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Monday to Friday



ANNUAL REPORT

2021

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DIRECTORS AND OTHER INFORMATION

Directors

Martin Nolan (Chair)
Chris Gallagher (Vice-Chair)
Louise Drumm (nee Maher) (Secretary)
Paul Fahy
Jane Barlow
Una Ruddock
Darmah Chirombo
Junior Chapwanya
Thomas Bradley

Correction to the 2020 booklet

Una Ruddock - Secretary to Jan 21
Louise Drumm (nee Maher) - Secretary from Feb 21

Board Oversight Committee

Claire Dollard (Chair)
Sophie Awani-Gold (Secretary)
Mary Needham

CEO

Paula Maguire

Operations Manager

Tracey Thunder

Registered Office

3 The Mall, Main Street, Lucan, Co Dublin

Independent Auditors

Grant Thornton
Mill House, Henry Street, Limerick

Investment Advisors

FTI Treasury, International House,
3 Harbourmaster Place, IFSC, Dublin 1

Solicitors

Dermot P Coyne
Liffey Bridge House, Main Street,
Lucan, Co Dublin

LUCAN DISTRICT CREDIT UNION LIMITED NOTICE OF ANNUAL GENERAL MEETING 2021

Notice is hereby given that the Annual General Meeting of Lucan District Credit Union Ltd will take place on the 31st of January 2022 at 7.30pm in

The Spa Hotel Lucan.

Members are invited to attend.

There will be spot prizes on the night and refreshments provided at the end of the meeting.

ELECTION TO THE BOARD AND BOARD OVERSIGHT COMMITTEE

Vacancies on the Board and Board Oversight Committee will be filled on the night of the AGM by member vote.

This year we have one vacancy on the Board Oversight Committee as Claire Dollard is stepping down at the AGM. Una Ruddock, who has served on the Board since 2018 has put herself forward for this vacancy. The two longest serving members on the Board, Chris Gallagher, and Louise Drumm, being eligible, have put themselves forward for election again this year. There are three Board positions to be filled.

Grant Thornton have again put themselves forward for the position of auditor.

Nominations can no longer be accepted from the floor at the AGM. Members who would like to put themselves forward must complete a Nominations form and hand in before the 7th January 2022. The forms are available from the Finntown office or online at www.lucancu.ie/application-forms.

We do hope you can join us on the 31st of January.

Louise Drumm

Secretary

ANNUAL GENERAL MEETING 2021

ORDER OF BUSINESS

1. Acceptance of any Proxies
2. Ascertainment that a quorum is present
3. Adoption of Standing Orders
4. Minutes of previous AGM
5. Report of the Board of Directors
6. Report on the accounts by the board
7. Report of the Auditor
8. Declaration of Dividend
9. Report of the Board Oversight Committee
10. Report of the Credit Committee
11. Report of the Credit Control Committee
12. Report of the Membership Committee
13. Report of the Nominations Committee
14. Rule amendments
15. Appointment of Tellers
16. Election of Auditor
17. Election to Board Oversight Committee
18. Election to Board of Directors
19. Any other business
20. Announcement of Election Results
21. Close of business

BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2021

The Directors' of Lucan District Credit Union are pleased to present the annual report and audited accounts for year ended 30th September 2021

Challenging times

The past year continued to present challenges for the credit union, as with all businesses. Members gradually returned to work and full income. However, not all industries returned at the same time and some members continue to receive the PUP payment. It will take them some time to sort themselves out financially.

Although members did return to work, there was a noted lack of confidence with members slow to return to borrowing. Following the recession of the last decade it is not surprising that members would exercise caution in this regard. It is expected that it will be late 2022 before the credit union will return to pre-covid levels of business.

Prior to Covid-19 and the lockdown, the Board and management had recognised that the current organisation structure was no longer suitable or working for the credit union. We had noted a significant increase in back office work due to the increasing level of online business and a matching decrease in footfall into both offices. The difficult decision was taken to close the village office to members. The Finnstown office is far busier, is accessible for most members, including wheelchair users, and has free parking. We do accept that this has inconvenienced some members and we do apologise for this. The simple truth is, we had outgrown the arrangements that were in place since 2001 and we needed to change. This change was delayed by the Covid lockdown.

It is important to say that no staff member has

been let go. They have simply been redeployed so that we can operate in a more effective and efficient manner. We will require more staff over the coming years as we continue to move towards an asset size of €100m (currently €85m). This asset size brings enhanced regulation and a requirement for more professional/skilled staff. The Board and management are preparing now for this eventuality.

The Village office will now be used as our member services hub. We will be working to improve our phone and email support. In December we launched webchat on our website to make us more easily accessible for member queries and assistance. We will continue to work hard over the coming years to improve the services and support we can offer our members.

Results for the year

The credit union produced a surplus of €579k in the year. This is an improvement on last year when the lockdown was in place. The credit union has shown it has agility and resilience in the face of a crisis, such as the pandemic.

Total assets increased by €4.9m to €85.6m an increase of 6.1% on the figure last year of €80.7m. Shares increased by €4.3m (up 6.3%) to €71.8m from €67.5m last year.

The loan book continued to decrease in the first half of the year as people were still out of work, however lending picked up again in the latter half of the business year. The loan book decreased by €256k (down 1.1%) on last year finishing the year at €22.4m. As a result of this decrease, our loan interest income was down on last year by €141k.

Due to the continued low interest rate/negative interest rate environment, securing a return on new investments proved difficult. Through careful management of the investment portfolio, the investment committee have secured a reasonable return for the coming years.

In July 2021, we launched financial services for our members and the wider community. Members may avail of a complimentary review of their current financial arrangements and advice. This will develop a third income stream for the credit union over the coming years and reduce our dependence on loan interest income and investment income. In addition to pension/retirement advice, life assurance, critical illness cover, mortgage protection advice and inheritance tax planning, members may now avail of other lump sum investment and savings options with the major life companies with whom we now hold agencies. Contact the credit union to arrange a complimentary review with our Financial Advisor.

Transfers to provisions and reserves

The continued increase in shares puts pressure on the reserves of the credit union. We are legally required to retain 10% of these shares in our reserves. This 10% can only come from our current surplus. Due to this pressure all the surplus this year was again required to be transferred to the reserves. This maintains our regulatory reserve at 10.74% of total assets (10.75% last year). The reserves are required to strengthen the balance sheet and protect members assets.

Unfortunately, this means that there can be no dividend or loan interest rebate again this year.

Acknowledgements

I would like to thank the outgoing Board, Board Oversight Committee, the staff and management of the credit union for the hard work done by all over the last year, in very challenging conditions.

We thank you all for your continued support and wish you a happy and healthy 2022.

On behalf of the Board

Martin Nolan
CHAIRMAN

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2021

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

PRINCIPAL ACTIVITY

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

AUTHORISATION

The credit union is authorised as follows:

- Insurance, reinsurance or ancillary insurance intermediary under the European Union (Insurance Distribution) Regulations, 2018.
- Investment Intermediaries (Restricted Activity Investment Product Intermediary) pursuant to Section 26 of the Investment Intermediaries Act, 1995 (as amended).
- Entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.

BUSINESS REVIEW

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

DIVIDENDS AND LOAN INTEREST REBATE

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

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

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

Lack of loan demand - The credit union provide lending products to its members and promote these products through various marketing initiatives.

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

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

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

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

ACCOUNTING RECORDS

The directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the credit union are maintained at the credit union's premises at 3 The Mall, Main Street, Lucan, Co. Dublin.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

AUDITORS

In accordance with Section 115 of the Credit Union Act, 1997 (as amended), the auditors Grant Thornton offer themselves for re-election.

This report was approved by the board and signed on its behalf by:

Martin Nolan
MEMBER OF THE BOARD OF DIRECTORS

Paul Fahy
MEMBER OF THE BOARD OF DIRECTORS

Date: 09/11/2021

DIRECTORS' RESPONSIBILITIES STATEMENT

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

In preparing those financial statements the directors are required to:

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

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

On behalf of the board of directors:

Martin Nolan
MEMBER OF THE BOARD OF DIRECTORS

Paul Fahy
MEMBER OF THE BOARD OF DIRECTORS

Date: 09/11/2021

BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES STATEMENT

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

On behalf of the board oversight committee:

Claire Dollard
THE BOARD OVERSIGHT COMMITTEE

Date: 09/11/2021

REPORT OF THE BOARD OVERSIGHT COMMITTEE

The Board Oversight Committee has a statutory role on behalf of the members of Lucan District Credit Union Ltd. to ensure that the governance of the Credit Union is carried out in accordance with the provisions of the Credit Union Act 1997-2012.

The committee was fully compliant throughout the business year with three members on the committee. The committee met regularly and presented quarterly reports to the Board as required.

Overall, the committee is satisfied that the Board is compliant with the provisions of the Act. Board meetings were held virtually using Microsoft Teams until they could be held face-to-face again in a suitable venue, to allow for social distancing. The committee found that all Board members work very well together and covered a substantial amount of work over the last year, despite the challenges presented.

The committee would like to thank the Board for their support and openness over the last year and we would also thank management for their continued support and assistance.

Finally, we would encourage any member who feels that they would have some time each month, to put themselves forward for the panel for the Board or the Board Oversight Committee. It is very important that the credit union has a panel of volunteers to draw on should a vacancy arise during the year.

The Board Oversight Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUCAN DISTRICT CREDIT UNION LIMITED

OPINION

We have audited the financial statements of Lucan District Credit Union Limited, which comprise the income and expenditure account, the statement of other comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2021, and the related notes to the financial statements, including the summary of significant accounting policies.

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

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

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the credit union's affairs as at 30 September 2021 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended).

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

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

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

- we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- in our opinion proper accounting records have been kept by the credit union;
- the financial statements are in agreement with the accounting records of the credit union; and
- the financial statements contain all primary statements, notes and significant accounting policies required to be included in accordance with section 111(1)(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 auditor's report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the credit union's members, as a body, in accordance with section 120

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

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

Date: 09/11/2021

INCOME & EXPENDITURE ACCOUNT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2021

		2021	2020
		€	€
INCOME	Schedule		
Interest on members' loans		1,807,800	1,949,127
Other interest income and similar income	1	482,081	626,469
Net interest income		2,289,881	2,575,596
Other income	2	7,236	7,489
Total income		2,297,117	2,583,085
EXPENDITURE			
Employment costs		723,974	733,369
Other management expenses	3	893,264	903,576
Depreciation		125,476	121,956
Net impairment (gains)/losses on loans to members (note 5)		(24,518)	433,395
Total expenditure		1,718,196	2,192,296
Surplus for the financial year		578,921	390,789

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2021

	2021	2020
	€	€
Surplus for the financial year	578,921	390,789
Other comprehensive income	-	-
Total comprehensive income for the financial year	578,921	390,789

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

Martin Nolan
MEMBER OF THE BOARD
OF DIRECTORS

Claire Dollard
THE BOARD
OVERSIGHT COMMITTEE

Paula Maguire
CEO

Date: 09/11/2021

The notes on pages 18 - 32 form part of these financial statements

BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2021

		2021	2020
		€	€
ASSETS	Notes		
Cash and balances at bank		2,970,363	1,514,894
Deposits and investments – cash equivalents	7	8,034,096	3,309,006
Deposits and investments – other	7	52,981,664	53,974,244
Loans to members	8	22,385,648	22,641,297
Provision for bad debts	9	(1,440,443)	(1,444,301)
Tangible fixed assets	10	474,541	503,836
Debtors, prepayments and accrued income	11	191,390	200,568
Total Assets		85,597,259	80,699,544
LIABILITIES			
Members' shares	12	71,785,085	67,539,278
Members' deposits	13	3,271,915	3,230,692
Other liabilities, creditors, accruals and charges	14	213,520	176,111
Other provisions	15	1,231	6,876
Total liabilities		75,271,751	70,952,957
RESERVES			
Regulatory reserve	17	9,194,759	8,678,224
Operational risk reserve	17	300,000	300,000
Other reserves			
- Realised reserves	17	749,997	678,454
- Unrealised reserves	17	80,752	89,909
Total reserves		10,325,508	9,746,587
Total liabilities and reserves		85,597,259	80,699,544

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

Martin Nolan
MEMBER OF THE BOARD
OF DIRECTORS

Claire Dollard
THE BOARD
OVERSIGHT COMMITTEE

Paula Maguire
CEO

Date: 09/11/2021

The notes on pages 18 - 32 form part of these financial statements

STATEMENT OF CHANGES IN RESERVES FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2021

Movements on Reserves

	Regulatory Reserve	Operational Risk Reserve	Realised reserves	Unrealised reserves	Total
	€	€	€	€	€
As at 1 October 2019	8,181,840	384,954	741,537	78,307	9,386,638
Surplus for the financial year	-	-	382,028	8,761	390,789
Dividends and loan interest rebates paid	-	-	(30,840)	-	(30,840)
Transfer between reserves	496,384	(84,954)	(414,271)	2,841	-
As at 1 October 2020	8,678,224	300,000	678,454	89,909	9,746,587
Surplus for the financial year	516,535	-	54,421	7,965	578,921
Transfer between reserves	-	-	17,122	(17,122)	-
As at 30 September 2021	9,194,759	300,000	749,997	80,752	10,325,508

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2021 was 10.74% (2020: 10.75%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2021 was 0.35% (2020: 0.37%).

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2021

	Notes	2021 €	2020 €
Opening cash and cash equivalents		4,823,900	9,938,107
Cash flows from operating activities			
Loans repaid by members	8	10,558,615	10,799,839
Loans granted to members	8	(10,542,132)	(10,949,166)
Interest on members' loans		1,807,800	1,949,127
Other interest income and similar income		482,081	626,469
Other income		7,236	7,489
Bad debts recovered and recoveries		259,826	225,768
Dividends paid		-	(30,840)
Operating expenses		(1,617,238)	(1,636,945)
Movement in other assets and liabilities		40,942	(102,462)
Net cash flows from operating activities		997,130	889,279
Cash flows from investing activities			
Fixed asset (purchases)/disposals		(96,181)	(54,142)
Net cash flow from other investing activities		992,580	(9,338,229)
Net cash flows from investing activities		896,399	(9,392,371)
Cash flows from financing activities			
Members' shares received	12	24,268,995	23,925,494
Members' deposits received	13	2,296,522	3,830,465
Members' shares withdrawn	12	(20,023,188)	(21,584,566)
Members' deposits withdrawn	13	(2,255,299)	(2,782,508)
Net cash flow from financing activities		4,287,030	3,388,885
Net (decrease)/increase in cash and cash equivalents		6,180,559	(5,114,207)
Closing cash and cash equivalents	6	11,004,459	4,823,900

NOTES TO THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2021

1. LEGAL AND REGULATORY FRAMEWORK

Lucan District 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 3 The Mall, Main Street, Lucan, 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.

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

The following principal accounting policies have been applied:

2.2 Statement of compliance

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

2.3 Going concern

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

2.4 Income

Interest on members' loans

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

Deposit and investment income

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

Other income

Other income is recognised on an accruals basis.

2.5 Cash and cash equivalents

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

2.6 Deposits and investments

Held at amortised cost - Investments designated on initial recognition as held at amortised cost are measured at amortised cost using the effective interest method less impairment. This means

that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount, minus, in the case of a financial asset, any reduction for impairment or uncollectability.

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

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

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

2.7 Financial assets – loans to members

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

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

2.8 Provision for bad debts

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

Any bad debts/impairment losses are recognised in the income and expenditure account. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the income and expenditure account.

2.9 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Freehold buildings	2% straight line per annum
Freehold improvements	6.67% straight line per annum
Leasehold buildings	Over remaining term of lease
Leasehold improvements	Over remaining term of lease
Computer equipment	20% straight line per annum
Furniture & office equipment	12.50% 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 in the income and expenditure account.

2.10 Impairment of assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income and expenditure account. If an impairment loss subsequently reverses, the 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.

2.11 Other receivables

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

2.12 Interest on members' deposits

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

2.13 Financial liabilities – members' shares and members' deposits

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

2.14 Other payables

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

2.15 Pension costs

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.

2.16 Holiday pay

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

2.17 Operating leases

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

2.18 Finance leases and hire purchase

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the credit union. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.19 Derecognition of financial liabilities

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

2.20 Regulatory reserve

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

2.21 Operational risk reserve

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

The directors have considered the requirements of the Act and have calculated the operational risk reserve requirement by reference to the predicted impact of operational risk events that may have a material impact on the credit 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".

2.23 Distribution policy

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

The rate of dividends and loan interest rebates recommended by the board will reflect:

- the risk profile of the credit union, particularly in its loan and investments portfolios;
- the board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend and loan interest rebate expectations;

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

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

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

2.24 Taxation

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

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

Preparation of the financial statements requires the directors to make significant judgements and estimates. The items in the financial statements where these 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 €474,541 (2020: €503,836).

Provision for bad debts

The credit union's accounting policy for impairment of loans is set out in the accounting policy in note 2.8. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the credit union is exposed, and, other external factors such as legal and regulatory requirements. The provision for bad debts in the financial statements at the year end was €1,440,443 (2020: €1,444,301) representing 6.43% (2020: 6.38%) 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 €300,000 (2020: €300,000).

Adoption of going concern basis for financial statements preparation

The credit union continue to closely monitor the evolution of the COVID-19 pandemic. The directors have prepared projections and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the credit union's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the credit union was unable to continue as a going concern.

4. KEY MANAGEMENT PERSONNEL COMPENSATION

The directors of the credit union are all unpaid volunteers. The key management personnel compensation is as follows.

	2021	2020
	€	€
Short term employee benefits paid to key management	369,858	293,247
Payments to pension schemes	37,441	31,858
Total key management personnel compensation	407,299	325,105

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

	2021	2020
	€	€
Bad debts recovered	(179,396)	(174,876)
Impairment of loan interest reclassified as bad debt recoveries	(80,430)	(50,892)
Movement in bad debts provision during the year	(3,858)	293,243
Loans written off during the year	239,166	365,920
Net impairment (gains)/losses on loans to members	(24,518)	433,395

6. CASH AND CASH EQUIVALENTS

	2021	2020
	€	€
Cash and balances at bank	2,970,363	1,514,894
Deposits & investments - cash equivalents (note 7)	8,034,096	3,309,006
Total cash and cash equivalents	11,004,459	4,823,900

7. DEPOSITS AND INVESTMENTS

	2021	2020
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	3,983,715	3,271,254
Bank bonds	757,042	-
Central Bank deposits	3,293,339	37,752
Total deposits and investments – cash equivalents	8,034,096	3,309,006

Deposits and investments – other

Accounts in authorised credit institutions (Irish and non-Irish based)	31,817,272	32,993,399
Bank bonds	17,520,247	18,380,636
Irish and EEA state securities	2,049,421	2,054,355
Collective investment schemes	1,004,500	-
Central Bank deposits	590,224	545,854
Total deposits and investments – other	52,981,664	53,974,244
Total deposits and investments	61,015,760	57,283,250

8. FINANCIAL ASSETS – LOANS TO MEMBERS

	2021	2020
	€	€
As at 1 October	22,641,297	22,857,890
Loans granted during the year	10,542,132	10,949,166
Loans repaid during the year	(10,558,615)	(10,799,839)
Gross loans and advances	22,624,814	23,007,217

Bad debts

Loans written off during the year	(239,166)	(365,920)
As at 30 September	22,385,648	22,641,297

9. PROVISION FOR BAD DEBTS

	2021	2020
	€	€
As at 1 October	1,444,301	1,151,058
Movement in bad debts provision during the year	(3,858)	293,243
As at 30 September	1,440,443	1,444,301

The provision for bad debts is analysed as follows:

	2021	2020
	€	€
Grouped assessed loans	1,440,443	1,444,301
Provision for bad debts	1,440,443	1,444,301

10. TANGIBLE FIXED ASSETS

	Freehold Buildings	Freehold Improv.	Leasehold Buildings	Leasehold Improv.	Computer Equipment	Furniture & Office Equipment	Total
	€	€	€	€	€	€	€
Cost							
1 October 2020	362,791	244,853	232,647	70,847	224,715	116,776	1,252,629
Additions	-	-	-	-	95,296	885	96,181
Disposals	-	-	-	-	(12,217)	-	(12,217)
At 30 September 2021	362,791	244,853	232,647	70,847	307,794	117,661	1,336,593
Depreciation							
1 October 2020	186,950	100,981	196,308	47,235	128,277	89,042	748,793
Charge for year	7,256	16,682	18,170	7,870	62,273	13,225	125,476
Disposals	-	-	-	-	(12,217)	-	(12,217)
At 30 September 2021	194,206	117,663	214,478	55,105	178,333	102,267	862,052
Net book value							
At 30th September 2021	168,585	127,190	18,169	15,742	129,461	15,394	474,541
At 30th September 2020	175,841	143,872	36,339	23,612	96,438	27,734	503,836

Computer equipment with a net book value of €2,109 (2020: €3,918) is held under a finance lease.

11. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2021	2020
	€	€
Loan interest receivable	55,386	59,693
Prepayments	58,604	112,321
Other debtors and associated interest amounts	77,400	28,554
As at 30 September	191,390	200,568

12. MEMBERS' SHARES

	2021	2020
	€	€
As at 1 October	67,539,278	65,198,350
Received during the year	24,268,995	23,925,494
Withdrawn during the year	(20,023,188)	(21,584,566)
As at 30 September	71,785,085	67,539,278

13. MEMBERS' DEPOSITS

	2021	2020
	€	€
As at 1 October	3,230,692	2,182,735
Received during the year	2,296,522	3,830,465
Withdrawn during the year	(2,255,299)	(2,782,508)
As at 30 September	3,271,915	3,230,692

14. OTHER LIABILITIES, CREDITORS, ACCRUALS AND CHARGES

	2021	2020
	€	€
Prize draw	44,231	43,704
Finance Lease	-	1,578
PAYE/PRSI	16,125	15,673
Accruals and other creditors	153,164	115,156
As at 30 September	213,520	176,111

15. OTHER PROVISIONS

	2021	2020
	€	€
Holiday pay accrual		
At 1 October	6,876	3,622
Charged to the income and expenditure account	(5,645)	3,254
At 30 September	1,231	6,876

16. FINANCIAL INSTRUMENTS**16a. Financial instruments – measured at amortised cost**

	2021	2020
	€	€
Financial assets		
Financial assets measured at amortised cost	78,930,283	76,451,181
Financial liabilities		
	2021	2020
	€	€
Financial liabilities measured at amortised cost	75,271,751	70,952,957

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments, loans and other debtors and associated interest amounts. Financial liabilities measured at amortised cost comprise of members' savings, other liabilities, creditors, accruals and charges and other 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:

As at 30 September 2021	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in authorised credit institutions	6,514,388	-	6,514,388	-
Collective investment scheme	1,004,500	1,004,500	-	-
Total	7,518,888	1,004,500	6,514,388	-

As at 30 September 2020	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in authorised credit institutions	5,016,814	-	5,016,814	-
Total	5,016,814	-	5,016,814	-

There was a fair value adjustment in the amount of €4,500 recognised in the income and expenditure account for the year ended 30 September 2021 (2020: €nil).

17. RESERVES

	Balance 01/10/20	Appropriation of current year surplus	Transfers between reserves	Balance 30/09/21
	€	€	€	€
Regulatory reserve	8,678,224	516,535	-	9,194,759
Operational risk reserve	300,000	-	-	300,000
Other reserves				
Realised				
Undistributed surplus	678,454	54,421	17,122	749,997
Total realised reserves	678,454	54,421	17,122	749,997
Unrealised				
Interest on loans reserve	59,693	-	(4,307)	55,386
Investment income reserve	30,216	7,965	(12,815)	25,366
Total unrealised reserves	89,909	7,965	(17,122)	80,752
Total reserves	9,746,587	578,921	-	10,325,508

18. CREDIT RISK DISCLOSURES

In line with regulatory requirements, the credit union:

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

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

	2021		2020	
	€	%	€	%
LOANS NOT IMPAIRED				
Total loans not impaired, not past due	17,951,695	80.19%	17,888,998	79.01%
IMPAIRED LOANS:				
Not past due	1,171,902	5.24%	789,648	3.49%
Up to 9 weeks past due	2,246,999	10.04%	2,025,048	8.94%
Between 10 and 18 weeks past due	228,518	1.02%	522,221	2.31%
Between 19 and 26 weeks past due	220,836	0.99%	727,900	3.21%
Between 27 and 39 weeks past due	213,279	0.95%	414,236	1.83%
Between 40 and 52 weeks past due	29,134	0.13%	81,545	0.36%
53 or more weeks past due	323,285	1.44%	191,701	0.85%
Total impaired loans	4,433,953	19.81%	4,752,299	20.99%
TOTAL LOANS	22,385,648	100.00%	22,641,297	100.00%

19. RELATED PARTY TRANSACTIONS**19a. Loans**

	2021		2020	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	19	89,873	15	60,000
Total loans outstanding to related parties at the year end	21	160,029	20	149,956
Total Provisions for Loans Outstanding to Related Parties		1,926		2,381

The related party loans stated above comprise of loans outstanding to directors and the management team (to include their family members or any business in which the directors or management team had a significant shareholding).

Total loans outstanding to related parties represents 0.71% of the total loans outstanding at 30 September 2021 (2020: 0.66%).

19b. Savings

The total amount of savings held by related parties at the year end was €327,753 (2020: €313,990).

20. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES**20a. Financial risk management**

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

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves the credit unions credit policy. Credit risk mitigation may include the requirement to obtain collateral as set out in the credit union's credit policy. Where collateral or guarantees are required, they are usually taken as a secondary source of repayment in the event of the borrower's default. The credit union maintains policies which detail the acceptability of specific classes of collateral. The principal collateral types for loans are: an attachment over members' pledged shares and personal guarantees. The nature and level of collateral required depends on a number of factors such as the term of the loan and the amount of exposure. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

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

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

Interest rate risk: The credit unions main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. The credit union reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable.

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.

	2021		2020	
	Amount	Av. Interest	Amount	Av. Interest
	€	Rate %	€	Rate %
Gross loans to members	22,385,648	8.99%	22,641,297	8.94%

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

21. DIVIDENDS AND LOAN INTEREST REBATES

The following distributions were paid during the year:

	2021		2020	
	%	€	%	€
Dividend on shares	-	-	0.05%	30,840
Loan interest rebate (on standard rate loans)	-	-	-	-

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

22. RATE OF INTEREST PAID ON MEMBERS' DEPOSIT ACCOUNTS

	2021		2020	
	%	€	%	€
Interest payable for the year				
Interest on deposits	0.00%	-	0.00%	-

23. EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

24. INSURANCE AGAINST FRAUD

The credit union has Insurance against fraud in the amount of €1,500,000 (2020: €1,500,000) in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

25. CAPITAL COMMITMENTS

The credit union had capital commitments at 30 September 2021, not contracted for and not provided, in these financial statements in the amount of €69,900 plus VAT (2020: €nil).

26. CONTINGENT LIABILITIES

In September 2018, the Registry of Credit Unions advised all credit unions of a potential matter in relation to accrued interest outstanding on certain top-up loans which may have led to a potential over-collection of interest. Following this, the credit union undertook a review to ascertain whether any top-up loans made to members might be impacted by these circumstances, and if so, to determine what actions may need to be taken. The credit union has concluded its review and is satisfied that no over-collection of interest has occurred.

27. LEASING COMMITMENTS

The credit union had future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	€	€
Less than 1 year	36,996	36,996
1 to 5 years	44,491	81,487
At 30 September	81,487	118,483

The credit union had future minimum lease payments under a non-cancellable finance lease as follows:

	2021	2020
	€	€
Less than 1 year	-	1,815
1 to 5 years	-	-
At 30 September	-	1,815

Certain computer equipment was held under a finance lease arrangement. Finance lease liabilities are secured by the related assets held under the finance lease. The lease agreement generally includes fixed lease payments and a purchase option at the end of the lease term.

28. COMPARATIVE INFORMATION

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

29. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved these financial statements for issue on 09/11/2021.

**SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2021**

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's Report on pages 10 to 13.

SCHEDULE 1 - OTHER INTEREST INCOME AND SIMILAR INCOME

	2021	2020
	€	€
Investment income received/receivable within 1 year	474,116	455,946
Gains on investments	-	161,762
Investment income receivable outside of 1 year	7,965	8,761
Total per income and expenditure account	482,081	626,469

SCHEDULE 2 - OTHER INCOME

	2021	2020
	€	€
Insurance commission	3,434	3,867
Foreign exchange commission	1,519	3,622
Life & pensions commission	2,283	-
Total per income and expenditure account	7,236	7,489

SCHEDULE 3 - OTHER MANAGEMENT EXPENSES

	2021	2020
	€	€
Loans and savings insurance costs	190,811	192,733
Printing, postage and stationery	33,987	43,959
Computer costs	97,189	86,528
AGM and other meeting costs	16,626	20,545
Bank charges	31,753	26,705
Sundry expenses	25,654	28,285
Telephone	12,909	11,305
Cash security	7,367	8,521
Advertising and marketing	34,104	27,481
Donations and sponsorship	22,804	17,265
Legal and professional fees	134,088	156,739
Debt collection	12,972	16,378
Audit fees	18,142	17,848
Regulatory levies	134,083	124,116
Rent and rates	38,604	45,323
Repairs and maintenance	20,463	18,260
General insurance	41,452	34,800
Light and heat	9,431	9,008
Staff training	6,914	7,655
Travel and subsistence	882	2,004
Uniforms	3,029	8,118
Total per income and expenditure account	893,264	903,576

Cash Back CAR LOAN*

THINKING OF UPGRADING YOUR CAR?

We can provide the loan and a once-off cash back payment towards your tax or insurance. Whether you are purchasing a new or used car you can avail of the cash back option on drawdown.

Loan interest rate is our standard variable rate of 9.49% (APR 9.91%)

**If you already have a credit union loan, the cashback amount will only be based on the top-up amount, not on the total loan.*

The loan must be for a term of 3 to 5 years.

Benefits of a credit union car loan*

- Cash back on loan drawdown (one off payment in year 1 only)
- With loan pre-approval you can negotiate a cash price for the car
- You own the car from day one
- No lump sum or balloon repayments at the end of the loan
- No admin fees or hidden costs
- You can repay the loan early with no penalties, to save money on interest
- Cash Back applies only to car loans of €3,000 and above

***The usual underwriting criteria will apply*

Borrow*	Cashback amount on drawdown
€3,000 - €6,000	€250
€6,001 - €10,000	€400
€10,001 - €20,000	€750
€20,001 upwards	€1,000



The cash back car loan may be changed or discontinued at any time, at the discretion of the Board of Lucan District Credit Union Ltd.

Lucan District CREDIT UNION

Lucan District Credit Union is regulated by the Central Bank of Ireland

REPORT OF THE CREDIT COMMITTEE

The Credit Committee is appointed annually by the Board of Directors of the Credit Union.

The loan book had still not recovered to pre-Covid levels by the end of the business year. This was down purely to a lack of confidence as members were wary that there may be another lockdown. There was a noted increase in large Home Improvement loans as members got work done on their homes, having spent the better part of a year couped up in the house. Our Cash Back Car Loans were also very successful during the year, and we will continue with this loan product for the coming year.

All going well with the pandemic, we do expect to get back to pre-Covid loan book level in 2022.

The following is a breakdown of the loans issued over the past year by amount and purpose:

By Amount	Number	Amount €	Loan Purpose	Number	Amount
€1 - €500	251	101,188	Car Purchase	330	2,776,970
€500 - €2,000	834	1,078,754	Car Repairs/Insurance/Tax	64	117,641
€2,000 - €5,000	599	2,213,275	Business	4	41,000
€5,000 - €10,000	351	2,756,176	Christmas	124	195,550
€10,000 - €15,000	134	1,781,577	Education	113	377,582
€15,000 - €25,000	81	1,602,728	Dental/Medical	87	316,425
€25,000 - €50,000	29	1,008,434	Holidays	76	175,810
Total	2,279	10,542,132	Home Improvements	453	3,495,149
			Go Green	9	147,900
			Bills	50	197,250
			Personal Microcredit Loan	44	28,670
			Wedding	19	131,200
			Within Shares (fully secured)	769	2,193,923
			Funeral	17	42,300
			Other purpose	120	304,762
			Total	2,279	10,542,132

More than two thirds of our loan applications and drawdowns are now done online. Members may register for online access through our website. You can apply for your loan, upload the documents securely and drawn down the loan once approved via DocuSign. This proved a vital service during the lockdown, and we were happy that we were able to roll this out in March 2020 as lockdown began.

For more information on our loans visit our website www.lucancu.ie or ask at the counter. Check out the loan calculator on our home page for estimated costs and repayments.

The Credit Committee

REPORT OF THE CREDIT CONTROL COMMITTEE

The Credit Control Committee is appointed annually by the Board of Directors to oversee Credit Control within Lucan District Credit Union.

As with all businesses, the credit union continued to face challenges over the last year directly related to the lockdown. Not all industries returned to work at the same time, and we do have some members who have not yet fully recovered their income. Most members were able to get back to work and returned to repaying their loans as normal.

All Covid payment breaks have now ended. We continue to work with a small number of members to get them back on track through our regular credit control process. We can now say with certainty, that the credit union did not incur significant losses due to Covid. Thankfully the business had the agility and resilience to get through the last year and a half relatively unscathed.

While we do assess the affordability of a loan for the member and their family as part of our underwriting process, it does happen that members may lose a job or need to go on extended sick leave with reduced income. We would advise any member who gets into financial difficulty at any time to contact us as early as possible before significant arrears build up on the loan. It would be in your own best interest to advise us early of the change in your financial circumstances. We have several tools at our disposal to assist you, from a temporary reduced repayment, to a full reschedule of the loan to make it more affordable. The long-term goal is to protect and repair your credit rating so you can borrow again in the future.

Where the member does not contact us or will not work with us, the credit union will utilise our collections partner, Cabot Financial Services, and our legal team to recover our members funds. We would always prefer for members to contact us and work with us when they run into difficulties.

If you would like to speak with credit control at any stage, please call 0818 297 007.

The Credit Control Committee

REPORT OF THE MEMBERSHIP COMMITTEE

The role of the membership committee is to consider applications for membership of the credit union.

It was another challenging year for the credit union with the continued pandemic. Despite this, we continued to attract new members to join the credit union with 792 new members signing up during the year. Of this number, 40% were under the age of 19. These are the future users of credit union services, and it is great to see so many young people joining.

In early 2021 we launched remote member on-boarding. Members may now join the credit through our mobile app without having to come into the office. This is proving popular with new members and particularly young people. This rounds out our digital offering to members which means that all transactions can now be completed remotely. This is becoming more important not just because of Covid, but also because it is more convenient for members to conduct business 24/7 from home or on-the-go. People now expect that they can do business in this way, so we must respond to this.

We would like to remember the members who passed away during the year. We send our sympathies to their family and friends at this difficult time.

Your credit union is growing and changing. We look forward to welcoming many new members to the credit union during 2022.

The Membership Committee

REPORT OF THE NOMINATIONS COMMITTEE

The Nomination Committee has the responsibility to ensure that the Board of Directors and committees have the necessary representation to carry out their duties and serve the members. A Fitness & Probity regime was introduced for Credit Unions in 2013 by the Central Bank of Ireland and in line with this the committee must ensure that each candidate for vacancies on the Board have been vetted and approved by the nominations committee, to go forward for election. In addition, the committee is responsible for ensuring that all Board/Board oversight committee members have adequate training to assist them in fulfilling their roles.

Volunteers who serve on the Board or Board Oversight Committee may avail of our education programme which would enable volunteers to gain a qualification while they serve. A qualification and experience gained in corporate governance of a large member-based organisation, are fully transferable to external employment.

Any member who wishes to go forward for the board should complete a nomination form which is available in either office or from our website www.lucancu.ie/Application-forms This should be signed by the nominee and by a proposer and seconder, who should also be members of Lucan District Credit Union.

Any member wishing to go on the panel for consideration in advance of the AGM, should there be vacancies, must ensure that their nominations form is submitted by Friday 7th January 2022 at the latest. Where nominees are not put forward at the AGM, they will be placed on a panel for consideration during the coming year should a vacancy on the Board or Board Oversight Committee arise.

If you are thinking about volunteering to help govern your credit union or you would like more information, please visit our website www.lucancu.ie/volunteering

The Nominations Committee

STANDING ORDERS

1. VOTING

Each member shall be entitled to one vote irrespective of his/her shareholding, in accordance with Section 82(2).

2 - 4 ELECTION PROCEDURE.

2. Nominations for election must be in accordance with Section 56B.
3. 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.
4. A Ballot Paper for the election of the Board and Board Oversight Committee, where applicable, will be distributed to each member at the AGM.

5 - 10 MOTIONS.

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

11 - 16 MISCELLANEOUS.

11. The Chairman of the Board of Directors shall be the Chairman of any general meeting, except where he/she is not available, in which case it shall be the Vice-Chairman, except where he/she is not available, in which case the Board shall decide amongst themselves who shall act as Chairman of any general meeting.
12. The Chairman may at his/her discretion, extend the privilege of the floor to any person who is not a member.
13. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the Chairman.
14. The Chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
15. In accordance with Section 82(2) no member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however,

that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed 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. Acceptance of proxies is in accordance with Section 82(4).

16. 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.

17. 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.

18. 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.

19. ADJOURNMENTS.

Adjournments of the AGM shall take place only in accordance with Section 81.

PROPOSED RULE CHANGES

MOTION

That this Annual General Meeting agrees to amend Rule 15 (1) of the Standard Rules for Lucan District Credit Union Limited by the removal of the word '*place*' and insertion of '*in a format (physical meeting of members, or virtual meeting using electronic communications technology as set out in section 78 of the Act, or hybrid or other)*', to read as follows:

Rule 15. The annual general meeting

(1) Annual general meetings shall take place, in respect of each financial year, in accordance with Section 78 of the Act at such time and *in a format (physical meeting of members, or virtual meeting using electronic communications technology as set out in section 78 of the Act, or hybrid or other)* as the board of directors may by resolution determine. The annual general meeting in respect of any financial year shall be held in the October, November, December or January following the end of the Financial Year.

MEMBERS PRIZE DRAW INCOME AND EXPENDITURE ACCOUNT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2021

INCOME	€
Opening Balance 01/10/2020	43,704
Cash Draw Member Entry fees for calendar year 2021	161,564
Total Entry Fees and Opening Balance	205,268
EXPENDITURE	
Prizes paid out	161,000
Bank Charges related to the Prize Draw Account	37
Total Expenditure	161,037
Total Remaining Funds	44,231

PRIZE DRAW WINNERS 2021

Prizes each month in 2020 - 1st €10,000 – 2nd €2,500 – 3rd €1,000 – 4th €500 – 5th €500

October 2020	November 2020	December 2020
1st Susan Boyd	1st Kevin Green	1st Eamon Kelly
2nd Breda Carroll	2nd Andrew Nesbitt	2nd Raymond O'Connor
3rd Siobhan Dwane	3rd Ritesh Srivastava	3rd Sharon Cooke
4th Sisling Baker	4th Olusola Otule	4th Michael Ansboro
5th Brendan Dwyer	5th Christopher Adikaibe	5th Hazel Caffrey

Prizes each month in 2021 - 1st €10,000 – 2nd €2,000 – 3rd €1,000

January 2021	February 2021	March 2021
1st Dara Keegan	1st Christopher Kennedy	1st Patricia Tully
2nd Sheila Donlon	2nd Fintan McDermott	2nd Brian Hargadon
3rd Elaine McManamly	3rd Steven Field	3rd John Gallagher
April 2021	May 2021	June 2021
1st Lee O'Donnell	1st Sunil Arangassery	1st Nicola Johns
2nd Betty Fitzpatrick	2nd Aisling Holmwood	2nd Ciara Hogan
3rd Mary Woods	3rd Mary Lacey	3rd Albert Wong
July 2021	August 2021	September 2021
1st Julieann Travers	1st Oyeyemi Adekunbi	1st Marian Kinsella
2nd Margaret Doyle	2nd Gabriel Lawlor	2nd Denise Vaughan
3rd Patrick Quinn	3rd Ann Malone	3rd Greta Coles

DONATIONS AND SPONSORSHIP

Your credit union supports local groups, charities, events and individuals through sponsorship and donations, on your behalf. Listed below are the main recipients of our support this year. There were also many smaller donations made for various events and activities through the year.

Due to the continued Covid-19 restrictions, there was less activity around sport and local events where the credit union would usually contribute. In support of the more vulnerable in our society the credit union instead contributed to more charities this year on your behalf.

Charities

- The Jack and Jill Foundation
- Merchant Quay Ireland
- Samaritans Ireland
- Focus Ireland
- The Alzheimer Society of Ireland
- Safe Ireland
- Capuchin Day Centre
- Alone
- Dublin Simon Community
- Irish Cancer Society
- Pieta House
- ISPCC
- Our Lady's Hospice

Groups/clubs/schools

- Aspen Counselling
- Lucan Womens' Network
- St Josephs' TY calendar
- Liffey Sound FM – Lucan Live
- Sarsfields GAA – Youth Academy
- Academy Twirlers
- Amy Wade – European Taekwon-do championships
- Beechpark FC Seniors
- Shannon Kelly – local tri-athlete
- Lucan Pitch n Putt club - event
- Lucan Gaming and conservation Club (ducks)