and submit questions and comments during the meeting to the chair to the extent that the attendee is entitled to do so under the rules of the credit union.
- (6) Any temporary failure or disruption of electronic communications technology shall not invalidate the general meeting or any proceedings relating to the meeting.
- (7) Unless such failure or disruption is attributable to any wilful act of the credit union, the credit union shall not be liable in respect of any failure or disruption relating to the equipment used by an attendee to access a general meeting by electronic communications technology that occurs and which failure or disruption prevents or interferes with the attendee’s participation, by the use of such technology, in the meeting.

- (8) Where, in the opinion of the board of directors, it is deemed necessary, due to exceptional and unexpected circumstances, the board of directors may, by resolution, cancel a general meeting at any time prior to the holding of the meeting.

Rule 98

That this Annual General Meeting amends Rule 98 of the rules of Buncrana Credit Union Ltd

- (a) In paragraph (2):
 - (i) by the substitution of the following paragraph for paragraph (a): “(a) shall state the date, time, place (where applicable) and manner of holding (where applicable) of the general meeting;”
 - (ii) in paragraph (c), by the substitution of “; for; and”;
 - (iii) in paragraph (e), by the insertion of “and”;
 - (iv) by the insertion of the following paragraph after paragraph (e): “(f) shall, in the case of a general meeting proposed to be held wholly or partly by the use of electronic communications technology, state
 - (i) the electronic platform to be used for the meeting,
 - (ii) details for access to the electronic platform,
 - (iii) where required by a credit union, the time and manner by which an attendee must confirm his or her intention to attend the meeting,
 - (iv) any requirements or restrictions which the credit union has put in place in order to identify attendees who intend to attend the meeting,
 - (v) the procedure for attendees to communicate questions and comments during the meeting, and
 - (vi) the procedure to be adopted for voting on resolutions proposed to be passed at the meeting.”
- (b) In paragraph (4), by the insertion of “and containing such information” after “in such form”.

And

by the insertion of a new Rule 98A as follows:

98 A (1) Notwithstanding Rule 98 but subject to paragraph (2), notice for the purposes of Rule 96A(8) shall be given in the same manner as the notice for the general meeting referred to in Rule 98 but where, in the opinion of the board of directors, giving such notice in that manner is not reasonably practicable, notice shall be given

- (a) where the credit union has a website, on that website,
 - (b) by email to every member for whom the credit union has an email address, and
 - (c) in at least one national newspaper published in the State and circulating in the area in which the registered office of the credit union is situated, in a local paper and on local radio.
- (2) Paragraph (1) shall not apply where all members agree in writing to the cancellation, change of venue or change of means of holding the general meeting concerned, or to dispensing with notice for the general meeting.”.

Rule 99(3)(a)

That this Annual General Meeting amends Rule 99(3)(a) of the rules of Buncrana Credit Union Ltd by the substitution of “paragraphs (a), (b), (d) (e) of paragraph (2)” for “paragraphs (a), (b), (d), (e), (f) of paragraph (2)”.

Officers and Committees

Chair: Kevin Helferty.

Vice Chair: Paul Brogan.

Secretary: Ciaran MacLochlainn.

Directors:

Fionan Bradley, Paul Brogan, Paul Doherty, Kevin Helferty, Ciaran MacLochlainn, John Mc Gonagle, Sarah McLaughlin, Siobhan Mc Laughlin, Martina Whoriskey.

Board Oversight Committee:

Clare Bradley, Patrick Grant, Carol Irwin, Kieran McCallion, Anne Parker.

Credit Committee:

Paul Brogan, Kevin Helferty, Denis Kelly (retired) and Sean Murphy.

Credit Control Committee:

Michael Bradley, Paul Doherty, John Mc Gonagle, Denis O'Donnell and Martina Whoriskey.

Marketing Committee:

Fionan Bradley, Michael Bradley, Mario Comiskey, Grainne Gillen, John Mc Gonagle, Breda McGonigle (resigned, March 2021), Denis O'Donnell.

Nomination Committee:

Paul Brogan, Kevin Helferty, Sarah McLaughlin.

Risk and Compliance Committee:

Fionan Bradley, Martina Whoriskey and Kevin Helferty.

Finance and Audit Committee:

Paul Brogan, Kevin Helferty and Siobhan Mc Laughlin.

Strategy Committee:

Paul Brogan, Maeve Douglas, Kevin Helferty, Breda McGonigle (resigned, March 2021) and Siobhan Mc Laughlin.

Complaints Committee:

Paul Doherty, Maeve Douglas and Siobhan Mc Laughlin.

Chapter Delegates:

Paul Brogan and Kevin Helferty

Insurance Officers:

Josephine Doherty, Maeve Douglas, Claire Grant and Katherine McBride.

Management:

Maeve Douglas, Nona Kelly, Katherine McBride, Breda McGonigle (resigned, March 2021), Breda McNulty and Ashley Young.

Staff:

Joe Bonner, Charlotte Crawford, Deirdre Forbes, Orla Devlin, Gary Doherty, Josephine Doherty, Gemma Gallagher, Niamh Gallagher, Donna Gill, Claire Grant, Michelle Kemmy, Edel Lafferty, Stella Lynch, Alison McDaid, Marlene McLaughlin, Sean McMenamin, Bernie Skinnader and Luca Zaltron.

Volunteers:

Fionan Bradley, Claire Bradley, Paul Brogan, Michael Bradley, Mario Comiskey, Paul Doherty, Grainne Gillen, Paddy Grant, Kevin Helferty, Carol Irwin, Denis Kelly, John Mc Gonagle, Sarah McLaughlin, Siobhan McLaughlin, Ciaran MacLochlainn, Sean Murphy, Kieran McCallion, Jordan O'Brien, Anita O'Donnell, Denis O'Donnell, Anne Parker, Sarah Webster, Martina Whoriskey.

Credit Union Number

274 CU

Main Office

Cockhill Road, Buncrana, Co. Donegal

Branch

Station Road, Carndonagh, Co. Donegal

Auditors

SMC Chartered Accountants Ltd
Glenview Business Park, Mountain Top,
Letterkenny, Co. Donegal,

Bankers

Allied Irish Bank (AIB)
Lower Main Street, Buncrana
Co. Donegal

Chairperson's Report 2020

What a year!

I think it is safe to say that most of us were glad to see the back of the year 2020 - dominated by the COVID-19 pandemic. Not only have our working lives been changed, but even the way we live, meet, greet and socialise has "changed utterly". But sadly, and tragically, some of our members, staff and volunteers have further suffered - with the loss of much-loved family members during 2020. (May they Rest In Peace.) It truly was a terrible year.

But we can also recall an old saying: "Tough Times never last, but tough people do." We are a resilient people, who manage to remain positive in the face of adversity. In fact, credit unions were born in troubled times; our founding fathers had courage, foresight, hope and a firm belief in the power of co-operation. Despite opposition from big banks, big business and "big brother", they persevered, put down firm foundations throughout Ireland, and built a safe and strong credit union movement that we are so proud of today. Their key message was: "PERSEVERANCE PAYS."

Our own credit union has prospered over the past 51 years- as our Audited Accounts and Balance Sheet will confirm. Admittedly the past year was especially difficult, with significantly increased savings, substantially reduced loan demand, increased compliance costs and expenses, with negative bank interest rates on credit union savings/ deposits, plus a 10% minimum Regulatory Reserve requirement imposed by the Central Bank of Ireland (CBI). The effect of that 10% is that we must put into the Regulatory Reserve each month €1,000 for every €10,000 increase in our assets - and we cannot reduce that Reserve once the funds are added. It is a crippling cost, draining resources. To cap all that, the CBI have in effect stopped all credit unions from paying a Dividend and Loan Interest Rebate to members for the year 2020. That type of "micro- management" and regressive, repressive regulation is, in my view, totally unfair and unnecessary.

Despite all of that, our credit union remains safe and strong; and we will continue to survive and thrive long into the future because of what we do together. Our credit union is a shining example of hope: for our members, their families, friends and for the wider community. It shows what can be done, when people "pull together." I feel that example is not just one thing that influences others; in practice it is the only thing!

As we know "fear casts a long shadow"; but fears, tears and worry cure no ills. An important point for me is to remember that, if we work well in our garden, the flowers and vegetables will grow. Likewise, if we work together amongst a community the people there will also grow. That is the reality of credit union at work in our own Inishowen community.

I remember also: "It's not just about the money." In truth, it is about changing people's lives for the better- ordinary people doing extraordinary things, by sharing their resources in mutual help and co-operation. Credit Unions today are living proof - if proof were needed - that Co-operation really does work, regardless of class, creed, or status in society. Working together, we are intent on building a lasting legacy that can be our "present" (gift) to current and future generations in the wider Inishowen community. We are all in this together: one CU team, of volunteers and staff, being there when needed - for our members, their families, friends and the community we share.

Indeed, at this point I am happy to advise that we are engaged in positive discussions with our neighbours in Foyle Credit Union about a merger, whereby their members and resources would transfer into our credit union. The process is long and complex; and every stage is strictly controlled by the CBI. However, it is our joint aim that this merger should be completed later this year and that the new, merged credit union would be rebranded "Inishowen Credit Union", subject to our members' approval. Such a merger would enable the entire population of the Inishowen peninsula to enjoy access to modern financial services, on a co-operative basis, from their member-owned credit union.

That aim is not without its challenges at present- not least because of relentless, restrictive regulation by the CBI, which seems to make no distinction between big banks (which exist to profit from people) and credit unions (who exist only to serve our members on a not-for-profit basis). We have raised this matter with our local TDs - and sought help from the Irish League of Credit Unions, who have also done so with Ministers in Government and the CBI. We intend to continue to lobby our TDs and Ministers until we get the changes that our members need or want - and, indeed, were promised in the current "Programme for Government."

I believe that, with your ongoing support and feedback, we can continue to improve people's lives - financially, socially and emotionally - long into the future. We have survived the greatest challenge in living memory: to our very existence, our working lives, our independence, and our future. We are on the cusp of a new future, (hopefully post COVID). We have not survived to give up now, to lose confidence, or to lose hope. We have survived - and will thrive again - within a co-operative credit union which stands up for our members, in mutual self-help.

That is what credit unions were born to do - and we do that day and daily, changing lives for the better. Putting people before profit!

Finally, I wish to record my debt of gratitude to you, the members [for your loyalty in these difficult days]; to my friends and colleagues on the Board [without whom we cannot exist]; to the many volunteers; to CEO, management and staff, who make our vision a reality: all building a **"Strong Credit Union in Safe Hands"**.

I know that working together in our credit union team, we are equal to the challenge!

Thank you.

Kevin Helferty,
Chairperson

Important Member Notice

Changes to Savings Limits

Please note the following changes to savings limits below:

For existing members (joined prior to 18 March 2021):

- Current maximum savings limit of €20,000 per account will continue to apply; and
- Monthly savings lodgement limit of €2,000 per account will apply with effect from 1 May 2021.

For new members (joined from 18 March 2021):

- Minor accounts (up to age 16): a maximum savings limit of €5,000 will apply to new minor accounts, with a monthly savings lodgement limit of €200; and
- All other new accounts: a maximum savings limit of €10,000 will apply, with a monthly savings lodgement limit of €1,000.

Directors' Report

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

Principal Activities

The principal activities of the credit union are the provision of savings and loans to members in its common bond. The credit union manages its members' shares, capital and loans to members so that it earns income from the margin between interest payable and interest receivable.

Business Review

The directors are satisfied with the current year results and the year-end financial position of the credit union. The directors are aware of the challenges faced by the decline in investment income as a result of prolonged unprecedented low interest rates, combined with increased costs. Lending activity has decreased due to Covid 19 pandemic but the directors are of the opinion that the credit union is well positioned to meet these challenges and are confident of its ability to continue to operate successfully in the future.

Results and Dividends

The excess of income over expenditure for the year is set out in the Income and Expenditure Account on page 13.

The directors do not recommend payment of a dividend or a loan interest rebate for the year ended 30th September 2020.

Principal Risks and Uncertainties

The principal risks and challenges facing the credit union are summarised as follows:

- Members defaulting on loans
- Not lending a sufficient proportion of funds so that too much of the credit unions' resources are tied up in investment products
- Poor performance of investments
- The risk of not having sufficient cash resources to meet day to day running costs and repay members' savings when demanded.
- Impact of BREXIT
- Impact of COVID 19

The credit union board are fully aware of the principal risks, monitors these constantly and strives to minimise all risks and handle prudently those residual risks over which it has little control.

Auditors

The auditors, SMC Chartered Accountants Ltd, have indicated their willingness to continue in office in accordance with the provisions of Section 115 of the Credit Union Act 1997, as amended.

This report was approved by the board on 23 March 2021 and signed on its behalf by

Kevin Helferty
Chairperson

Ciaran MacLochlainn
Secretary

Statement of Directors' Responsibilities

for the year ended 30th September 2020

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 the Income and Expenditure Account of the Credit Union for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on 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 Generally Accepted Accounting Practice in Ireland, including the standards issued by the Financial Reporting Council, and in particular FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". They are 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 of Directors

Kevin Helferty
Chairperson

Ciaran MacLochlainn
Secretary

Date: 23 March 2021

Statement of Board Oversight Committee's Responsibilities

for the year ended 30th September 2020

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

Kieran McCallion
Chairperson

Anne Parker
Secretary

Date: 23 March 2021

Independent Auditors' Report to the Members of Buncrana Credit Union Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Buncrana Credit Union Limited for the year ended 30th September 2020, which comprise the Income and Expenditure Account, Balance Sheet, Statement of Changes in Reserves and Cash flow Statement and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30th September 2020 and its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance 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 described below in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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, 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.

Opinions on other matters prescribed 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 we consider necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union, and
- The financial statements are in agreement with the accounting records.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 our 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.

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix of this report, which is to be read as an integral part of our report.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

SMC Chartered Accountants

Chartered Accountants & Statutory Audit Firm

Unit 3, 1st Floor, Glenview Business Park

Mountain Top

Letterkenny

Co Donegal

Date: 23 March 2021

Appendix to the Independent Auditors' Report

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our 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 director's 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 going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as going concerns.
- 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 fair presentation.

We communicate 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 we identify during our audit.



Buncrana CU officers at the 50th anniversary dinner dance: Standing from left: Denis O'Donnell, Seamus Devine (Auditor), Paddy Grant, Fionán Bradley, John McGonagle, Denis Kelly, Kieran McCallion, Sean Murphy, Paul Brogan. Seated from left: Martina Whoriskey, Maeve Douglas, Ursula Cutliffe, Kevin Helferty, Gerry Thompson (President, Irish League of Credit Unions), Grainne Gillen, Carol Irwin, Clare Bradley.

Income and Expenditure Account

for the year ended 30th September 2020

	Note	2020 €	2019 €
Interest on members' loans	4	1,700,783	1,721,226
Other interest income and similar income	5	641,713	737,908
Net interest income		2,342,496	2,459,134
Other income	7	449	81,561
Employment costs	9b	(757,471)	(765,347)
Depreciation	11	(161,138)	(158,269)
Other management expenses (Schedule 1)		(964,527)	(869,359)
Net recoveries or losses on loans to members	12d	(207,755)	(179,578)
Surplus for the financial year		252,054	568,142
Other comprehensive income		-	-
Total comprehensive income		252,054	568,142

The financial statements were approved, and authorised for issue, by the Board on 23 March 2021 and signed on its behalf by:

Maeve Douglas
Manager

Kevin Helferty
Member of the
Board of Directors

Kieran McCallion
Member of the
Board Oversight Committee

INTRODUCING OUR **NEW**

EXPRESS LOAN

SAME DAY APPROVAL

ON LOANS UP TO A MAXIMUM OF €3,000



APPLY TODAY!

buncranacu.ie

T: 0749361017 E: loans@buncranacu.ie

TERMS AND CONDITIONS APPLY.

Hassle free loans from your local credit union

ALL LOANS ARE SUBJECT TO APPROVAL. BUNCRANA CREDIT UNION LIMITED IS REGULATED BY THE CENTRAL BANK OF IRELAND



Balance Sheet

as at 30th September 2020

	Note	2020 €	2019 €
ASSETS			
Cash and cash equivalents	10	11,772,806	13,646,566
Tangible fixed assets	11	1,104,231	1,197,171
Loans to members	12	18,615,504	20,771,322
Prepayments and accrued income	13	461,342	489,221
Deposits and investments	14	55,325,666	47,449,505
Total assets		87,279,549	83,553,785
LIABILITIES			
Members' shares	15	72,748,066	68,825,305
Other payables	16	146,539	181,801
Total liabilities		72,894,605	69,007,106
ASSETS LESS LIABILITIES		14,384,944	14,546,679
RESERVES			
Operational risk reserve		439,403	412,755
Regulatory reserve		8,727,955	8,406,949
Other reserves			
- Realised reserves		5,217,586	5,726,975
Total reserves		14,384,944	14,546,679

The financial statements were approved, and authorised for issue, by the Board on 23 March 2021 and signed on its behalf by:

Maeve Douglas
Manager

Kevin Helferty
Member of the
Board of Directors

Kieran McCallion
Member of the
Board Oversight Committee

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Credit Union

Statement of Changes in Reserves

for the year ended 30th September 2020

	Regulatory reserve	Operational risk reserve	Realised reserves	Unrealised reserves	Arising on transfer of engagement	Total reserves
	€	€	€	€	€	€
Opening balance at 1st October 2018	8,271,076	412,755	5,414,451	-	431,257	14,529,539
Excess of income over expenditure for the year	-	-	568,142	-	-	568,142
Dividends and interest rebate paid during the year (Note 6)	-	-	(551,002)	-	-	(551,002)
Transfer between reserves	135,873	-	(135,873)	-	-	-
Closing balance at 30th September 2019	8,406,949	412,755	5,295,718	-	431,257	14,546,679
Opening balance at 1st October 2019	8,406,949	412,755	5,295,718	-	431,257	14,546,679
Excess of income over expenditure for the year	-	-	252,054	-	-	252,054
Dividends and interest rebate paid during the year (Note 6)	-	-	(413,789)	-	-	(413,789)
Transfer between reserves	321,006	26,648	(347,654)	-	-	-
Closing balance at 30th September 2020	8,727,955	439,403	4,786,329	-	431,257	14,384,944

1. The Regulatory reserve of the Credit Union as % of total assets as at 30th September 2020 was 10% (2019: 10.06%).
2. In accordance with S45 of the Credit Union Act 1997 (as amended) Buncrana Credit Union Limited put in place an Operational Risk reserve during the year ended 30th September 2016. The adequacy of the reserve is reviewed annually by the Board with the last review being completed at 30th September 2020, which was deemed adequate. The operational risk reserve as a % of total assets as at 30 September 2020 was 0.50% (2019: 0.49%).
3. Following commencement of S13 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 Buncrana Credit Union Limited has transferred €321,006 (2019: €135,873) of its current year surplus to its Regulatory reserve so that the reserve would stand at 10% at current year end.

Cash Flow Statement

for the year ended 30th September 2020

	Note	2020 €	2019 €
Cash flows from operating activities			
Loans repaid by members	12a	11,041,495	10,757,287
Loans granted to members	12a	(9,288,565)	(13,316,309)
Loan interest received	4	1,706,772	1,717,711
Investment income received		626,225	918,052
Bad debts recovered	12d	195,132	199,335
Dividends paid	6	(68,474)	(132,149)
Interest rebate paid	6	(345,315)	(418,853)
Operating expenses paid to include employment costs		(1,719,881)	(1,673,540)
Net cash flows from operating activities		2,147,389	(1,948,466)
Cash flows from investing activities			
Net cash flow from investments		(7,876,161)	3,279,945
Purchase of fixed assets	11	(68,198)	(23,912)
Net cash flows from investing activities		(7,944,359)	3,256,033
Cash flow from financing activities			
Members' shares received	15	25,187,078	30,002,188
Members' shares withdrawn	15	(21,264,317)	(29,191,290)
Net cash flows from financing activities		3,922,761	810,898
Other Receipts			
		449	81,561
Net (decrease)/increase in cash and cash equivalents		(1,873,760)	2,200,026
Cash & cash equivalents at beginning of year		13,646,566	11,446,540
Cash & cash equivalents at end of year	10	11,772,806	13,646,566

Notes to the Financial Statements

for the year ended 30th September 2020

1. Legal and regulatory framework

Buncrana 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 Buncrana, Co Donegal with a branch in Carndonagh, Co Donegal.

2. Accounting policies

2.1 Statement of compliance and 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 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.

2.3 Going concern

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

- Is generating annual surpluses;
- Maintains an appropriate level of liquidity; and
- Have reserves that currently meet the minimum requirements of the Central Bank.

2.4 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.

Any interest received on loans, which are deemed to be less than 26 weeks in arrears, is accounted for as interest received from performing loans through the income and expenditure account.

Any interest received on loans, which are deemed to be greater than 26 weeks in arrears, is accounted for as interest received from non-performing loans through the income and expenditure account.

Any income received on loans where the loans have been written off will be accounted for as bad debts recovered in the income and expenditure account.

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 insurance products and foreign exchange services arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

Notes to the Financial Statements cont.

for the year ended 30th September 2020

2.5 Dividends to Members

Dividends on shares and loan interest rebates

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

The Board in determining the level of distribution considers its ongoing operating expenses, capital requirements and financial risks. Dividends are accounted for when members ratify such payments at the Annual General Meeting. No liability to pay a distribution is recognised in the financial statements until the majority of members vote at the AGM.

The rate of dividend and loan interest rebate recommended by the Board will reflect:

- the amount of reserve allocation required to maintain reserves at an appropriate level;
- our risk profile particularly in our loan and investment portfolios;
- prevailing market conditions;
- members' legitimate dividend and loan interest rebate expectations and;
- the need to prudently sustain the long term welfare of the Credit Union.

The Credit Union accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting.

2.6 Taxation

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

2.7 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.

2.8 Financial instruments

The Credit Union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its 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.

2.9 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.

Notes to the Financial Statements cont.

for the year ended 30th September 2020

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.

Held to Maturity investments

Investments designated on initial recognition as held-to-maturity are investments that the credit union intends, and is able to, hold to maturity. These are carried at amortised cost using the effective interest method. The fair value of some investment products will change during their life, but they will have a fixed maturity value at some future date. When designated as held-to-maturity, any change in the fair value during the term of the investment is ignored, with the credit union only accounting for interest received.

2.10 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.

2.11 Impairment of financial assets

Financial assets 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.

2.12 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.

Notes to the Financial Statements cont.

for the year ended 30th September 2020

Financial liabilities members' shares and deposits

Members' shares in the Credit Union are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently members' deposits are measured at the nominal amount.

Other payables

Other payables are classified as current liabilities if payment is due within one year or less. Other payables are recognised initially at transaction price.

2.13 Tangible fixed assets

Tangible fixed assets comprises items of property, fixtures and fittings, and office and computer 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.

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:

Freehold land and buildings	4% straight line
Office equipment	25% straight line
Computer equipment	25% straight line
Fixtures and fittings	10% straight line

2.14 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).

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.

2.15 Employee benefits

Pension Scheme

Buncrana 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 the Credit Union to separately identify its share of the scheme's underlying assets and liabilities. Consequently, the Credit Union accounts for the scheme as a defined contribution plan.

However, there is an agreed funding plan in respect of the pension scheme as a result of a Minimum Funding Standard deficit certified by the scheme's actuary in 2009. Consequently, Buncrana Credit Union Limited recognises a liability at each Balance Sheet date for its outstanding contributions payable under the agreed funding plan to the extent that they relate to committed funding in respect of the deficit to which the funding plan relates.

Notes to the Financial Statements cont.

for the year ended 30th September 2020

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.

2.16 Reserves

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.

Operational Risk reserve

The Credit Union has established 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.

Other reserves – Realised reserves

Realised reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members.

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 Buncrana Credit Union Limited's 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 2.11. The estimation of loan losses is inherently uncertain and depends upon many factors, including historic 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 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 cont.for the year ended 30th September 2020*Impairment of buildings*

The credit union's policy is to carry out periodic impairment reviews of the credit union's premises comparing the carrying value of each property to the market value at the balance sheet date. Impairment reviews are subject to the assumption that a market exists for the relevant property at the date of review. The estimates of impairment based on market value are recognised in the Income & Expenditure account in the period identified.

4. Interest on members' loans**4a. Interest received & receivable**

	2020	2019
	€	€
Closing accrued loan interest receivable	43,962	49,951
Loan interest received in year	1,706,772	1,717,711
Opening accrued loan interest receivable	(49,951)	(46,436)
Total interest on members' loans	1,700,783	1,721,226

4b. Interest received from performing and non-performing loans

	2020	2019
	€	€
Interest received from performing loans	1,673,507	1,673,527
Interest received from non-performing loans	33,265	44,184
Total interest received	1,706,772	1,717,711

5. Other interest income and similar income

	2020	2019
	€	€
Investment income and gains received by the Balance Sheet date	342,017	453,702
Receivable within 12 months of Balance Sheet date	299,696	284,206
Total investment income	641,713	737,908

6. Dividends payable

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

	2020	2019
	€	€
Dividend paid during the year	68,474	132,149
Dividend rate:		
Members' shares	0.10%	0.20%
Loan interest rebate paid during the year	345,315	418,853
Loan interest rebate rate	15%	25%
Dividend and loan interest rebate proposed, but not recognised		

The directors do not propose to pay a dividend or a loan interest rebate for the year ended 30th September 2020.

Notes to the Financial Statements cont.for the year ended 30th September 2020**7. Other income**

	2020	2019
	€	€
ECCU rebate	-	81,085
Entrance fees	449	462
Other income	-	14
Total other income	449	81,561

8. Expenses

	2020	2019
	€	€
Employment costs	757,471	765,347
Depreciation	161,138	158,269
Other management expenses (Schedule 1)	964,527	869,359
	1,883,136	1,792,975

9. Employees and employment costs**9a. Number of employees**

The average monthly number of employees during the year was:

	2020	2019
	Number	Number
Manager	1	1
Other staff	21	22
Total	22	23

9b. Employment costs

	2020	2019
	€	€
Wages and salaries	690,845	690,690
Payments to pension schemes	66,626	74,657
Total employment costs	757,471	765,347

9c. Key management personnel

The remuneration of key management personnel was as follows:

	2020	2019
	€	€
Short term employee benefits	291,433	283,247
Payments to defined benefit pension schemes	29,709	29,629
Total key management personnel compensation	321,142	312,876

Notes to the Financial Statements cont.for the year ended 30th September 2020**10. Cash and cash equivalents**

	2020	2019
	€	€
Cash and balances at bank	1,545,837	893,590
Deposits and investments	10,226,969	12,752,976
Total cash and cash equivalents	<u>11,772,806</u>	<u>13,646,566</u>

Deposits and investments categorised under cash and cash equivalents above are those with maturity of less than or equal to three months.

11. Tangible fixed assets

Tangible fixed assets comprise the following property, plant and equipment:

	Freehold land & buildings €	Fixtures & Fittings €	Office equipment €	Computer equipment €	Total €
Cost					
At 1 st October 2019	1,482,020	328,175	191,718	517,254	2,519,167
Additions	-	8,351	17,342	42,505	68,198
Disposals	-	-	-	-	-
At 30th September 2020	<u>1,482,020</u>	<u>336,526</u>	<u>209,060</u>	<u>559,759</u>	<u>2,587,365</u>
Depreciation					
At 1 st October 2019	582,020	197,039	126,427	416,510	1,321,996
Charge for the year	45,000	28,999	31,455	55,684	161,138
Eliminated on disposals	-	-	-	-	-
At 30th September 2020	<u>627,020</u>	<u>226,038</u>	<u>157,882</u>	<u>472,194</u>	<u>1,483,134</u>
Net book value					
At 30th September 2019	<u>900,000</u>	<u>131,136</u>	<u>65,291</u>	<u>100,744</u>	<u>1,197,171</u>
At 30 th September 2020	<u>855,000</u>	<u>110,488</u>	<u>51,178</u>	<u>87,565</u>	<u>1,104,231</u>

12. Loans to members – financial assets**12a. Loans to members**

	Note	2020 €	2019 €
As at 1 st October		22,683,934	20,235,002
Advanced during the year		9,288,565	13,316,309
Repaid during the year		(11,041,495)	(10,757,287)
Loans written off		(85,474)	(110,090)
Gross loans to members	12b	<u>20,845,530</u>	22,683,934
Impairment allowances			
Individual loans		(421,073)	(430,332)
Groups of loans		(1,808,953)	(1,482,280)
Loan provision	12c	<u>(2,230,026)</u>	<u>(1,912,612)</u>
As at 30th September		<u>18,615,504</u>	<u>20,771,322</u>

Notes to the Financial Statements cont.

for the year ended 30th September 2020

12b. Credit risk disclosures

The carrying amount of the loans to members represents Buncrana Credit Union Limited 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.

	2020		2019	
	Amount €	Proportion %	Amount €	Proportion %
Gross loans Not impaired:				
Not past due	17,972,945	86.22%	19,878,928	87.63%
Gross loans individually impaired				
Not past due	1,755,463	8.42%	1,584,126	6.99%
Up to 9 weeks past due	543,305	2.61%	681,564	3.00%
Between 10 and 18 weeks past due	212,873	1.02%	162,775	0.72%
Between 19 and 26 weeks past due	136,797	0.66%	60,397	0.27%
Between 27 and 39 weeks past due	74,848	0.36%	81,552	0.36%
Between 40 and 52 weeks past due	8,618	0.04%	70,642	0.31%
53 or more weeks past due	140,681	0.67%	163,950	0.72%
Gross loans individually impaired	2,872,585	13.78%	2,805,006	12.37%
Total gross loans	20,845,530	100%	22,683,934	100%
			2020	2019
Impairment allowance			€	€
Individual loans			(421,073)	(430,332)
Groups of loans			(1,808,953)	(1,482,280)
Total carrying value			18,615,504	20,771,322

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

12c. Loan provision account for impairment losses

	2020	2019
	€	€
As at 1 st October	1,912,612	1,643,789
Net movement in loan provisions for loans outstanding	402,886	378,913
Decrease in loan provisions during the year	(85,474)	(110,090)
As at 30th September	2,230,024	1,912,612

Notes to the Financial Statements cont.for the year ended 30th September 2020**12d. Net (recoveries) or losses recognised for the year**

	2020	2019
	€	€
Bad debts recovered	(195,132)	(199,335)
Increase / (decrease) in loan provisions during the year	317,413	268,823
Loans written off	85,474	110,090
Net (recoveries) / losses on loans to members recognised for the year	207,755	179,578

12e. Analysis of Gross Loans Outstanding

	2020		2019	
	Number of Loans	€	Number of Loans	€
Less than one year	1,081	1,303,728	866	1,043,964
Greater than 1 year and less than 3 years	1,411	6,136,378	1767	7,561,930
Greater than 3 and less than 5 years	824	7,047,642	897	7,968,940
Greater than 5 years and less than 10 years	199	6,311,099	196	6,077,805
Greater than 10 years and less than 25 years	2	46,683	1	31,295
Greater than 25 years	-	-	-	-
	3,517	20,845,530	3,727	22,683,934

13. Prepayments and accrued income

	2020	2019
	€	€
Prepayments and other debtors	117,683	155,064
Accrued income investments	299,697	284,206
Accrued loan interest income	43,962	49,951
	461,342	489,221

14. Deposits and investments

Investments at the current and prior Balance Sheet date were all measured at amortised cost as appropriate and comprised of the following:

Cash Equivalents (Original Maturity within 3 months)

	2020	2019
	€	€
Fixed term deposits with banks (note 10)	10,226,969	12,752,976
Total cash equivalents	10,226,969	12,752,976

Other (Original Maturity after 3 months)

	2020	2019
	€	€
Fixed term deposits and bonds with banks	51,409,839	46,906,866
Central Bank Minimum deposits	3,915,827	542,639
Total other	55,325,666	47,449,505

Notes to the Financial Statements cont.for the year ended 30th September 2020

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

	2020	2019
	€	€
A1	12,674,737	14,061,039
A2	10,346,295	10,369,851
A3	5,907,592	7,281,905
Aa3	6,954,648	7,969,071
Baa1	2,963,105	0
Baa2	4,225,000	5,000,000
Baa3	8,338,462	2,225,000
Total deposits and investments	51,409,839	46,906,866

15. Members' Shares – financial liabilities

	2020	2019
	€	€
As at 1 st October	68,825,305	68,014,407
Received during the year	25,187,078	30,002,188
Repaid during the year	(21,264,317)	(29,191,290)
As at 30th September	72,748,066	68,825,305

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

	2020	2019
	€	€
Unattached shares	66,396,607	61,478,399
Attached shares	6,351,459	7,346,906
Total members' shares	72,748,066	68,825,305

16. Other payables

	2020	2019
	€	€
PAYE/PRSI	14,625	15,117
Other accruals	131,914	166,684
	146,539	181,801

Notes to the Financial Statements cont.

for the year ended 30th September 2020

17. Rate of interest on members loans

	Rate %	APR %
Personal loans	10%	10.51%
Secured loans	6%	6.18%
Student loans	6%	6.18%
Car loans	7.5%	7.78%
First time borrowers loans	8.5%	8.84%
Home Improvement/Switcher (€50k - €80k)	6.95%	7.18%
Home Improvement/Switcher (€35k - €49,999)	7.95%	8.25%
Black Friday loans	5.95%	6.11%
Community loans	6%	6.18%

18. Additional financial instruments disclosures

18a. Financial risk management

Buncrana 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 Buncrana Credit Union's 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 Buncrana 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 12b.

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.

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. Buncrana 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.

Notes to the Financial Statements cont.

for the year ended 30th September 2020

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 dividend rate payable on shares and on any loan interest rebate.

18b. Interest rate risk disclosures

The interest rates applicable to loans to members are disclosed in note 17. The dividend on shares and interest on deposits is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and dividend on shares. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

18c. 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.

18d. Fair value of financial instruments

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

18e. 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 meets 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.

19. Pension scheme – Irish League of Credit Unions

Buncrana 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 Buncrana Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, it accounts for the Scheme as a defined contribution plan, in accordance with FRS 102.

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

Notes to the Financial Statements cont.

for the year ended 30th September 2020

meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent Actuarial Funding Certificate was effective as at 1 March 2018 and it certified that the Scheme satisfied the funding standard.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 1 March 2017 using the Projected Unit valuation method. The principal actuarial assumption used in the valuation was the investment return would be 1.75% higher than the annual salary increases. The market value of the scheme's assets at 1 March 2017 was €216m. The actuarial valuation disclosed a past service deficit of €6.4m at 1 March 2017 calculated under the Ongoing Actuarial Valuation method. This valuation method assumes that the Scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. This actuarial review recommended that the rate agreed under the funding proposal, 27.5% of pensionable salary, continues to be paid. The cost of risk benefits is paid in addition to this rate giving a total contribution rate of 30% of Pensionable Salary. The 2020 actuarial review is underway and is expected to be concluded by 30 November 2020.

Amendments to FRS 102 -The Financial Reporting Standard applicable in the UK and Republic of Ireland -Multi-employer defined benefit plans

On 24 May 2019, the Financial Reporting Council issued amendments to FRS 102 in respect of multi-employer defined benefit plans. These narrow-scope amendments respond to a current financial reporting issue regarding where to present the impact of an employer's transition from defined contribution accounting to defined benefit accounting; it shall be presented in other comprehensive income. The transition is required by FRS 102 when sufficient information about the multi-employer defined benefit plan becomes available for the employer to apply defined benefit accounting for the first time.

The FRC in their May 2019 publication "Impact Assessment and Feedback Statement Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland Multi-employer defined benefit plans" state that these amendments will only affect entities that participate in multi-employer defined benefit plans, for which sufficient information to apply defined benefit accounting has not been available, but now becomes available. These amendments do not affect the accounting for the defined benefit plan before or after sufficient information becomes available, which is already clear in FRS 102, but only specify the accounting at the date of transition to defined benefit accounting.

The effective date for these amendments is accounting periods beginning on or after 1 January 2020, with early application permitted.

The Irish League of Credit Unions Republic of Ireland Pension Scheme ("Defined Benefit Scheme") does not have sufficient information to establish an accurate split of the defined benefit pension assets and liabilities due to:

- Use of common contribution rate of 27.5% results in cross subsidisation between the Employers and is not linked to individual Employer liabilities in respect of their current or former employees;

Notes to the Financial Statements cont.

for the year ended 30th September 2020

- Scheme Assets are not segregated or tracked by contributing Employers and allocation of assets to individual Employers would be arbitrary and may not represent a reliable basis of allocation.

Consequently, the position is unchanged, there is no change to the information available to the Defined Benefit Scheme and the various employers at this time and therefore, it remains appropriate that credit unions continue to apply defined contribution accounting in respect of the Defined Benefit Scheme.

20. Post Balance Sheet events

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

21. Contingent liabilities

The Registry of Credit Unions informed credit unions in the Republic of Ireland on 17 September 2018 that it had become aware of a potential matter that may impact certain credit unions in respect of accrued interest outstanding on loans where additional credit is extended to a member by way of a top-up-loan, which could potentially result in over-collection of interest. The Registry of Credit Unions has requested information from credit unions in this context to assess the potential impact of this matter. A process to establish the potential impact, if any, of this matter on Buncrana Credit Union is on-going. This process is not yet complete and therefore, the existence of any liability and any reliable estimate amount of any liability associated with this matter, while possible, remains uncertain along with the timing of same. Consequently, no provision has been made in the financial statements to 30th September 2020 for any amount that may become payable by Buncrana Credit Union.

22. Capital commitments

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

23. Insurance against fraud

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

24. Related party transactions

During the year loans were advanced to directors and the management of the credit union (to include their family members or any business in which the directors or management team had a significant shareholding) in the amount of €81,010 (2019: €183,990). These loans were approved in accordance with the Standard Credit Union rules and the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. The loans outstanding from these parties at 30th September 2020 were €222,298 (2019: €231,080). These loans amounted to 1.07% of total gross loans due at 30th September 2020 (2019: 1.02%).

There were provisions of €20,557 against the loans due from directors, the management team and their family members at 30th September 2020 (2019: €20,957).

The related party share balances stood at €454,297 at 30th September 2020 (2019: €326,568).

Notes to the Financial Statements cont.

for the year ended 30th September 2020

25. Members Prize Draw

Buncrana Credit Union operates a members only prize draw which is non-profit making, with draws held twice a year. The transactions for the financial year ended 30th September 2020 are summarised as follows:

	€
Opening Balance at 1st October 2019	434
Income from members' ticket sales	47,100
Expenses	282
Prizes	(47,000)
Closing Balance at 30th September 2020	252

The closing balance is included in other accruals as per note 16.

26. Approval of Financial Statements

The financial statements were approved, and authorised for issue, by the Board on 23 March 2021.



Buncrana CU staff at the 50th anniversary dinner dance: Standing from left: Joe McCauley, Charlotte Crawford, Alison McDaid, Claire Grant, Orla Devlin, Sean McMenamin, Niamh Gallagher, Ashley Young, Josephine Doherty, Joe Bonner, Luca Zaltron, Katherine McBride. Seated from left: Donna Gill, Stella Lynch, Marlene McLaughlin, Kevin Helferty (Chairperson), Maeve Douglas, Gerry Thompson (President, Irish League of Credit Unions), Edel Lafferty, Breda McGonigle, Breda McNulty

Schedule to the Financial Statements

for the year ended 30th September 2020

Schedule 1 - Other management expenses

	2020	2019
	€	€
Rent and Rates	28,418	33,028
Light, heat and cleaning	31,427	27,410
Repairs and maintenance	16,641	11,439
Printing and stationery	17,573	21,181
Postage and telephone	27,727	26,456
Promotion and advertising	62,476	55,534
Donations and sponsorship	26,968	18,643
Computer maintenance	80,288	96,866
Training costs	9,409	11,568
Chapter expenses	350	350
AGM expenses	22,183	21,118
Travel and subsistence	8,605	14,488
General insurance	32,196	29,716
Share and loan insurance	265,866	269,159
Audit fees	11,685	11,685
Internal audit fee	17,836	18,070
Consultancy and professional fees	60,763	109,008
Debt collection fees	8,309	4,579
Bank charges	22,793	17,179
CUSOP expenses	24,470	22,669
Irish credit bureau costs	13,047	10,318
Affiliation fees	24,405	28,609
Savings protection scheme contribution	7,041	7,535
Financial regulatory costs	111,834	118,633
General expenses	32,217	27,129
Loss/(Profit) on disposal of fixed assets	-	5,367
Loss/Profit on investments	-	(148,378)
Total other management expenses	964,527	869,359

Members enjoying our 50th Anniversary Dinner Dance





International Development
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Are your account details up to date?

In compliance with the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2018, we are obliged to verify and maintain up to date proof of both your identity and your current permanent address while you are a member of Buncrana Credit Union. Therefore, from time to time you may receive correspondence from us requesting updated verification documents or a member of our staff may request this if you complete a transaction with us.

The following documentation is acceptable for these purposes:

- Photographic ID (driving licence or passport)
- Proof of address (official document such as a utility bill dated within the last six months)

If you do not have these documents, our staff will be happy to assist you in advising on suitable alternatives.

We appreciate your assistance in fulfilling our legal obligations by providing your information at your earliest convenience.

WHY BORROW WITH US?

01

COMPETITIVE RATES



02



24 HOUR LOAN APPROVAL

03

ANNUAL INTEREST REBATE



04



FREE LOAN PROTECTION INSURANCE

05

LOAN INTEREST IS CALCULATED ON A REDUCING BALANCE



06



FOR CAR LOANS YOU OWN THE CAR STRAIGHT AWAY

07

NO HIDDEN FEES OR PENALTIES FOR EARLY REPAYMENT

