

# ANNUAL REPORT 2018

NOTICE IS HEREBY GIVEN OF THE 53<sup>RD</sup>  
ANNUAL GENERAL MEETING OF  
CORE CREDIT UNION LTD.

<b>Venue:</b>	Dún Laoghaire Evangelical Church, Lower Glenageary Road, Dún Laoghaire, Co. Dublin, A96 F6T0
<b>Date:</b>	Tuesday 4th December 2018
<b>Time:</b>	7.30pm
<b>Parking:</b>	Parking is available on the grounds
<b>Public Transport:</b>	Buses 7, 7A, 7D & 45A stop near the Church
<b>Refreshments:</b>	Refreshments will be served following the meeting
<b>Raffle:</b>	A free raffle will be run on the night for those attending

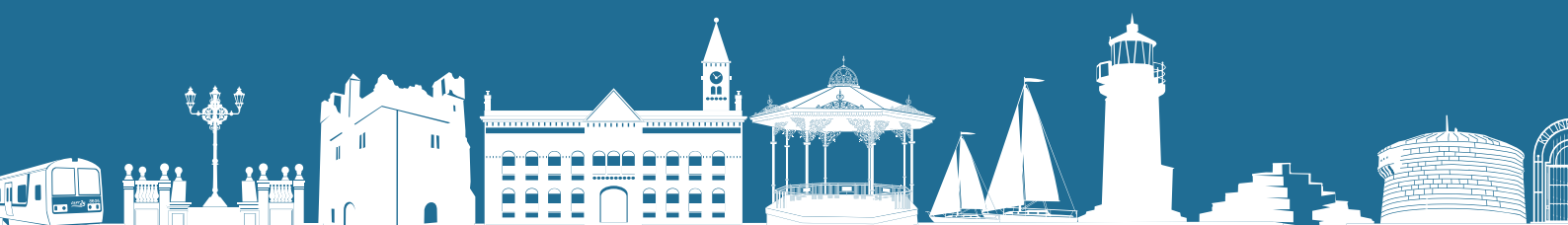


**CORE CREDIT UNION**  
— STRONGER TOGETHER —

[www.corecu.ie](http://www.corecu.ie)

**ALL MEMBERS  
ARE INVITED  
TO ATTEND**

**SIOBHAN  
HACKETT**  
Secretary



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#### Auditors:

Grant Thornton,  
Mill House,  
Henry Street,  
Limerick.

#### Solicitors:

Maurice O'Callaghan,  
O'Callaghan Legal,  
Mounttown House,  
62-63 Mounttown Road Lower,  
Dún Laoghaire, Co. Dublin.

## MOTIONS FOR ANNUAL GENERAL MEETING

### MOTION 1

That this Annual General Meeting approves the deduction of an affiliation fee of €1.48 per adult member.

### MOTION 2

That this Annual General Meeting amends the Standard Rules for Credit Unions (Republic of Ireland by the deletion of Rule 109(8)).

#### Rule 109(8)

*"Subject to the Act and any regulations made thereunder, the forms used by the credit union shall contain as a minimum the information as set out in the forms contained in the Appendices to these rules which forms may be amended from time to time by the Irish League of Credit Unions."*

### MOTION 3

That this Annual General Meeting Amends Rule 45(1) to read as follows:

*At the time of the adoption of these rules, the quorum of the board of directors is defined as follows; "Six directors shall constitute a quorum for the transaction of any business at any meeting of the board of directors."*

## 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 a quorum is present
3. Adoption of standing orders
4. Reading and approval (or correction) of the minutes of the last annual general meeting
5. Chairperson's Report
6. Report of the CEO
7. Report of the Auditor
8. Consideration of Accounts
9. Report of the Board Oversight Committee
10. Declaration of Dividend
11. Report of the Credit Committee
12. Report of the Credit Control Committee
13. Report of the Membership Committee
14. Report of the Risk, Audit & Compliance Committee
15. Report of the Insurance Officer
16. Report of the Nomination Committee
17. Report of the Strategic Planning Committee
18. Report of the Property Committee
19. Appointment of Tellers
20. Election of Auditor
21. Election to fill vacancies on the Board Oversight Committee
22. Election to fill vacancies on the Board of Directors
23. Motions
24. Attendees Prize Draw
25. Announcement of election results
26. AOB
27. Adjournment or close of meeting

## Notice of Elections

**Elections will be held to fill the following vacancies:**

- **2 vacancies on the Board Oversight Committee**
- **6 vacancies on the Board of Directors**
- **The Position of Auditor**

## Standing Orders

### Reference: Recommendation 41 (b) of the Planning Committee;

#### 1 VOTING.

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

#### 2- 3 ELECTION PROCEDURE.

- 2 Elections to the Board of Directors, to the Board Oversight Committee and the position of Auditor shall be by majority vote and by secret ballot. Candidates for the position of Directors and Board Oversight Committee shall serve a three year term. The Auditor shall serve a one year term.
- 3 When nominations are announced Tellers shall be appointed by the Chair and ballot papers shall be distributed. Nominations shall be in the following order: (a) nominations for Auditor; (b) nominations for members of the Board Oversight Committee; (c) nominations for Directors. When voting is completed, the votes shall be taken and tallied by the Tellers. Any ballot paper which contains votes for more than the number required to be elected shall be void. All elections shall be by secret ballot and by majority vote. When the votes have been counted by the Tellers, the results shall be announced by the Chair. In the event that all vacancies are not filled by the first ballot further ballots shall be taken as required. In the event of an equality of votes between candidates for the remaining vacancies not filled in accordance with the above procedure one further ballot shall be taken and should that ballot fail to determine the issue, the vacancies shall be filled by lot from among such candidates having an equality of votes.

#### 4 - 9 MOTIONS.

- 4 All motions from the floor of the AGM must be proposed and seconded by Members present at the AGM and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.
- 5 A proposer of a motion may speak for such period as shall be at the discretion of the Chair 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 a motion shall have such time as shall be allowed by the Chair 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 Chair.

- 9 The Chair 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.

#### 10 - 15 MISCELLANEOUS.

- 10 The Chair of the Board of Directors shall be the Chair of any general meeting, except where he/she is not available, in which case it shall be the Vice-Chair, except where he/ she is not available, in which case the Board shall decide amongst themselves who shall act as Chair of any general meeting.
- 11 The Chair 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 Chair.
- 13 The Chair's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
- 14 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.
- 15 Any matter to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.

#### 16 SUSPENSION OF STANDING ORDERS.

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.

#### 17 ALTERATION OF STANDING ORDERS.

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.

#### 18 ADJOURNMENTS.

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

## Board of Directors



### Elizabeth Harpur (Chair)

Liz Harpur is Chair of Core Credit Union Board of Directors and previously held positions of Vice-Chair and Secretary. She has 10 years of extensive experience in many aspects of the Credit Union both as an ex-staff member and board director with membership of many of the board's committees including Credit, Strategy, Remuneration and Complaints Committees. Liz holds a diploma and certificate in Credit Union Governance and has qualifications in Ethics, GDPR, Anti-Money Laundering and Leadership.



### Siobhán Hackett (Secretary)

Siobhán has been a member of Core Credit Union since 2008. She served on the Oversight Committee in Shankill in 2014. Siobhán joined the Board of Core Credit Union in July 2017. Since that time, she has served terms of Assistant Secretary – now Honorary Secretary, Secretary of Nomination Committee – now Chairperson. She has a degree in Psychology and works as a Health Care Assistant in her own homecare provider that she set up 6 years ago. She is passionate about serving her local community and is dedicated to supporting the growth of Core Credit Union.



### Elaine Hughes

Elaine Hughes MSc & MA, has been a member of her local Credit Union for over 20 years. Over the last two years Elaine has brought her extensive experience of successful project management across a wide spectrum of disciplines to the board room and committees of Core Credit Union. Elaine enjoys participating in local initiatives supported by Core and is an active member of the community, particularly family events, which appeal to her two young sons.



### Liam Sullivan

Liam has 36 years' experience as former manager of Sallynoggin/Glenageary Credit Union Ltd. He has been on the board of Core Credit Union for two years and currently is a member of the Risk and Compliance, Investment, Property and Remuneration committees.

He is aware of the difficulty in reconciling the expectations of the members with increasing regulatory requirements and the need to remain faithful to the values of the founder members of the credit union movement in Ireland.



### Martina Cox

Martina Cox was looking for a way to use her free time in a productive way. Having worked in the funds industry in both finance and project management for over 12 years she felt the credit union would be a great way to both learn more, give back to the community and share her experience and knowledge. Martina lives in Glenageary with her two young sons and husband.



### Alan Guerins

Alan is from Cabinteely and was elected to the Core Credit Union board in Dec 2017, he and all his family are long time members of the credit union. Alan has extensive experience in the advertising industry where he has held various senior positions and currently is the owner of a Digital Display company dealing with Financial institutions and Government agencies. Alan has a strong business and social acumen and is involved in the strategic vision for Core Credit Union, as well as being a member of the Investment, Property and Nominations committees. Alan also has a busy role in his local community and to keep his sanity is an active squash player.

## Board of Directors (Continued)



### Tony Kirwan

Following a 20 year career as an internationally-oriented corporate lawyer with a mid-sized Dublin Law Firm, Tony Kirwan has been Executive Director of The Law Firm Network since 1994. He has an extensive, ever increasing informal network of international contacts in most areas of professional service, especially Law and also in a multitude of other areas, business and charitable. Originally from Dalkey, Tony was voted on to the board of Core Credit Union at last year's AGM. Tony has enjoyed his year with Core and is very much looking forward to continue using his skills to the benefit of the community.



### John O'Reilly

John brings a wealth of experience in the Credit Union movement to the Board. He has previously volunteered at Army Naval Service Air Corps Credit Union (ANSAC); holding positions of Membership Officer, Insurance Officer, Chair of Internal Audit, Chair of Risk and Compliance Committees, Chairperson of the Board. He has a degree in Credit Union Business from University College Cork. John is currently employed as a painter/decorator. He was co-opted onto the board during the year and will be going up for election at the AGM.



### John T Murphy

John has extensive knowledge of the Credit Union section and has served as both Chair of Dalkey Credit Union and Vice Chair and Chair of Core Credit Union over the years. John was involved in the steering committee for the formation of Core Credit Union and has also served on the Remuneration and Nomination Committees. After a short time away from the board John was co-opted onto the board during the year and will be going up for election at the AGM.



### Mary Burnham

Mary Burnham has been a director with Core Credit Union for three years, and previous to that was on the board at Glashule / Dún Laoghaire Credit Union. In that time she has seen incredible changes and faced many challenges particularly with the increasing regulatory requirements. Mary is currently on the Nominating Committee and also the Property Committee. It is mostly through juggling parenting with work commitments herself that Mary has a great empathy with parents who often struggle to make ends meet and she is determined to ensure that credit at a reasonable rate is available for everyone in the community.



### Deirdre Keane

The Keane family are all credit union members and they, like Deirdre, value its community ethos of availability to all members of society. Deirdre feels a responsibility to support the growth of Core and for the financial well-being of its members. Deirdre runs her own leadership development business, has a degree in Business and Languages, with further qualifications in coaching, mentoring and managing business networks.

## Board Oversight Committee



### Arthur Duignan

Arthur joined the board of Shankill Ballybrack in 2010 and has served terms as Treasurer, Honorary Secretary and on various committees and work groups. He works in a national arts organisation, Create, with responsibility for finance and governance. As a volunteer, he has been on the boards of other social economy and arts organisations and was a member of the government Taskforce for Active Citizenship.



### Graham Kavanagh

Graham Kavanagh is secretary to the Board Oversight Committee. He is a qualified financial advisor working in the banking sector and has volunteered with the credit union for the last eight years. He was involved originally with Dalkey Credit Union where he completed the Advanced Certificate in Credit Union Practice. Graham takes an active role in his community and is also a scout leader in the 17th Dalkey Scout Troop.



### Elizabeth Turner

Liz Turner remembers when Sallynoggin Credit Union started over fifty years ago giving locals an alternative to the plague of moneylenders who preyed on those in need and she has been an enthusiastic supporter ever since. She says that 'we need new people to get involved, younger people who are our future'. Liz is on the Board Oversight Committee and has been involved in a volunteering capacity for the last nine years.

## Chairperson's Report 2018

It is both an honour and a privilege to report to you as Chair of Core Credit Union and to welcome you to our 53rd AGM.

In 2018, a study by RepTrak found that credit unions remain the top brand in Ireland when it comes to customer experience. The RepTrak 2018 study stated that 'credit unions won for their role in providing trusted financial services to local communities and being at the heart of communities in Ireland'. The growth of Core Credit Union membership of 3% and our loan book of 19% over the last 12 months is an excellent example of this finding. Furthermore, our average age profile is becoming younger. Additionally, we proudly supported a number of community groups namely; St Vincent de Paul, Crosscare Dun Laoghaire, Core Credit Union dlr 5k and Valeview Soccer Club, while we collected over €1,000 for Barnardo's by serving strawberries and cream from our stand at the Vintage Car show in Dalkey.

The past twelve months have been a productive, yet challenging year for the Board. We engaged closely with management to successfully develop our new Strategic Plan that encompasses our credit union values and mission alongside our vision for Core Credit Union going forward. As the name suggests, the "2020 Vision" plan prepares us for the myriad of changes that will face the financial sector in the coming years. We aim to maintain our reputation as the preferred supplier of financial services to you, our members, and through strategic alliances we also aim to increase our membership and continue to offer improved and additional services to you. Our new Strategic Plan is positively recognised by the Central Bank as being uniquely different to those of other credit unions.

In March, the Central Bank conducted a Thematic Review of Prize Draws following media reports of some questionable practices in a tiny minority of credit unions. I'm glad to report that Core Credit Union's prize draw successfully passed this review. I wish to assure you that our members are only included in draws where they have given their written consent for inclusion and the clear terms and conditions are documented and provided to participating members. I can confirm to you that no Core Credit Union staff member or volunteer has ever won a draw and that no staff member or volunteer of Core is allowed to participate in the draws. The draw income is used only to fund cars and cash prizes and the running costs of the draw itself.

Alongside our growth in membership, Core Credit Union has experienced unprecedented growth in savings this year, running at almost €1 million per month. While this is reassuring and demonstrates the level of trust in the credit union movement it is unsustainable in the long-term since growing Member Savings leads to increased investments. In simple terms, if we cannot lend these extra savings to members they end up as investments on the balance sheet, earning no interest. We were faced with a decision, to let this continue and



*Mary Burnham, Core Credit Union Board member, presenting Paula Harris from Crosscare Dun Laoghaire with a cheque for kitchen equipment.*

## Chairperson's Report 2018 (Continued)

do nothing, or to take action. For this reason, the Board has introduced a Share Cap of €20,000 on member shares, with any excess being transferred to a savings account. This amount has been chosen to impact the least number of members.

One of the biggest challenges facing the movement as a whole has been the new General Data Protection Regulations (GDPR) that came into effect in late May 2018. These regulations have changed the manner in which we handle data and coincided with the introduction of the Central Credit Register. We have also had new regulations in the areas of long term lending, fitness and probity and investments. We continued our positive relationship with the Registrar of Credit Unions and recently completed a positive Central Bank PRISM inspection.

Costs remain a challenge and although they are higher than the board would like, we anticipate further reductions will be achieved in the coming year. We are working closely with management to reduce and rationalise our costs on an ongoing basis and anticipate that they will reduce further in this coming year.

I want to pay particular praise to our Chief Executive Officer, Michael Byrne for his leadership, energy and dedication to Core Credit Union. Our Management and Staff continue to work tirelessly to serve our members and continually rise to new challenges every year.

I would like to take this opportunity to thank my fellow directors and volunteers for all their diligent work in the past year. I would also like to thank you, our members, for your continuing loyalty and support for your credit union. The esteem in which you hold your credit union is very evident in the RepTrak Study. It only remains for me, on behalf of the board, management and staff, to wish you, your family and friends, a very happy Christmas and a healthy and prosperous 2019.

**Elizabeth Harpur**  
Chair



*Core Credit Union dlr 5k*



*Eugene Sheehy August Car draw winner, receiving the keys of his new car from Elizabeth Harpur, Chair Core Credit Union.*



*Strawberries and Cream in aid of Barnardos at the Dalkey Vintage car festival.*

## Report of the CEO

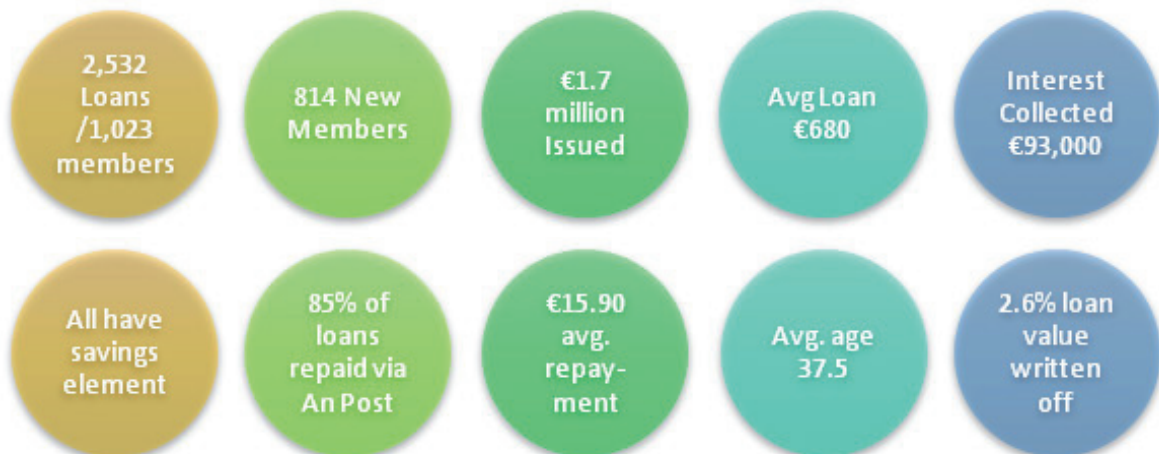
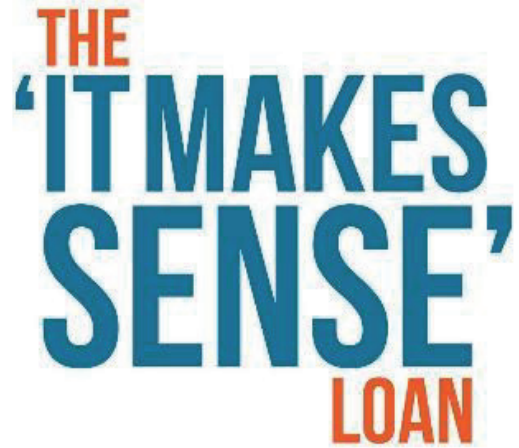
### Financial Cooperative

As a credit union, we are a member-owned not-for-profit financial cooperative where we save with each other to provide a loan fund to lend to each other. As we grow, as we develop our structures, it is imperative that we take a step back from the daily pressures to remember our purpose. As your CEO it is my job, on behalf of the board and on behalf of you the members to continue to ensure that we live our purpose every-day.

### It Makes Sense Loan

It Makes Sense Loan initiative was launched as a pilot scheme in November 2015 in response to the growing money lender problem in Ireland. The latest figures available from the central bank show that there are 330,000 people with loans from money lenders, that is approximately 1 out of every 9 adults between 18 & 65. A purpose for which credit unions were established 60 years ago was to eradicate money lenders. Unfortunately, they still exist.

In Core Credit Union we have been very active in ensuring that our community has an alternative. In the 2½ year duration of the It Makes Sense Loan initiative we have issued 2,532 loans to 1,023 members totalling €1.7 million. 814 new members have joined the credit unions as a direct result. More importantly, these members have saved approximately €500,000 in interest that would otherwise have gone to moneylenders.



Approximate interest savings to individuals within the Core Community (based on an alternative high cost loan of 188%): €500,000

I'm proud to say that Core Credit Union is the leading credit union in the country involved in this initiative responsible for issuing 9% of the loans nationwide. I would like to take this opportunity to say thank you to the tremendous hard work of our staff for making this such a success.

## Report of the CEO (Continued)

### Regulation, Risk & Compliance

New regulations are being applied to credit unions and the broader financial services industry at an ever-increasing rate with the requirement to apply increased resources to risk and compliance functions.

These regulations are of critical importance with the underlying purpose being to ensure that your savings remain protected. 2018 saw the introduction of General Data Protection Regulations (commonly referred to as GDPR) and Central Credit Register (CCR).

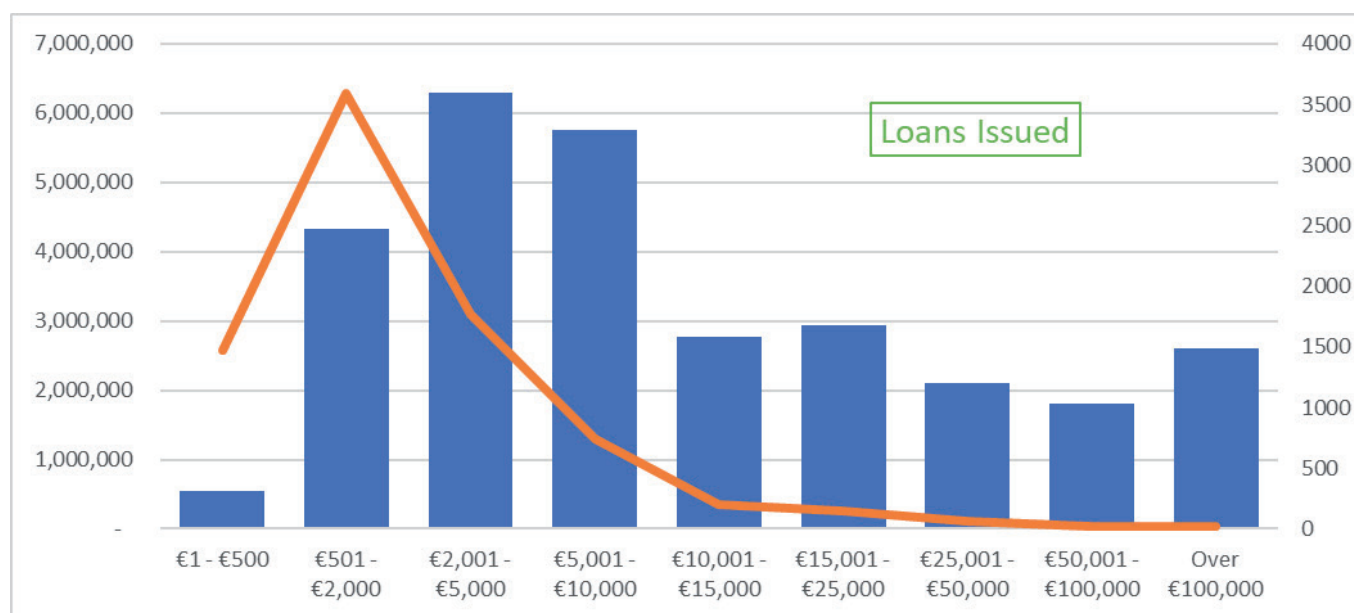
The purpose of GDPR is to ensure that companies dealing with customers personal data, do so in a way that respects the rights of the customer. As a credit union, we hold significant amounts of personal data on your behalf and are always acutely aware of our responsibility to both protect and respect it.

The CCR is a national statutory register for all loans greater than €500 which will help us make better lending decisions, and it is already helping us recover previously written off loans.

### Lending

1 out of 5 loans issued for the year was for less than €500 and 3 out of 5 loans issued were for less than €2,000. This represents 17% of the total loans issued with the majority of the value of the loans issued coming from larger loans.

The past 12 months have seen the continued shift to larger loans with home improvements featuring very strong. More details on loans are included in the report of the credit committee.



### Members Service Centre.



In March we opened our member's services centre to deal with the increased volume of phone calls and email enquiries, and in a short space of time, this has become a vital service for members. During the 6 months to the end of September, the MSC dealt with 21,000 phone calls.

## Report of the CEO (Continued)

### Current Accounts

Many members have been seeking current accounts from us for a long time. We have been involved in a project to bring current accounts to credit unions for the past number of years. Through this collaboration, we, along with 38 credit unions will begin launching current accounts in 2019. The credit union current account will bring the personal service you expect along with the online services and ability to use your current account around the globe.



### Year-End Results

With the majority of our assets sitting in investments rather than being lent out to members the current low rate of interest is having a significant impact on our results. It's imperative that more members choose to borrow from us rather than continuing to save.

The loan book at 30th September 2018 stood at €45.1m, up €7.3m (19%) from 2017. Our total assets increased by €12 million during the year on the back of an extraordinary increase in member savings. This is putting considerable pressure on our reserves position with our total reserves ratio dropping to 13.3% from 14.0% in 2017.

Our income for the year increased by €464k, and our net expenses remained in line with 2017. This resulted in a surplus of €919k for the year which is double the surplus from 2017. 2019 will see a big effort on trying to reduce some of our fixed overheads. However, there's likely to be a lag in seeing the full extent of these changes until 2020. After wages, the single largest expense we incur is member insurances which account for 36% of our management expenses. These insurances are currently being reviewed.

The outlook for 2019 & 2020 is very positive, and if we can continue to achieve prudent growth in the loan book, we will be in a position to begin to increase our reserves.

### Challenges

Due to the capital structure of credit unions, the significant growth in members savings is putting unsustainable pressure on our reserves. To put some context on the challenge; at the end of September 2011 combined members savings in our 7 offices was €81.6 million, combined members savings now stand at €118 million, which is an increase of €36.4 million (45%) in 7 years. To meet our regulatory obligations, we would need to set aside a reserve of €3.64 million to cover these shares. In the current low-interest rate environment this has not been possible.

### Share Cap

We find ourselves in a similar position to many other credit unions. During the year and after several meetings analysing in detail our options the Board decided that it would be prudent and fairer to put a share cap in place. This share cap will come into effect early in 2019 and all members directly impacted will be communicated with. The new share/savings structure that will exist following the introduction of the cap will be:

- Max shares of €20,000 per member which may receive a dividend as normal.
- Savings above €20,000 will be held in a deposit account and will receive deposit interest. The rate of interest on these accounts will be initially set at 0%.
- Total maximum savings of €100,000 per member as Central Bank regulatory cap.

## Report of the CEO (Continued)

Analysis of total savings	No.	%	Amount €	%
≤ €10,000	31,518	91.41	51,219,160	43.33
€10,001 - €20,000	1,816	5.27	25,022,404	21.17
€20,001 - €50,000	933	2.71	27,430,877	23.21
€50,001 - €100,000	211	0.61	14,525,662	12.29
	34,478	100.00	118,198,103	100.00

The above table outlines the distribution of members savings. The proposed change will have no impact on 97% of members who have savings of less than €20,000. 3% of members hold more than €20,000 in savings and account for 35.5% of our total members savings.

### Online Services

During 2019 we will be rolling out a range of improvements to our online systems. This will begin with the ability for people to join the credit union online. Electronic signatures will also be introduced which will facilitate members completing all their credit agreements and other statutory documents without the need to call into the office. Current account and improved loan application process will also be rolled out.

### Thank you.

I'd like to say thank you to all our staff to their continued commitment to providing great member services every day in an ever-changing and challenging environment. I'd also like to say thank you to our board of directors and board oversight committee who as volunteers continue to ensure that members remain central to our strategic decisions. Finally, I'd like to say thank you to our members who continue to believe in the credit union principles of saving together and lending to each other.

**Michael Byrne**

**CEO**

## Report of the Board Oversight Committee

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

As required by the Act we held four meetings with the Board of Directors to assess their performance. We are satisfied that all duties and responsibilities were carried out in accordance with the Rules and Regulations as set down in the Act. We checked Policies and found them up to date as required. We attended all meetings held by the Board of Directors. We want to thank the Directors, Management and Staff for their co-operation and assistance throughout this year.

Under the Credit Union Act 1997(as amended) we are required to provide an annual Compliance Statement to our Members at the AGM each year. We are satisfied that the Board of Directors has complied with and operated in accordance with Part IV and Part IV (A) of the Act.

**Arthur Duignan**  
Chairperson

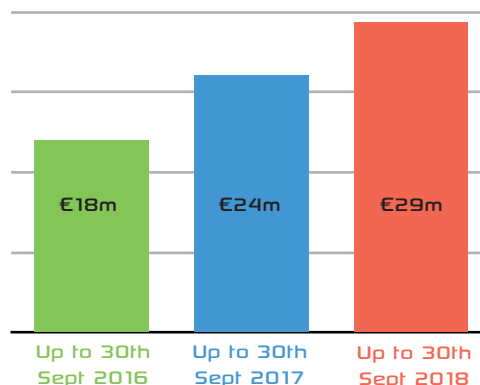
## Report of the Credit Committee

I am pleased to report this year again has been a very good year, we are continuing to see a considerable increase in loans issued to members. Up until 30th September 2018 we issued loans with a value of €29m.

### What are members borrowing for?

With the economy improving we are seeing an increase in the demand for larger loans; people now have the confidence to undertake significant home improvement projects and to purchase newer cars. Education loans have also experienced a large increase, where we offer a very competitive rate of 6.5%. Through the SEAI we introduced a home energy loan with a rate of 6.9% as part of a national scheme to improve the energy efficiency of the housing stock.

### Total Value of Loans Issued



Large loans go through a rigorous assessment to ensure affordability and ability to repay. We are conscious that deciding to borrow is a big decision and strive to make the process as seamless as possible for members. Something we’ve really noticed this year is the number of younger people becoming members, the average age of borrower the last 3 years has reduced to 44 from 45. Young couples returning to Ireland from the UK, Australia etc. are keen to build up a credit history with the credit union rather than the Banks and are also opening accounts for their children. They have advised us if they could carry out all of their business through the credit union rather than the Banks they would. With this in mind we continue to review relevant products that we can provide.

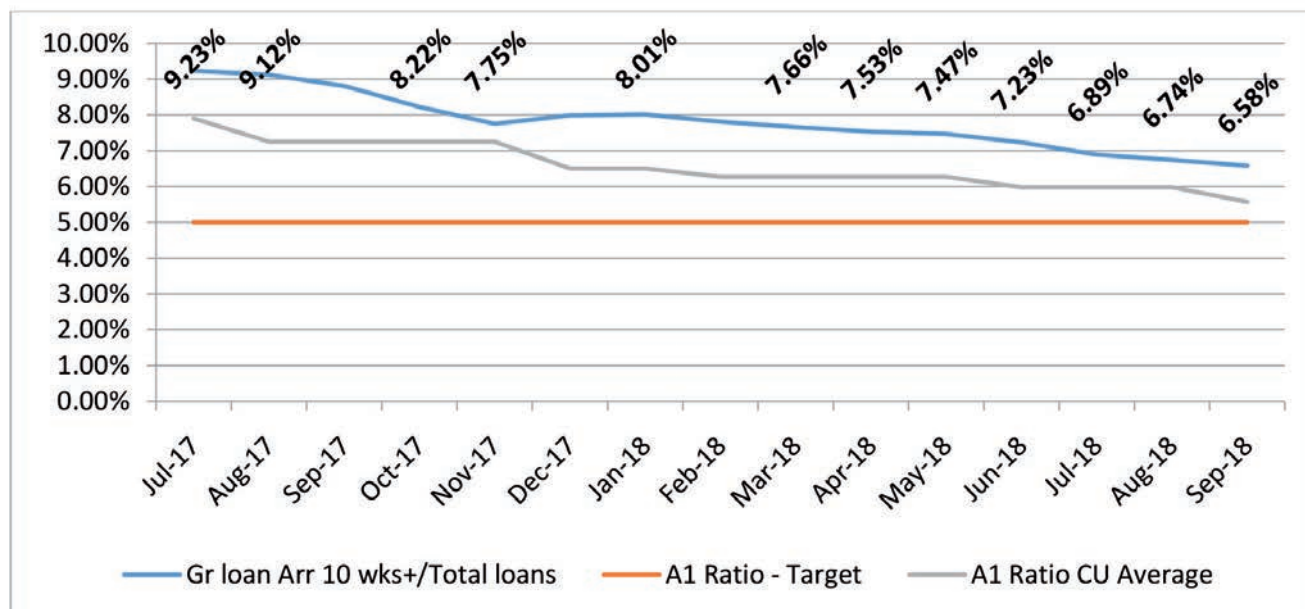
At the year-end our loan book was over €45m with the majority of the growth coming from the longer-term lending. These loans provide greater stability for the credit union and our loan interest income. The Central Bank have recently published a consultation paper on longer term lending for credit unions which we will consider in detail and reply to. Member loan demand is for longer term rather than shorter term loans and our regulations need to allow us meet this member demand.

**Committee Members: Michael Byrne, Mark Ryan, Paul Maher, Liz Harpur, Anne Byrne.**

## Report of the Credit Control Committee

The Credit Control Committee oversees the Credit Control function within Core Credit Union. We constantly monitor loan arrears, ensuring members repayments are in compliance with their agreements. We are pleased to report that 90% of our members are keeping to their agreed repayments, and that the decrease in the number and amounts of loans in arrears has continued again this year.

### Trend of Gross Loans in Arrears



The Credit Control Committee meets on a monthly basis, we work closely with the credit control department. We ensure credit control engages proactively with members in arrears, particularly in the early stages of default. We would urge members who find themselves in financial difficulties to contact us immediately. Core Credit Union is committed to assisting members in genuine financial difficulties. We can generally agree a solution based on individual circumstances.

In addition to monitoring loan accounts, monthly reports and recommendations were made to the Board of Directors. Recommendations were made in relation to accounts where debt collection agencies and legal advisors were required in order to recover outstanding debts.

**We would like to remind members this year that the new Central Credit Register will hold information on loan repayments for 5 years after the loan has been repaid. Missed repayments will be recorded on the Register and this can affect your Credit Rating and therefore your ability to access credit in the future from all Financial Institutions.**

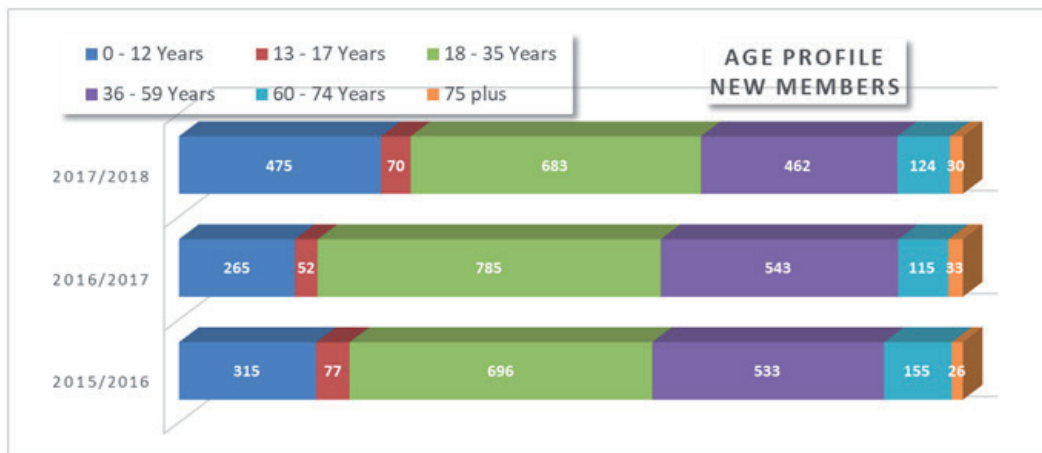
We would like to thank the Board of Directors, the Management Team and Staff for their support over the past year.

**Committee Members: Catherine Holden, Patricia Kinsella, Jean O'Hara, Paul Roche and Rose Walsh.**

## Report of the Membership Committee

### New Members

2017/2018 has again seen strong numbers of new members opening accounts. In total 1844 (2017: 1793) people opened accounts with Core Credit Union. As you can see from the graph below, a large number of new members are under 35. We have also seen a large increase in new members under 16, this is down to the number of new schools joining up to our school savings scheme (M3 Money Club)

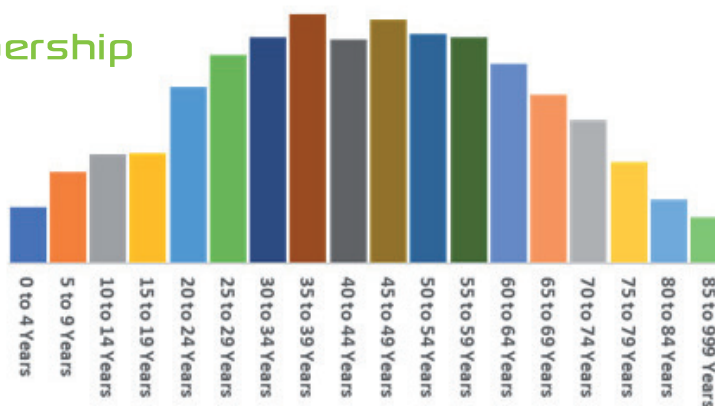


### Electronic Membership

In the coming months we hope to launch our electronic membership. This will allow people to open accounts with Core Credit Union, at any time of the day, without having to call in to one of our offices. We are working with our IT supplier on this new form of membership and aim to launch it in 2019.

### Age breakdown of Membership

The graph below shows the breakdown of the membership of Core Credit Union as of the 30th of September 2018. The average age of our membership is 44.



### Membership Breakdown

	30/09/18	30/09/17
Adult	30,827	30,591
Juvenile (Under 16)	3,239	2,665
Groups	78	61
	34,144	33,317

### M3 Money Club

We are delighted to announce that the M3 Money Club continues to grow in popularity. The scheme encourages primary school children to develop a savings habit and is available to all schools within the common bond. If you would like to see your child's school provide the scheme, please contact Core Credit Union.

Committee Member: Siobhan Best.

## Report of the Risk, Audit & Compliance Committee

The Board of Directors have overall responsibility for ensuring Core Credit Union has appropriate and prudent policies, procedures and controls to manage risk and ensure compliance with statutory requirements.

The role of the Risk, Compliance and Audit committee is to assist the Board in carrying out its statutory and regulatory obligations through its Risk Management, Compliance and Internal Audit Functions. The Audit, Risk and Compliance Committee, together with the board of directors and the management team, recognises the importance of safeguarding members' funds to ensure they are not put at risk.

The Committee engaged extensively during the year, meeting on 9 occasions with the Risk and Compliance Officer.

This engagement encompassed the following activities.

- Overseeing the Risk and Compliance Plans
- Overseeing the Reporting on the progress of the Risk and Compliance Plans
- Full Annual Review of all Risks on the Risk Management system
- Reviewing the performance of the Internal Auditors
- Reviewing the performance of the Risk and Compliance Officer
- Reviewing the outputs from all testing
- Reviewing new legislation and regulation as it comes into effect and the effect it will have on Core Credit Union such as GDPR

In addition, Core Credit Union underwent a Central Bank PRISM visit along with a themed inspection on car draws. The Audit, Risk and Compliance committee are continually improving the controls based on the recommendations made by the Central Bank, our Internal Auditors Moore Stephens and also our external auditors Grant Thornton.

The members of the Audit, Risk and Compliance committee wish to express their thanks to the staff and management of Core Credit Union who assisted the committee in carrying out its function.

I wish to express my sincere gratitude to my colleagues on the Audit, Risk and Compliance Committee for their hard work and dedication during the year.

### **Committee Members:**

**Elaine Hughes (Chair), Liam Sullivan, Martina Cox, Siobhan Hackett, Deirdre Keane**

## Report of the Insurance Officer

### INSURANCE REPORT

A key and important benefit for Members is Loan Protection and Life Savings insurance. The former provides repayment of the outstanding debt in the event of the death of the Member and the latter pays a benefit relating to the value of the shares held at the date of the death. This cover is arranged with ECCU Assurance Company Limited, a subsidiary of the Irish League of Credit Unions.

Further, additional life cover is provided for Members through Death Benefit Insurance.

These covers are provided free of charge to you, our Members, with the premiums payable to ECCU Assurance Company Limited. This is a significant operating cost for the credit union and it accounted for almost one quarter of total costs in the financial year. The sustainability of free insurance offerings will be determined by cost and the Board are currently conducting a thorough review of insurance offerings.

The table below shows the claims history processed last year: 30/09/2018

	No.	€
Claims Received		
Loan Protection Insurance	54	142,176
Life Savings Insurance	187	339,492
Death Benefit Insurance	162	<u>213,850</u>
Total Claims Received		695,518
Total Premiums Paid		<u>901,616</u>
Excess of Premiums over Claims		206,098

### IMPORTANT CHANGES

The benefit payable under Death Benefit Insurance is €1,300. From 31st December 2018 Members must have a minimum of €500 in their account to be eligible for this insurance.

## Report of the Nomination Committee / Notice of Elections

### Volunteers Recruitment

It has been another challenging year for the Nomination Committee with our search for new volunteers. We had a recruitment drive during the year in which members were encouraged to become volunteers in your Credit Union with a view to joining the Board of Directors or the Board Oversight Committee in time. We reviewed the composition of the Board and targeted members with particular skills, diversity and experience to volunteer to ensure effective oversight of Core Credit Union. These new volunteers are up for election at this meeting tonight.

### Election

The committee have identified and accepted the nominations of candidates and would like to propose all candidates for election at this meeting. All candidates have completed the Due Diligence process and have agreed to abide by the standards of Fitness and Probity as laid down by the Central Bank of Ireland. The committee would like to advise members that in accordance with the Act, Nominations may not be taken from the floor at this meeting.

### Training

During the year the committee have facilitated all mandatory training for volunteers, including Induction training for new Directors and additional training with Motherway Consulting. The committee will continue to encourage volunteers and Directors to avail of all training necessary.

**Committee Members: Siobhán Hackett (Chair), Mary Burnham, Tony Kirwan, Alan Guerins.**

## Candidates for Election

### Board of Directors Nominees



#### Elizabeth Harpur

Liz Harpur is Chair of Core Credit Union Board of Directors and previously held positions of Vice-Chair and Secretary. She has 10 years of extensive experience in many aspects of the Credit Union both as an ex-staff member and board director with membership of many of the board's committees including Credit, Strategy, Remuneration and Complaints Committees. Liz holds a diploma and certificate in Credit Union Governance and has qualifications in Ethics, GDPR, Anti-Money Laundering and Leadership.



#### Martina Cox

Martina Cox was looking for a way to use her free time in a productive way. Having worked in the funds industry in both finance and project management for over 12 years she felt the credit union would be a great way to both learn more, give back to the community and share her experience and knowledge. Martina lives in Glenageary with her two young sons and husband

## Board of Directors Nominees (Continued)



### John O'Reilly

John brings a wealth of experience in the Credit Union movement to the Board. He has previously volunteered at Army Naval Service Air Corps Credit Union (ANSAC); holding positions of Membership Officer, Insurance Officer, Chair of Internal Audit, Chair of Risk and Compliance Committees, Chairperson of the Board. He has a degree in Credit Union Business from University College Cork. John is currently employed as a painter/decorator. He was co-opted onto the board during the year and will be going up for election at the AGM.



### John T Murphy

John has extensive knowledge of the Credit Union sector and has served as both Chair of Dalkey Credit Union and Vice Chair and Chair of Core Credit Union over the years. John was involved in the steering committee for the formation of Core Credit Union and has also served on the Remuneration and Nomination Committees. After a short time away from the board John was co-opted onto the board during the year and will be going up for election at the AGM.



### Mary O'Riordan

Mary enjoyed her time working in the restaurant business but took time out to retrain as an Accountant. She began working as an accounts payable clerk for a local business in 2010 and since that period she has advanced to Management Accountant. Mary has been a long-time credit union member, she has a keen eye for detail and will be a great addition to the team of volunteers on the board at Core Credit Union.



### Mary Burnham

Mary Burnham has been a director with Core Credit Union for three years, and previous to that was on the board at Glashule / Dún Laoghaire Credit Union. In that time she has seen incredible changes and faced many challenges particularly with the increasing regulatory requirements. Mary is currently on the Nominating Committee and also the Property Committee. It is mostly through juggling parenting with work commitments herself that Mary has a great empathy with parents who often struggle to make ends meet and she is determined to ensure that credit at a reasonable rate is available for everyone in the community.

## Board Oversight Committee Nominee



### Ann Flanagan

Ann has been a member of the Credit Union for over 20 years. She has previously served on a number of committees of Shankill Ballybrack and District Credit Union including oversight, marketing and membership and as a board member until the formation of Core Credit Union. She also holds a Certificate in Credit Union Governance from UCC. Ann served on the board of Dún Laoghaire MABS until restructuring of the service. A retired civil servant with over 30 years working in a highly regulated environment, she hopes to bring this experience to assist in her role as board oversight committee member.



### Deirdre Keane

The Keane family are all credit union members and they, like Deirdre, value its community ethos of availability to all members of society. Deirdre feels a responsibility to support the growth of Core credit union and for the financial well-being of its members. Deirdre runs her own leadership development business, has a degree in Business and Languages, with further qualifications in coaching, mentoring and managing business networks.

## Report of the Strategic Planning Committee

During the year the Board established a Strategic Planning Committee to develop a new strategic plan for the next five years. Many meetings were held and we had several workshops with industry experts. All of the information and knowledge gathered was distilled by the committee who brought forward several drafts of the plan to the Board for consideration.

The plan was signed off by the Board during the summer and will guide us in our decision making and direction during the coming years. The strategic plan has two main drivers, first are the Pillars and second are the Enablers

Pillars		Enablers
<b>Purpose</b>	This includes our vision, mission and values. All decisions made at every level of the organisation must be traceable to and reflective of our Purpose. Being clear on Purpose illuminate's decision making and creates the context within which to build a strong and cohesive team and a relevant and valuable product portfolio.	<b>Technology</b>
<b>People</b>	This includes our members, staff, Board and volunteers. All strategies fail or succeed on the back of their people. CORE will keep their members central to all decisions. This forthcoming period will include a renewed focus on the strategic development of our staff and Board to ensure we have the competencies required to deliver on the goals outlined in our strategy.	
<b>Partners</b>	'No man is an island' and neither is a Credit Union! CORE does not exist in a bubble. The extent to which CORE succeeds is influenced by the role, agendas and effectiveness of our key, strategic partners. It is our intention to ensure transparent and effective relationships with all Partners.	<b>Communication</b>
	Our Partners include: Central Bank of Ireland (CBI), the Representative Bodies - Irish League of Credit Unions (ILCU), Credit Union Development Association (CUDA), alliances which include PAYAC, CUMA, Research Bodies and our IT providers.	
<b>Products</b>	During the period of this strategic plan, there will be a sea change regarding new services and products for our membership. The coming to market of a current account for members is the first new service since loans and savings were offered by Credit Unions since the 1960's. There will be further developments in product offering to enable deeper penetration of our membership throughout our common bond.	<b>Property &amp; Investments</b>
<b>Profitability</b>	CORE is a not for profit entity. This means we return profits made to our membership. The combination of regulation, post mergers / acquisition phase and technologically adapted member behaviours and norms, challenges us to protect our profitability. This strategy outlines our focus and the initiatives to be taken across the Organisation to sustain and strengthen the profitability of CORE.	<b>Amalgamations</b>

**Committee Members: Deirdre Keane (Chair), Alan Guerins, Liz Harpur, Siobhán Hackett.**

## The Report of the Property Committee

The Property Committee is tasked with identifying properties better suited to serving our members regarding the location and branch design, which are more cost effective to operate and can deliver increased footfall. During the year the credit union purchased a retail unit at No.2 Castlegate at the cost of c.€290k which included the purchase price, legal & professional fees and stamp duty. This unit will replace/replaces the Carrickbrennan Office currently located at Monkstown Farm. As many of our current offices have space which is underutilised, it makes economic sense to right-size offices to minimise property-related expenses. The floor area of the new premises at 79 square metres will see a 60% reduction in floor space when compared to the premises at Monkstown Farm. Members were encouraged to participate in a process to find a suitable name for the new premises.

Regarding footprint, the floor area of our current office network is outlined in the table below. Also outlined is our target right-sized floor area along with what we are likely to achieve.

Office	Current Floor Area	Right Sized Floor Area	Likely Outcome	Comment
Carrickbrennan	195 m <sup>2</sup>	90 m <sup>2</sup>	79 m <sup>2</sup>	New unit purchased
Dalkey	121 m <sup>2</sup>	80 m <sup>2</sup>	80 m <sup>2</sup>	Options limited
Sallynoggin	207 m <sup>2</sup>	120 m <sup>2</sup>	207 m <sup>2</sup>	Currently operating effectively, options limited
Ballybrack	225 m <sup>2</sup>	160 m <sup>2</sup>	225 m <sup>2</sup>	
Shankill	321 m <sup>2</sup>	120 m <sup>2</sup>	160 m <sup>2</sup>	Options limited
Dun Laoghaire	840 m <sup>2</sup>	160 m <sup>2</sup>	160 m <sup>2</sup>	Currently looking at options
Foxrock	224 m <sup>2</sup>	80 m <sup>2</sup>	80 m <sup>2</sup>	Lease until 2024
Administration	n/a	500 m <sup>2</sup>	480 m <sup>2</sup>	Contracts signed
<b>Total Area</b>	<b>2,133 m<sup>2</sup></b>	<b>1,310 m<sup>2</sup></b>	<b>1,471 m<sup>2</sup></b>	

The current structure of having management and administration staff dispersed across several locations is inefficient. The optimum property network for Core Credit Union would see the acquisition of an administration building to house all management and administration staff in one location which would serve our network of members' offices. The Property Committee has identified a suitable premises and hopes to complete a deal in the coming financial year.

The likely reduction in office space should yield a reduction of 31% in the office space we occupy, and we would hope to see similar reductions in property-related expenses.

The property committee is committed to ensuring that we have a cost-effective delivery of services to members throughout all of our offices into the future.

**Committee Members: Alan Guerins, Liam Sullivan, Mary Burnham.**

# CORE CREDIT UNION LTD

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

# Core Credit Union Ltd.

## AUDITED FINANCIAL STATEMENTS

### for the year ended 30 September 2018

#### Directors' Report

For the financial year ended 30 September 2018

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2018

#### 1. Principal Activity

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

#### 2. Authorisation

The credit union is authorised as follows:

- Investment Intermediaries (Restricted Activity Investment Product Intermediary) pursuant to Section 26 of the Investment Intermediaries Act, 1995 (as amended).
- Service Providers holding appointments from IIA product producers, including intermediaries that may issue appointments, appearing in the register maintained under Section 31 of the Investment Intermediaries Act, 1995 (as amended).
- Entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.

#### 3. Business Review

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

#### 4. Dividends

The surplus for the financial year is set out in the income and expenditure account on page 30. The Directors are proposing a dividend in respect of the year ended 30 September 2018 of €110,912 (0.10%) (2017: €150,930 (0.15%)).

#### 5. Principal Risks and Uncertainties

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

##### **Credit risk**

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss.

##### **Lack of loan demand**

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

##### **Market risk**

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

##### **Liquidity risk**

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

##### **Operational risk**

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

## Directors' Report (Continued)

For the financial year ended 30 September 2018

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

### **Credit risk**

In order to manage this risk, the board of directors regularly reviews and approves the credit union's loans policy. All loan applications are assessed with reference to the loans policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

### **Lack of loan demand**

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

### **Market risk**

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

### **Liquidity risk**

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

### **Operational risk**

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

## 6. Accounting Records

The directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the credit union are maintained at the credit union's premises at Main Street, Shankill, Dublin 18.

## 7. Events after the end of the Financial Year

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

## 8. Auditors

Grant Thornton were appointed as auditors during the year and in accordance with Section 115 of the Credit Union Act, 1997 (as amended), the auditors Grant Thornton offer themselves for re-election.

This report was approved by the board on 22/10/2018 and signed on its behalf by:

**Elizabeth Harpur** - Chairperson of the Board of Directors

**Elaine Hughes** - Vice Chairperson of the Board of Directors

Date: 22/10/2018

## Directors' Responsibilities Statement

For the financial year ended 30 September 2018

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. The directors are also responsible for preparing the other information included in the annual report. The Credit Union Act, 1997 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the credit union and of the income and expenditure of the credit union for that period.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reason for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The directors are responsible for ensuring that the credit union keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the credit union, enable at any time the assets, liabilities, financial position and income and expenditure of the credit union to be determined with reasonable accuracy, enable them to ensure that the financial statements comply with the Credit Union Act 1997 (as amended) and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the board on 22/10/2018 and signed on its behalf by:

**Elizabeth Harpur** - Chairperson of the Board of Directors

**Elaine Hughes** - Vice Chairperson of the Board of Directors

Date: 22/10/2018

## Board Oversight Committee's Responsibilities Statement

For the financial year ended 30 September 2018

The Credit Union Act, 1997 (as amended) requires the appointment of a board oversight committee to assess whether the board of directors has operated in accordance with part iv, part iv (a) and any regulations made for the purposes of part iv or part iv (a) of the Credit Union Act, 1997 (as amended) and any other matter prescribed by the Central Bank of Ireland in respect of which they are to have regard to in relation to the board of directors.

This statement was approved by the Board Oversight Committee on 22/10/2018 and signed on its behalf by:

**Arthur Duignan** - Chairperson of the Board Oversight Committee

Date: 22/10/2018

## Independent Auditors' Report to the Members of Core Credit Union Limited

### Opinion

We have audited the financial statements of Core Credit Union Limited, which comprise the income and expenditure account, the statement of comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2018, and the related notes to the financial statements, including the summary of significant accounting policies.

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

In our opinion, Core Credit Union Limited's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the credit union's affairs as at 30 September 2018 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions Relating to Going Concern

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

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

### Other Information

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

## Independent Auditors' Report to the Members of Core Credit Union Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Matters on Which we are Required to Report by the Credit Union Act, 1997 (as amended)

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

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

### Responsibilities of Directors for the Financial Statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Responsibilities of the auditor for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgement and maintain professional scepticism throughout the audit. The auditor will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Independent Auditors' Report to the Members of Core Credit Union Limited (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the credit union's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the credit union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

### The Purpose of our Audit Work and to whom we owe our Responsibilities

This report is made solely to the credit union's members, as a body, in accordance with section 120 of the Credit Union Act, 1997 (as amended). Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date: 22/10/2018

## Income and Expenditure Account

For the financial year ended 30 September 2018

		2018	2017
	Schedule	€	€
<b>Income</b>			
Interest on members' loans		3,712,118	3,275,953
Other interest and similar income	1	930,737	925,163
<b>Net interest income</b>		<b>4,642,855</b>	<b>4,201,116</b>
Other income	2	61,086	38,630
<b>Total income</b>		<b>4,703,941</b>	<b>4,239,746</b>
<b>Expenditure</b>			
Employment costs		1,351,303	1,275,172
Other management expenses	3	2,472,575	2,294,533
Depreciation		240,711	276,758
Net impairment losses/(gains) on loans to members (note 5)		(279,308)	(64,329)
<b>Total expenditure</b>		<b>3,785,281</b>	<b>3,782,134</b>
<b>Surplus for the financial year</b>		<b>918,660</b>	<b>457,612</b>

The Financial Statements were approved and authorised for issue by the board on 22/10/2018 and signed on behalf of the credit union by:

**Elizabeth Harpur** - Chairperson of the Board of Directors

**Arthur Duignan** - Chairperson of the Board Oversight Committee

**Michael Byrne** - CEO

Date: 22/10/2018

## Statement of Comprehensive Income

For the financial year ended 30 September 2018

	2018	2017
	€	€
Surplus for the financial year	918,660	457,612
Other comprehensive income	-	-
<b>Total comprehensive income for the financial year</b>	<b>918,660</b>	<b>457,612</b>

The Financial Statements were approved and authorised for issue by the board on 22/10/2018 and signed on behalf of the credit union by:

**Elizabeth Harpur** - Chairperson of the Board of Directors

**Arthur Duignan** - Chairperson of the Board Oversight Committee

**Michael Byrne** - CEO

Date: 22/10/2018

## Balance Sheet

As at 30 September 2018

	Notes	2018	2017
		€	€
<b>Assets</b>			
Cash and balances at bank		1,829,003	2,867,391
Deposits and investments – cash equivalents	7	16,853,828	19,842,729
Deposits and investments – other	7	70,540,560	62,094,680
Loans to members	8	45,104,298	37,802,072
Provision for bad debts	9	(1,902,384)	(1,991,649)
Tangible fixed assets	10	3,620,739	3,369,726
Investment property	11	475,000	475,000
Debtors, prepayments and accrued income	12	273,988	327,502
<b>Total assets</b>		<b>136,795,032</b>	<b>124,787,451</b>
<b>Liabilities</b>			
Members' shares	13	115,740,093	105,032,560
Members' stamps	13	2,433,023	2,004,890
Members' budget accounts	13	12,303	6,267
Other liabilities, creditors, accruals and charges	14	345,832	249,556
Other provisions	15	14,546	12,675
<b>Total liabilities</b>		<b>118,545,797</b>	<b>107,305,948</b>
<b>Reserves</b>			
Regulatory reserve	17	14,145,280	13,102,000
Operational risk reserve	17	1,132,432	1,132,432
Other reserves			
- Realised reserves	17	2,504,044	3,026,566
- Unrealised reserves	17	467,479	220,505
<b>Total reserves</b>		<b>18,249,235</b>	<b>17,481,503</b>
<b>Total liabilities and reserves</b>		<b>136,795,032</b>	<b>124,787,451</b>

The Financial Statements were approved and authorised for issue by the board on 22/10/2018 and signed on behalf of the credit union by:

**Elizabeth Harpur** - Chairperson of the Board of Directors

**Arthur Duignan** - Chairperson of the Board Oversight Committee

**Michael Byrne** - CEO

Date: 22/10/2018

## Statement of Changes in Reserves

For the Financial Year Ended 30 September 2018

	Regulatory reserve €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Total €
<b>As at 1 October 2016</b>	<b>11,854,851</b>	<b>1,132,432</b>	<b>4,276,680</b>	<b>62,361</b>	<b>17,326,324</b>
Surplus for the financial year	-	-	457,612	-	457,612
Dividends and loan interest rebates paid	-	-	(302,433)	-	(302,433)
Transfer between reserves	1,247,149	-	(1,405,293)	158,144	-
<b>As at 1 October 2017</b>	<b>13,102,000</b>	<b>1,132,432</b>	<b>3,026,566</b>	<b>220,505</b>	<b>17,481,503</b>
Surplus for the financial year	-	-	807,585	111,075	918,660
Dividends paid	-	-	(150,928)	-	(150,928)
Transfer between reserves	1,043,280	-	(1,179,179)	135,899	-
<b>As at 30 September 2018</b>	<b>14,145,280</b>	<b>1,132,432</b>	<b>2,504,044</b>	<b>467,479</b>	<b>18,249,235</b>

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2018 was 10.34% (2017: 10.50%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2018 was 0.83% (2017: 0.91%).

The notes on page 34 to 48 form part of these financial statements.

## Statement of Cash Flows

For the financial year ended 30 September 2018

	Notes	2018 €	2017 €
<b>Opening cash and cash equivalents</b>		<b>22,710,120</b>	<b>20,181,090</b>
<b>Cash flows from operating activities</b>			
Loans repaid by members	8	21,575,489	20,670,351
Loans granted to members	8	(29,161,164)	(24,102,178)
Loan interest		3,712,118	3,275,953
Investment interest		930,737	925,163
Bad debts recovered and recoveries		473,492	450,943
Other receipts		61,086	38,630
Dividends paid		(150,928)	(137,067)
Loan interest rebate paid		–	(165,366)
Operating expenses		(3,823,878)	(3,569,706)
Movement in other assets and liabilities		151,661	(191,004)
<b>Net cash flows from operating activities</b>		<b>(6,231,387)</b>	<b>(2,804,281)</b>
<b>Cash flows from investing activities</b>			
Fixed asset purchases/disposals		(491,724)	(55,298)
Net cash flow from other investing activities		(8,445,880)	(4,192,824)
<b>Net cash flows from investing activities</b>		<b>(8,937,604)</b>	<b>(4,248,122)</b>
<b>Cash flows from financing activities</b>			
Members' shares received		49,307,814	43,940,526
Members' shares withdrawn		(38,600,281)	(34,572,275)
Members' stamps received		4,749,406	4,089,294
Members' stamps withdrawn		(4,321,273)	(3,878,814)
Members' budget accounts received		135,232	94,918
Members' budget accounts withdrawn		(129,196)	(92,216)
<b>Net cash flow from financing activities</b>		<b>11,141,702</b>	<b>9,581,433</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,027,289)</b>	<b>2,529,030</b>
<b>Closing cash and cash equivalents</b>	6	<b>18,682,831</b>	<b>22,710,120</b>

The notes on page 34 to 48 form part of these financial statements.

## Notes to the Financial Statements

For the financial year ended 30 September 2018

### 1. Legal and Regulatory Framework

Core Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the credit union is located at 33/34 Church Road, Glenageary, Ballybrack, Co. Dublin.

### 2. Accounting Policies

#### 2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

#### 2.2 Statement of compliance

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

#### 2.3 Going concern

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

#### 2.4 Income

##### Interest on members’ loans

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

##### Deposit and investment income

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

##### Other income

Other income is recognised on an accruals basis.

#### 2.5 Investments

The specific investment products held by the credit union are accounted for as follows:

##### Held at amortised cost

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

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

### Central Bank Deposits

Credit unions are obliged to maintain certain deposits with the Central Bank. These deposits are technically assets of the credit union but to which the credit union has restricted access. The funds on deposit with the Central Bank attract nominal interest and will not ordinarily be returned to the credit union while it is a going concern. The amounts are stated at the amount deposited plus accrued income and are not subject to impairment reviews.

### Investments at Fair Value

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

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

## 2.6 Tangible fixed assets

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Premises	2% straight line per annum, the residual value is not depreciated
Fixtures, fittings and equipment	20%/14% straight line per annum
Computer equipment	20%/33.33% straight line per annum
Motor vehicles	20% straight line per annum

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

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

## 2.7 Impairment of tangible fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income and expenditure account. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income and expenditure account.

### 2.8 Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in the income and expenditure account. No depreciation is provided.

### 2.9 Taxation

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

### 2.10 Cash and cash equivalents

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

### 2.11 Financial assets – loans to members

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

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

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 Provision for bad debts

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

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

### 2.13 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.

### 2.14 Financial liabilities – members' savings

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

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

### 2.15 Holiday pay

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

### 2.16 Pension costs

The credit union operates a defined contribution pension scheme. The assets of these schemes are held separately from those of the credit union in independently administered funds. Employer contributions to the scheme are charged to the income and expenditure account in the period to which they relate.

### 2.17 Other payables

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

### 2.18 Derecognition of financial liabilities

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

### 2.19 Distribution policy

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

The rate of dividend recommended by the board will reflect:

- the risk profile of the credit union, particularly in its loan and investments portfolios;
  - the board's desire to maintain a stable rather than a volatile rate of dividend each year; and
  - members' legitimate dividend expectations;
- all dominated by prudence and the need to sustain the long-term welfare of the credit union.

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

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

### 2.20 Regulatory Reserve

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

### 2.21 Operational Risk Reserve

Section 45(5)(a) of the Credit Union Act, 1997 (as amended) requires each credit union to maintain an additional reserve that it has assessed is required for operational risk having regard to the nature, scale and complexity of the credit union. Credit unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business model.

The Directors have considered the requirements of the Act and have calculated the operational risk reserve requirement by reference to the predicted impact of operational risk events that

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

may have a material impact on the credit unions' business.

### 2.22 Other Reserves

Other reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members. The other reserves are subdivided into realised and unrealised. In accordance with the Central Bank guidance note for credit unions on matters relating to accounting for investments and distribution policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as "unrealised" and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. The directors have deemed it appropriate that interest on loans receivable at the balance sheet date is also classified as "unrealised" and is not distributable. All other income is classified as "realised".

### 3. Judgements in Applying Accounting Policies and Key Source of Estimation Uncertainty

Preparation of the financial statements requires the directors to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

#### **Determination of depreciation, useful economic life and residual value of tangible assets**

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the year end was €3,620,739 (2017: €3,369,726).

#### **Provision for bad debts**

Core Credit Union Limited's accounting policy for impairment of loans is set out in the accounting policy in note 2.12. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements. The provision for bad debts in the financial statements at the year end was €1,902,384 (2017: €1,991,649) representing 4.22% (2017: 5.27%) of the total gross loan book.

#### **Operational risk reserve**

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have developed an approach to the calculation of the operational risk reserve. The operational risk reserve of the credit union at the year end was €1,132,432 (2017: €1,132,432).

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

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

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

### 4. Key Management Personnel Compensation

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

	2018 €	2017 €
Short term employee benefits paid to key management	479,936	371,377
Payments to pension schemes	28,569	23,953
<b>Total key management personnel compensation</b>	<b>508,505</b>	<b>395,330</b>

### 5. Net Impairment Losses/(Gains) on Loans to Members

	2018 €	2017 €
Bad debts recovered	(304,691)	(253,102)
Impairment of loan interest reclassified as bad debt recoveries	(168,801)	(197,841)
Movement in bad debt provision during the year	(89,265)	161,220
Loans written off	283,449	225,394
<b>Net impairment losses/(gains) on loans to members</b>	<b>(279,308)</b>	<b>(64,329)</b>

### 6. Cash and Cash Equivalents

	2018 €	2017 €
Cash and balances at bank	1,829,003	2,867,391
Deposits & investments (note 7)	87,394,388	81,937,409
Less: Deposit & investment amounts maturing after three months	(70,540,560)	(62,094,680)
<b>Total cash and cash equivalents</b>	<b>18,682,831</b>	<b>22,710,120</b>

### 7. Deposits and Investments

	2018 €	2017 €
<b>Deposits and investments – cash equivalents</b>		
Accounts in authorised credit institutions (Irish and non-Irish based)	16,593,135	19,635,731
Irish and EEA state securities	260,693	206,998
<b>Total deposits and investments – cash equivalents</b>	<b>16,853,828</b>	<b>19,842,729</b>
<b>Deposits and investments – other</b>		
Accounts in authorised credit institutions (Irish and non-Irish based)	40,892,457	32,746,329
Bank bonds	28,143,831	27,653,248
Irish and EEA state securities	582,817	833,002
Central Bank deposits	921,455	862,101
<b>Total deposits and investments – other</b>	<b>70,540,560</b>	<b>62,094,680</b>
<b>Total deposits and investments</b>	<b>87,394,388</b>	<b>81,937,409</b>

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

### 8. Financial Assets – Loans to Members.

	2018 €	2017 €
As at 1 October	37,802,072	34,595,639
Loans granted during the year	29,161,164	24,102,178
Loans repaid during the year	(21,575,489)	(20,670,351)
<b>Gross loans and advances</b>	<b>45,387,747</b>	<b>38,027,466</b>
<b>Bad debts</b>		
Loans written off during the year	(283,449)	(225,394)
<b>As at 30 September</b>	<b>45,104,298</b>	<b>37,802,072</b>

### 9. Provision for Bad Debts

	2018 €	2017 €
As at 1 October	1,991,649	1,830,429
Movement in bad debts provision during the year	(89,265)	161,220
<b>As at 30 September</b>	<b>1,902,384</b>	<b>1,991,649</b>

The provision for bad debts is analysed as follows:

	2018 €	2017 €
Grouped assessed loans	1,902,384	1,991,649
<b>Provision for bad debts</b>	<b>1,902,384</b>	<b>1,991,649</b>

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

### 10. Tangible Fixed Assets

	Freehold premises €	Fixtures and fittings €	Computer equipment €	Motor vehicles €	Total €
<b>COST</b>					
1 October 2017	4,379,223	787,421	309,542	19,750	5,495,936
Additions	290,306	181,544	19,874	-	491,724
<b>At 30 September 2018</b>	<b>4,669,529</b>	<b>968,965</b>	<b>329,416</b>	<b>19,750</b>	<b>5,987,660</b>
<b>DEPRECIATION</b>					
1 October 2017	1,418,365	456,820	248,721	2,304	2,126,210
Charge for year	93,851	116,742	26,168	3,950	240,711
<b>At 30 September 2018</b>	<b>1,512,216</b>	<b>573,562</b>	<b>274,889</b>	<b>6,254</b>	<b>2,366,921</b>
<b>NET BOOK VALUE</b>					
<b>30 September 2018</b>	<b>3,157,313</b>	<b>395,403</b>	<b>54,527</b>	<b>13,496</b>	<b>3,620,739</b>
30 September 2017	2,960,858	330,601	60,821	17,446	3,369,726

### 11. Investment Property

	2018 €	2017 €
Balance at 1 October	475,000	475,000
Fair value adjustments	-	-
	<b>475,000</b>	<b>475,000</b>

The investment property above consists of 1 property which is stated by reference to an independent market valuation subject to existing conditions. In the opinion of the directors, the investment property has been recorded at open market value at 30 September 2018 subject to existing conditions.

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

### 12. Prepayments and Accrued Income

	2018	2017
	€	€
Prepayments	155,122	232,143
Loan interest receivable	118,866	95,359
	<b>273,988</b>	<b>327,502</b>

### 13. Members' Savings

Member Savings are analysed as follows:

	2018	2017
	€	€
Members' shares	115,740,093	105,032,560
Members' stamps	2,433,023	2,004,890
Members' budget accounts	12,303	6,267
<b>Total member savings</b>	<b>118,185,419</b>	<b>107,043,717</b>

#### 13a. Members' Shares

	2018	2017
	€	€
As at 1 October	105,032,560	95,664,309
Received during the year	49,307,814	43,940,526
Withdrawn during the year	(38,600,281)	(34,572,275)
<b>As at 30 September</b>	<b>115,740,093</b>	<b>105,032,560</b>

#### 13b. Members' Stamps

	2018	2017
	€	€
As at 1 October	2,004,890	1,794,410
Received during the year	4,749,406	4,089,294
Withdrawn during the year	(4,321,273)	(3,878,814)
<b>As at 30 September</b>	<b>2,433,023</b>	<b>2,004,890</b>

#### 13c. Members' Budget Accounts

	2018	2017
	€	€
As at 1 October	6,267	3,565
Received during the year	135,232	94,918
Withdrawn during the year	(129,196)	(92,216)
<b>As at 30 September</b>	<b>12,303</b>	<b>6,267</b>

### 14. Other Liabilities, Creditors, Accruals and Charges

	2018	2017
	€	€
Prize draw	12,685	10,252
Creditors and accruals	333,147	239,304
	<b>345,832</b>	<b>249,556</b>

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

### 15. Other Provisions

	2018	2017
<b>Holiday pay accrual</b>	€	€
At 1 October	12,675	7,478
Charged to the income and expenditure account	1,871	5,197
	<u>14,546</u>	<u>12,675</u>
At 30 September	<u>14,546</u>	<u>12,675</u>

### 16. Financial Instruments

#### 16a. Financial Instruments – Amortised Cost

<b>Financial assets</b>	2018	2017
	€	€
Financial assets measured at amortised cost	<u>133,564,136</u>	<u>121,343,319</u>
<b>Financial liabilities</b>	2018	2017
	€	€
Financial liabilities measured at amortised cost	<u>118,545,797</u>	<u>107,305,948</u>

Financial assets measured at amortised cost comprise cash and balances at bank, deposits and investments and loans.

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

#### 16b. Financial Instruments – Fair Value Measurements

FRS 102 requires fair value measurements to be disclosed by the source of inputs, using a three level hierarchy:

- Quoted prices for identical instruments in active market (level 1);
- Prices of recent transactions for identical instruments and valuation techniques using observable market data (level 2), and
- Valuation techniques using unobservable market data (level 3).

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

<b>At 30 September 2018</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	€	€	€	€
Bank bonds	763,553	-	763,553	-
<b>Total</b>	<u>763,553</u>	<u>-</u>	<u>763,553</u>	<u>-</u>
<b>At 30 September 2017</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	€	€	€	€
Bank bonds	1,263,553	-	1,263,553	-
<b>Total</b>	<u>1,263,553</u>	<u>-</u>	<u>1,263,553</u>	<u>-</u>

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2018 (2017: €Nil).

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

### 17. Reserves

	Balance 01/10/17 €	Payment of dividend €	Appropriation of Current year surplus €	Transfers between reserves €	Balance 30/09/18 €
<b>Regulatory reserve</b>	13,102,000	-	-	1,043,280	14,145,280
<b>Operational risk reserve</b>	1,132,432	-	-	-	1,132,432
<b>Other reserves</b>					
<b>Realised</b>					
Undistributed surplus	3,026,566	(150,928)	807,585	(1,279,179)	2,404,044
Future dividend reserve	-	-	-	100,000	100,000
<b>Total realised reserves</b>	<b>3,026,566</b>	<b>(150,928)</b>	<b>807,585</b>	<b>(1,179,179)</b>	<b>2,504,044</b>
<b>Unrealised</b>					
Interest on loans reserve	-	-	23,507	95,359	118,866
Investment income reserve	220,505	-	87,568	40,540	348,613
<b>Total unrealised reserves</b>	<b>220,505</b>	<b>-</b>	<b>111,075</b>	<b>135,899</b>	<b>467,479</b>
<b>Total reserves</b>	<b>17,481,503</b>	<b>(150,928)</b>	<b>918,660</b>	<b>-</b>	<b>18,249,235</b>

### 18. Credit Risk Disclosures

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

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

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

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

	2018 €	%	2017 €	%
<b>LOANS NOT IMPAIRED</b>				
Total loans not impaired, not past due	32,824,883	72.78%	27,006,426	71.44%
<b>IMPAIRED LOANS:</b>				
Not past due	83,192	0.18%	136,385	0.35%
Up to 9 weeks past due	9,227,520	20.46%	7,329,381	19.39%
Between 10 and 18 weeks past due	800,561	1.77%	735,693	1.95%
Between 19 and 26 weeks past due	256,210	0.57%	268,537	0.71%
Between 27 and 39 weeks past due	267,361	0.59%	436,746	1.16%
Between 40 and 52 weeks past due	157,730	0.35%	272,223	0.72%
53 or more weeks past due	1,486,841	3.30%	1,616,681	4.28%
<b>Total impaired loans</b>	<b>12,279,415</b>	<b>27.22%</b>	<b>10,795,646</b>	<b>28.56%</b>
<b>TOTAL LOANS</b>	<b>45,104,298</b>	<b>100.00%</b>	<b>37,802,072</b>	<b>100.00%</b>

### 19. Related Party Transactions

	2018 No. of loans	€	2017 No. of loans	€
Loans advanced to related parties during the year	6	18,100	8	52,800
Total loans outstanding to related parties at the year end	11	207,240	14	244,638
Total provision for loans outstanding to related parties		2,854		4,939

The related party loans stated above comprise of loans to members of the board of directors, the management team and members of the family of a member of the board of directors and the management team of Core Credit Union Limited.

Total loans outstanding to related parties represents 0.46% of the total loans outstanding at 30 September 2018 (2017: 0.65%).

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

### 20. Additional Financial Instruments Disclosures

#### 20a. Financial Risk Management

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

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

**Market risk:** Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates. The board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

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

**Interest rate risk:** Core Credit Union Limited's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. Core Credit Union Limited reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable.

#### 20b. Liquidity Risk Disclosures

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

#### 20c. Interest Rate Risk Disclosures

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

	€	2018 Average interest rate %	€	2017 Average interest rate %
<b>Gross loans to members</b>	<b>45,104,298</b>	<b>9.26%</b>	<b>37,802,072</b>	<b>9.80%</b>

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

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

### 21. Dividends and Loan Interest Rebates

The following distributions were made during the year:

	2018 %	€	2017 %	€
Dividend on shares	0.15%	150,928	0.15%	137,067
Loan interest rebate	-	-	5.00%	165,366
The Directors propose the following distributions for the year:				
	2018 %	€	2017 %	€
Dividend on shares	0.10%	110,912	0.15%	150,930

### 22. Events After the End of the Financial Year

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

### 23. Insurance Against Fraud

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

### 24. Capital Commitments

There were no capital commitments at 30 September 2018.

### 25. Commitments Under Operating Leases

The credit union entered into a 20 year lease on 1 May 2004. At 30 September 2018 the credit union had future minimum lease payments under a non-cancellable operating lease as follows:

	2018 €	2017 €
Less than 1 year	46,500	46,500
1 to 5 years	186,000	186,000
Greater than 5 years	27,390	73,890
<b>At 30 September</b>	<b>259,890</b>	<b>306,390</b>

## Notes to the Financial Statements (Continued)

For the financial year ended 30 September 2018

### 26. Contingent Liabilities

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

### 27. Comparative Information

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

### 28. Approval of Financial Statements

The board of directors approved these financial statements for issue on 22/10/2018.

## Schedules to the Income and Expenditure Account

For the financial year ended 30 September 2018

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditors' Report on pages 27 to 29.

### SCHEDULE 1 – OTHER INTEREST INCOME AND SIMILAR INCOME

	2018 €	2017 €
Investment income and gains received/receivable within 1 year	843,169	767,019
Investment income receivable outside of 1 year	87,568	158,144
	<u>930,737</u>	<u>925,163</u>
<b>Total per income and expenditure account</b>	<b>930,737</b>	<b>925,163</b>

### SCHEDULE 2 – OTHER INCOME

	2018 €	2017 €
Fees	1,291	1,435
Interest on budget accounts	899	873
Miscellaneous income	10,065	9,895
Commission	8,339	7,267
Charges and fees recovered	147	290
Rental Income	16,110	18,870
ECCU claims experience refund	24,235	-
	<u>61,086</u>	<u>38,630</u>
<b>Total per income and expenditure account</b>	<b>61,086</b>	<b>38,630</b>

### SCHEDULE 3 – OTHER MANAGEMENT EXPENSES

	2018 €	2017 €
LP/LS insurance	667,737	574,244
SPS contributions	17,634	43,810
Pension costs	40,763	35,560
Affiliation fees	8,311	4,822
Central bank and other levies	239,619	308,561
Subscriptions	36,501	17,200
HR fees	2,416	985
Audit and accountancy	23,063	17,528
Light and heat	41,377	35,715
Rates	124,516	120,530
I.L.C.U. convention	982	1,051
Printing and stationery	44,706	45,347
Repairs and maintenance	32,169	60,368
Computer maintenance	252,729	250,705
Board oversight committee expenses	1,056	1,263
AGM expenses	30,577	33,341
Canteen and cleaning	30,024	25,736
Telephone and postage	37,823	44,052
General insurance	53,176	46,701
Entertainment	5,898	4,847
Legal and professional fees	228,357	162,529
Travel expenses	21,292	7,766
Promotion and advertising	99,960	69,662
Donations & sponsorship	32,541	9,549
DBI insurance	233,879	266,330
Bank charges	28,187	20,192
Education and publicity	14,150	14,118
SEPA charges	29,095	30,881
Sundry	14,037	11,140
Research and development costs	80,000	30,000
	<hr/>	<hr/>
<b>Total per income and expenditure account</b>	<b>2,472,575</b>	<b>2,294,533</b>
	<hr/> <hr/>	<hr/> <hr/>

## PRIZE DRAW Income & Expenditure

for Year Ended 30 September 2018

<b>Income</b>	<b>€</b>
Entry Fees	112,411
Refunds	(1,818)
<b>Total Income</b>	<b>110,593</b>
<b>Expenditure</b>	
Prizes - Car	97,870
Prizes- Cash	7,500
Promotion & Advertising	1,491
Prize Draw Expenses	1,299
<b>Total Expenditure</b>	<b>108,160</b>
Surplus / (Deficit)	2,433
<b>Prize Draw Account</b>	
Opening Balance 01/10/17	10,252
Surplus Year Ended 30/09/18	2,433
<b>Closing Balance 30/09/18</b>	<b>12,685</b>

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