

Lucan District
CREDIT UNION



stronger together

ANNUAL REPORT 2018



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DIRECTORS AND OTHER INFORMATION

Directors

Enda Lee (Chairman)
 Mary O'Neill (Vice-Chairperson)
 Jamie Conway (Secretary)
 Bernadette Cullen
 Helen Walsh (Co-opted Jun18)
 Mary Whelan
 Finbarr Cotter
 Paul Fahy (Co-opted Oct18)
 Jane Barlow (Co-opted Oct18)
 Magdalena Rogers (Resigned Apr18)
 Susan Tarpey (Resigned Sep18)

Board Oversight Committee

Helen Walsh (Resigned Jun18)
 Lorraine Powell (Co-opted Jan18, resigned Aug18)
 Trish Houston (Co-opted Jun18, resigned Aug18)
 Susan Tarpey (Co-opted Sep18)

CEO

Paula Maguire

Operations Manager

Pat Derwin

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 ANNUAL GENERAL MEETING 2018

Notice is hereby given that the Annual General Meeting of Lucan District Credit Union Ltd. will be held on Monday 10th December 2018 in the Spa Hotel, Lucan at 7.30pm.

Jamie Conway

Secretary

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

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.

Members who wish to put themselves forward for election to either the Board or Board Oversight Committee should complete a nomination form available from either office. Alternatively, a nomination form can be downloaded from our website www.lucancu.ie/Application-forms. The form should be signed by the nominee and a proposer and seconder and submitted for the attention of the the nominations committee by Friday 30th November. Nominations can no longer be accepted from the floor on the night of the AGM.

BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2018

The Directors of Lucan District Credit Union are pleased to present the annual report and audited accounts for year ended 30th September 2018.

Lucan District Credit Union celebrated it's 50th year serving our community in 2018. We are very proud to have reached this milestone which could not have been achieved without the on-going support of our members. We will continue working to improve our product and service offering for you all into the future.

Results for the year

The credit union saw significant growth in 2018. This is very good in that it shows the confidence and trust that our members have in the credit union. The downside of such growth is that we are required to hold additional reserves to strengthen the balance sheet. This means that much of our surplus must be transferred to reserves rather than be paid out to our members.

At year-end, total assets were up €6.1m to €70.4m an increase of 9.5% on the figure last year of €64.3m. Shares increased by €4.9m (up 9.0%) to €59.7m from €54.8m last year. The loan book increased by a more modest €480k (up 2.2%) on last year finishing the year at €22m.

We succeeded in producing a surplus for the year before transfers to reserves of €833k. This is a decrease of 0.5% on the surplus last year of €838k.

We continued to see an overall improvement in our loan arrears in 2018 and we are now seeing a levelling off of the bad debt provision. The provision now accounts for 5.6% of the gross loan book (7.6% last year). We again saw good recovery of bad debt in the year and we will continue work in this area over the coming years to recover as much of our members funds as possible.

Expenditure increased in 2018 by €130k (up 9.5%) on last year. This was due wholly to a lower impairment gain on our bad debts than last year. This will continue to decrease as our loan arrears and provision return to normal levels. Employment costs were in-line with last year and other management expenses were down on last year by €29k due to lower regulatory levies.

Transfers to provisions and reserves

To support the continued growth in our assets more funds are required to be held in reserve. The minimum regulatory reserve should be 10% of total assets however, the Central Bank expect credit unions to operate with a reserve in excess of this minimum. An amount of €649,264 was transferred at year end. This returns our regulatory reserve to 10.6% of total assets (10.6% 2017).

To return our Operational Risk Reserve to 0.5% of total assets as in 2017 a transfer of €30,626 was made.

The reserves are there to strengthen the balance sheet and protect members assets.

Key Challenges for the coming years

The key area that will impact on our credit union over the coming year is the continued low interest rate environment for investments. It is now expected that interest rates will remain at their current historic lows until at least 2020.

This will affect our investment income in 2019 as we have a number of deposits and bonds maturing throughout the year. It is very difficult to find a suitable new investment with any sort of return in the current market. This is compounded by the fact that the two main Irish banks no longer have an appetite for credit union deposits. Credit unions are being forced to look further afield for deposit options within the confines of the regulations.

It also is proving difficult to maintain a panel of volunteers from the membership to serve some time on the Board and Board Oversight Committee. We depend on members to put themselves forward to help govern the credit union. Our current Board members are ordinary members like you who have stepped up. Although these positions are voluntary, we do offer an education programme that volunteers may avail off. This would enable you to gain a qualification while serving on the Board. This would benefit both the volunteer and the credit union.

If you are interested in putting your name forward, complete a nominations form and hand into either office. For more information visit our website www.lucancu.ie/volunteering.

Acknowledgements

The Board would like to thank the staff and management of the credit union for their contribution to the performance of our credit union over the past year.

We thank you all for your continued support and wish you and your families a very Merry Christmas and a Happy New Year.

On behalf of the Board

Jamie Conway
SECRETARY

Enda Lee
CHAIRMAN

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2018

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

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 intermediary under the European Communities (Insurance Mediation) Regulations, 2005 (as amended).
- 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.

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.

DIVIDENDS AND LOAN INTEREST REBATE

The surplus for the financial year is set out in the income and expenditure account on page 14. The Directors are proposing a dividend in respect of the year ended 30 September 2018 of €56,970 (0.10%) (2017: €52,490 (0.10%)) and a loan interest rebate of €51,723 (3.00% on standard rate loans) (2017: €Nil (0.00%)).

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.

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 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.

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 3 The Mall, 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 on 23rd October 2018 and signed on its behalf by:

Enda Lee
CHAIRPERSON OF THE BOARD OF DIRECTORS

Jamie Conway
MEMBER OF THE BOARD OF DIRECTORS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 23rd October 2018 and signed on its behalf by:

Enda Lee
CHAIRPERSON OF THE BOARD OF DIRECTORS

Jamie Conway
MEMBER OF THE BOARD OF DIRECTORS

STATEMENT OF THE BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

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 23rd October 2018 and signed on its behalf by:

Susan Tarpey
THE BOARD OVERSIGHT COMMITTEE

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 Board Oversight Committee met on a regular basis throughout the year and a member of the Committee has been in attendance at all Board meetings.

The Committee met with the Board of Directors four times during the past year, to report on its findings regarding the Board's compliance with the relevant section of the legislation. We have found that Lucan District Credit Union Ltd. has complied with the requirements of the Credit Union Act 1997-2012 and the regulations as laid down by the Central Bank and overall, resulting from our work and observations, we would like to state that we believe that the Board is maintaining good control and is ensuring policies and procedures are appropriate for the successful running of the Credit Union.

We have had a number of changes to the personnel making up this committee during the year, and we are hoping to recruit two new members to bring our number back to full strength.

We would like to thank and acknowledge the support of the Board and Management for their cooperation, help and assistance throughout the year in carrying out our duties during 2017/18.

The Board Oversight Committee

INDEPENDENT AUDITORS' 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 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, 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 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.

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.
- 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: 23 October 2018

INCOME & EXPENDITURE ACCOUNT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2018

	Schedule	2018 €	2017 €
INCOME			
Interest on members' loans		1,789,645	1,658,809
Other interest and similar income	1	520,184	524,737
Interest payable on members' deposits (note 22)		(1,388)	(2,981)
Net interest income		2,308,441	2,180,565
Other income	2	15,684	18,733
Total income		2,324,125	2,199,298
EXPENDITURE			
Employment costs		715,152	714,209
Other management expenses	3	873,603	907,565
Depreciation		129,008	106,785
Net impairment losses/(gains) on loans to members (note 5)		(226,672)	(367,249)
Total expenditure		1,491,091	1,361,310
Surplus for the financial year		833,034	837,988

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2018

	2018 €	2017 €
Surplus for the financial year	833,034	837,988
Other comprehensive income	-	-
Total comprehensive income for the financial year	833,034	837,988

The financial statements were approved and authorised for issue by the board on 23rd October 2018 and signed on behalf of the credit union by:

Enda Lee
CHAIRPERSON OF THE BOARD
OF DIRECTORS

Susan Tarpey
THE BOARD
OVERSIGHT COMMITTEE

Paula Maguire
CEO

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

BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2018

	Notes	2018 €	2017 €
ASSETS			
Cash and balances at bank		1,095,145	1,286,995
Deposits and investments – cash equivalents	7	15,439,311	11,048,192
Deposits and investments – other	7	32,286,199	31,149,098
Loans to members	8	22,046,074	21,566,570
Provision for bad debts	9	(1,234,275)	(1,636,453)
Tangible fixed assets	10	618,090	730,360
Prepayments and accrued income	11	179,721	180,627
Total Assets		70,430,265	64,325,389
LIABILITIES			
Members' shares	12	59,716,877	54,808,437
Members' deposits	13	1,665,113	1,257,478
Other liabilities, creditors, accruals and charges	14	200,103	178,278
Other provisions	15	3,986	2,417
Total liabilities		61,586,079	56,246,610
RESERVES			
Regulatory reserve	17	7,465,975	6,816,711
Operational risk reserve	17	352,169	321,543
Other reserves			
- Realised reserves	17	938,244	852,810
- Unrealised reserves	17	87,798	87,715
Total reserves		8,844,186	8,078,779
Total liabilities and reserves		70,430,265	64,325,389

The financial statements were approved and authorised for issue by the board on 23rd October 2018 and signed on behalf of the credit union by:

Enda Lee
CHAIRPERSON OF THE BOARD
OF DIRECTORS

Susan Tarpey
THE BOARD
OVERSIGHT COMMITTEE

Paula Maguire
CEO

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

STATEMENT OF CHANGES IN RESERVES FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2018

Movements on Reserves

	Regulatory Reserve	Operational Risk Reserve	Realised reserves	Unrealised reserves	Total
	€	€	€	€	€
As at 1 October 2016	6,366,841	301,481	801,832	-	7,470,154
Surplus for the financial year	-	-	750,273	87,715	837,988
Dividends paid	-	-	(243,800)	-	(243,800)
Transfer to unpaid Dividends and closed accounts reserve	-	-	14,437	-	14,437
Transfer to the regulatory reserve	449,870	-	(449,870)	-	-
Transfer to the operational risk reserve	-	20,062	(20,062)	-	-
As at 1 October 2017	6,816,711	321,543	852,810	87,715	8,078,779
Surplus for the financial year	-	-	823,665	9,369	833,034
Dividends paid	-	-	(53,190)	-	(53,190)
Other transfers	-	-	9,286	(9,286)	-
Transfer to the regulatory reserve	649,264	-	(649,264)	-	-
Transfer to the operational risk reserve	-	30,626	(30,626)	-	-
Transfer from reserves	-	-	(14,437)	-	(14,437)
As at 30 September 2018	7,465,975	352,169	938,244	87,798	8,844,186

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2018 was 10.60% (2017: 10.60%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2018 was 0.50% (2017: 0.50%).

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2018

	Notes	2018 €	2017 €
Opening cash and cash equivalents		12,335,187	13,325,340
Cash flows from operating activities			
Loans repaid by members	8	10,866,591	10,429,364
Loans granted to members	8	(11,750,614)	(12,062,175)
Loan interest		1,789,645	1,658,809
Deposit interest paid		(1,388)	(2,981)
Investment interest		520,184	524,737
Other receipts		15,684	18,733
Bad debts recovered and recoveries		229,013	296,694
Dividends paid		(53,190)	(243,800)
Operating expenses		(1,588,755)	(1,617,120)
Movement in other assets and liabilities		24,300	(15,884)
Net cash flows from operating activities		51,470	(1,013,623)
Cash flows from investing activities			
Fixed asset purchases/disposals		(16,738)	(81,801)
Net cash flow from other investing activities		(1,137,101)	(3,304,965)
Net cash flows from investing activities		(1,153,839)	(3,386,766)
Cash flows from financing activities			
Members' shares received		24,747,673	22,611,298
Members' deposits received		2,875,698	2,346,473
Members' shares withdrawn		(19,853,670)	(19,287,439)
Members' deposits withdrawn		(2,468,063)	(2,260,096)
Net cash flow from financing activities		5,301,638	3,410,236
Net (decrease)/increase in cash and cash equivalents		4,199,269	(990,153)
Closing cash and cash equivalents	6	16,534,456	12,335,187

NOTES TO THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2018

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, 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

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.

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.

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:

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 (30 September 2017: 12.50% reducing balance per annum)

The Board of Directors reviewed the accounting policy of the furniture & office equipment and following their review determined that the above accounting policy is appropriate. The effect of the change in accounting policy from reducing balance to straight line increased the depreciation charge for the year by €24,431. This will be subject to annual review by the Board of Directors.

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 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 Operating leases

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

2.9 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.

2.10 Taxation

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

2.11 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.

2.13 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.

2.14 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.

2.15 Members' deposits

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

2.16 Financial liabilities – members' shares and members' deposits

Members' shares and members' deposits in Lucan District 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.

2.17 Holiday pay

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

2.18 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.

2.19 Other payables

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

2.20 Derecognition of financial liabilities

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

2.21 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.

2.22 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.

2.23 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.

2.24 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 €618,090 (2017: €730,360).

Provision for bad debts

Lucan District Credit Union Limited's accounting policy for impairment of loans is set out in the accounting policy in note 2.13. 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 €1,234,275 (2017: €1,636,453) representing 5.60% (2017: 7.59%) 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 €352,169 (2017: €321,543).

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.

4. KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2018	2017
	€	€
Total key management personnel compensation	325,576	308,688

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

	2018	2017
	€	€
Bad debts recovered	(118,483)	(141,656)
Impairment of loan interest reclassified as bad debt recoveries	(110,530)	(155,038)
Movement in bad debts provision during the year	(402,178)	(631,195)
Loans written off during the year	404,519	560,640
Net impairment losses/(gains) on loans to members	(226,672)	(367,249)

6. CASH AND CASH EQUIVALENTS

	2018	2017
	€	€
Cash and balances at bank	1,095,145	1,286,995
Deposits & investments (note 7)	47,725,510	42,197,290
Less: Deposit & investment amounts maturing after three months	(32,286,199)	(31,149,098)
Total cash and cash equivalents	16,534,456	12,335,187

7. DEPOSITS AND INVESTMENTS

	2018	2017
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	9,178,544	11,048,192
Irish and EEA state securities	6,260,767	-
Total deposits and investments – cash equivalents	15,439,311	11,048,192
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	21,452,067	12,925,327
Bank bonds	7,826,979	8,878,815
Irish and EEA state securities	2,570,235	8,934,103
Central Bank deposits	436,918	410,853
Total deposits and investments – other	32,286,199	31,149,098
Total deposits and investments	47,725,510	42,197,290

8. FINANCIAL ASSETS – LOANS TO MEMBERS

	2018	2017
	€	€
As at 1 October	21,566,570	20,494,399
Loans granted during the year	11,750,614	12,062,175
Loans repaid during the year	(10,866,591)	(10,429,364)
Gross loans and advances	22,450,593	22,127,210
Bad debts		
Loans written off during the year	(404,519)	(560,640)
As at 30 September	22,046,074	21,566,570

9. PROVISION FOR BAD DEBTS

	2018	2017
	€	€
As at 1 October	1,636,453	2,267,648
Movement in bad debts provision during the year	(402,178)	(631,195)
As at 30 September	1,234,275	1,636,453

The provision for bad debts is analysed as follows:

	2018	2017
	€	€
Individually significant loans	142,126	159,938
Grouped assessed loans	1,092,149	1,476,515
Provision for bad debts	1,234,275	1,636,453

10. TANGIBLE FIXED ASSETS

	Freehold Buildings	Freehold Improv.	Leasehold Buildings	Leasehold Improv.	Computer Equipment	Furniture & Office Equipment	Total
	€	€	€	€	€	€	€
Cost							
1 October 2017	362,791	234,355	232,647	70,847	203,250	363,717	1,467,607
Additions	-	-	-	-	16,076	662	16,738
Disposals	-	-	-	-	(9,156)	-	(9,156)
At 30 September 2018	362,791	234,355	232,647	70,847	210,170	364,379	1,475,189
Depreciation							
1 October 2017	165,182	53,038	141,798	23,622	90,764	262,843	737,247
Charge for year	7,256	15,631	18,170	7,872	42,956	37,123	129,008
Disposals	-	-	-	-	(9,156)	-	(9,156)
At 30 September 2017	172,438	68,669	159,968	31,494	124,564	299,966	857,099
Net book value							
At 30th September 2018	190,353	165,686	72,679	39,353	85,606	64,413	618,090
At 30th September 2017	197,609	181,317	90,849	47,225	112,486	100,874	730,360

Computer Equipment with a carrying value of €7,534 (2017: €Nil) is held under a finance lease.

11. PREPAYMENTS AND ACCRUED INCOME

	2018	2017
	€	€
Loan interest receivable	69,398	78,684
Prepayments	110,323	101,943
	179,721	180,627

12. MEMBERS' SHARES

	2018	2017
	€	€
As at 1 October	54,808,437	51,499,015
Received during the year	24,747,673	22,611,298
Reclassification from/(to) reserves	14,437	(14,437)
Withdrawn during the year	(19,853,670)	(19,287,439)
As at 30 September	59,716,877	54,808,437

13. MEMBERS' DEPOSITS

	2018	2017
	€	€
As at 1 October	1,257,478	1,171,101
Received during the year	2,875,698	2,346,473
Withdrawn during the year	(2,468,063)	(2,260,096)
As at 30 September	1,665,113	1,257,478

14. OTHER LIABILITIES, CREDITORS, ACCRUALS AND CHARGES

	2018	2017
	€	€
Car draw	66,975	70,862
Finance Lease	7,605	-
PAYE/PRSI	13,689	13,138
Accruals and other creditors	111,834	94,278
	200,103	178,278

15. OTHER PROVISIONS

	2018	2017
	€	€
Holiday pay accrual		
At 1 October	2,417	2,459
Charged to the income and expenditure account	1,569	(42)
At 30 September	3,986	2,417

16. FINANCIAL INSTRUMENTS**Financial instruments – amortised cost**

	2018	2017
	€	€
Financial assets		
Financial assets measured at amortised cost	70,866,729	65,050,855
Financial liabilities		
	2018	2017
	€	€
Financial liabilities measured at amortised cost	61,586,079	56,246,610

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.

17. RESERVES

	Balance 01/10/17	Payment of dividends	Appropriation of current year surplus	Transfer from reserves	Transfers between reserves	Balance 30/09/18
	€	€	€	€	€	€
Regulatory reserve	6,816,711	-	-	-	649,264	7,465,975
Operational risk reserve	321,543	-	-	-	30,626	352,169
Other reserves						
Realised						
Undistributed surplus	838,373	(53,190)	-	823,665	(670,604)	938,244
Dividend on closed and dormant accounts	14,437	-	(14,437)	-	-	-
Total realised reserves	852,810	(53,190)	(14,437)	823,665	(670,604)	938,244
Unrealised						
Interest on loans reserve	78,684	-	-	-	(9,286)	69,398
Investment income reserve	9,031	-	-	9,369	-	18,400
Total unrealised reserves	87,715	-	-	9,369	(9,286)	87,798
Total reserves	8,078,779	(53,190)	(14,437)	833,034	-	8,844,186

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 Lucan District 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.

	€	2018 %	€	2017 %
LOANS NOT IMPAIRED				
Total loans not impaired, not past due	17,796,900	80.73%	16,518,272	76.59%
IMPAIRED LOANS:				
Not past due	824,052	3.73%	719,919	3.34%
Up to 9 weeks past due	2,011,911	9.13%	2,209,252	10.24%
Between 10 and 18 weeks past due	237,231	1.08%	375,007	1.74%
Between 19 and 26 weeks past due	191,455	0.87%	241,217	1.12%
Between 27 and 39 weeks past due	112,506	0.51%	247,217	1.14%
Between 40 and 52 weeks past due	97,476	0.44%	92,084	0.43%
53 or more weeks past due	774,543	3.51%	1,163,602	5.40%
Total impaired loans	4,249,174	19.27%	5,048,298	23.41%
TOTAL LOANS	22,046,074	100.00%	21,566,570	100.00%

19. RELATED PARTY TRANSACTIONS

	No. of loans	2018 €	No. of loans	2017 €
Loans advanced to related parties during the year	17	95,850	23	117,390
Total loans outstanding to related parties at the year end	28	229,982	35	323,563
Total Provisions for Loans Outstanding to Related Parties		2,004		6,049

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 members of the board of directors and the management team of Lucan District Credit Union Limited.

Total loans outstanding to related parties represents 1.04% of the total loans outstanding at 30 September 2018 (2017: 1.50%).

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

Lucan District 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 Lucan District 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 Lucan District Credit Union Limited'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.

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: Lucan District Credit Union Limited's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. Lucan District 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		2017	
	Amount	Av. Interest	Amount	Av. Interest
	€	Rate %	€	Rate %
Gross loans to members	22,046,074	9.08%	21,566,570	9.06%

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.

21. DIVIDENDS AND LOAN INTEREST REBATE

The following distributions were paid during the year:

	2018		2017	
	%	€	%	€
Dividend on shares	0.10%	53,190	0.50%	243,800

The Directors propose the following distributions in respect of the year:

		2018		2017
		€	€	€
Dividend on shares	0.10%	56,970	0.10%	52,490
Loan interest rebate (on standard rate loans	3.00%	51,723	-	-

22. RATE OF INTEREST PAID ON MEMBERS' DEPOSIT ACCOUNTS

		2018		2017
		€	€	€
Interest payable for the year	%		%	
Interest on deposits	0.10%	1,388	0.25%	2,981

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 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

25. CAPITAL COMMITMENTS

There were no capital commitments at 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. LEASING COMMITMENTS

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	32,000	32,000
1 to 5 years	128,000	128,000
Greater than 5 years	-	32,000
At 30 September	160,000	192,000

At 30 September 2018 the credit union had future minimum lease payments under a non-cancellable finance lease as follows:

	2018	2017
	€	€
Less than 1 year	2,895	-
1 to 5 years	4,710	-
At 30 September	7,605	-

Certain computer equipment is 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 23 October 2018.

SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2018

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

SCHEDULE 1 - OTHER INTEREST INCOME AND SIMILAR INCOME

	2018	2017
	€	€
Investment income and gains received/receivable within 1 year	510,815	515,706
Investment income receivable outside of 1 year	9,369	9,031
Total per income and expenditure account	520,184	524,737

SCHEDULE 2 - OTHER INCOME

	2018	2017
	€	€
Other income	234	260
Insurance commission	7,736	9,356
FX commission	7,714	9,117
Total per income and expenditure account	15,684	18,733

SCHEDULE 3 - OTHER MANAGEMENT EXPENSES

	2018	2017
	€	€
Loans and savings insurance costs	198,473	186,208
Printing, postage and stationery	27,748	36,481
Computer costs	82,713	48,761
AGM and other meeting costs	18,973	18,122
Bank charges	35,485	47,319
Sundry expenses	26,317	25,402
Telephone and facsimile	10,556	10,629
Cash security	3,680	7,693
Advertising/marketing	32,325	30,136
Donations and sponsorship	18,343	16,030
Legal and professional fees	123,029	96,607
Debt collection	26,568	44,744
Audit fees	18,142	18,143
Regulatory levies	126,099	193,183
Rent and rates	46,875	45,488
Repairs and maintenance	18,732	16,412
General insurance	28,884	29,854
Light and heat	9,383	8,787
Retirement of fixed assets	-	4,653
Staff training	12,591	14,474
Travel and subsistence	2,601	2,865
Uniforms	6,086	5,574
Total per income and expenditure account	873,603	907,565



FORGET THE CREDIT CARD* THIS CHRISTMAS CHRISTMAS LOANS AVAILABLE NOW

Ease the pressure of the Christmas season with a small loan from Lucan Credit Union at our standard variable rate of 9.49% (9.92% APR)*.

Examples of repayments and costs below:

AMOUNT BORROWED	TERM	WEEKLY REPAYMENT	TOTAL INTEREST ON LOAN	TOTAL AMOUNT REPAYD INCLUDING INTEREST
€500	1 YEAR	€10.10	€24.43	€524.43
€1,000	1 YEAR	€20.17	€48.94	€1,048.94
€1,500	1 YEAR	€30.26	€73.41	€1,573.41
€2,000	1 YEAR	€40.34	€97.88	€2,097.88

*Credit cards can have interest rates between 18-23% or higher. These can prove difficult to repay in the New Year.

Don't forget about our 'Within Shares' loan rate of 6% (6.18% APR). This is available when you borrow less than your shares.

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.

Lending was directly impacted this year by the inclement weather in February and March with lending down considerably in both months. Overall, the loan book increased by a very modest 2.2% in the year.

The following is a breakdown of the loans issued over the past year.

By Amount	Number	Amount €	Loan Purpose	Number	Amount
€1 - €500	370	138,693	Car Purchase	308	2,476,995
€500 - €2,000	1,318	1,679,618	Car Repairs / Insurance / Tax	89	142,220
€2,000 - €5,000	815	2,920,522	Christmas	142	220,600
€5,000 - €10,000	367	2,769,074	Education	134	417,814
€10,000 - €15,000	122	1,609,179	Dental/Medical	72	216,280
€15,000 - €25,000	77	1,563,728	Holidays	333	773,220
€25,000 - €50,000	27	974,800	Home Improvements	582	3,710,411
€50,000 - €100,000	1	95,000	Bills	70	356,906
€100,000 +	0	0	Personal Microcredit Loan	127	99,235
Total	3,097	11,750,614	Wedding	57	378,900
			Within Shares	1,025	2,473,152
			Other purpose	158	484,881
			Total	3,097	11,750,614

Your credit union has plenty of funds to lend to our members and we are happy to discuss your credit requirement with you to see if we can help. We now provide longer-term loans for home extensions or conversions of up to 10 years. Simply ask us about our longer-term loans at the counter or email info@lucancu.ie for more information.

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.

This year saw continuing improvement in the loan book in relation to underperforming loans. Over 80% of our loan book is fully up to date with just under 20% having either some or full arrears. We continue to work closely with members who find themselves in financial difficulty. We can only do this where the member will engage with us and stick to any arrangement that is put in place.

We would advise any member who runs into financial difficulty or is expecting a significant change in financial circumstances to come and talk to us. Your credit union is more than prepared to assist you with a payment plan that will suit your new circumstances. This may involve a change in the repayment amount, spreading the loan over a longer term or clearing some or all of the loan with your savings.

If you ignore the loan and hope that the issue will resolve itself, this will hurt you more than the credit union. A damaged credit rating may prevent you from accessing credit in the future, with all financial institutions. The best thing to do is to contact us and we will arrange a meeting with you to go over your options. Sometimes a temporary arrangement will be enough until you can get back on your feet.

In a small number of cases it may be necessary for the credit control team to refer a loan to our solicitor and to obtain a judgement. In the unfortunate event that a member will not engage with us in any capacity, then the loan may be written off and referred to Cabot Financial for collection. This is generally a last resort for us as we prefer to deal directly with our members and to preserve the relationship where possible. However, we do have a duty to recover as much of our members funds as possible.

We would ask members to be realistic when applying for a loan and to borrow only what you need and can afford to repay.

We wish you all a very Happy New Year.

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.

This year proved to be very busy from a new member perspective. There were 955 new members altogether, an average of 80 per month. Of these new members, 29% or 277 were under 18. These are our members of the future. We are delighted that so many people from the community have chosen to join our credit union.

We would encourage all members to open an account for your children and encourage them to start saving, even small amounts. It is a very good way of preparing them for later life if they are used to setting aside some of their money for the future, or a rainy day. When they leave school or college their credit union will be here for them for their first loans.

We would ask that members keep us informed of any change of address or contact details. Bring in a current utility bill so that we can update the address on your account. You should always bring current photo ID with you when making withdrawals. This is for security reasons.

We would like to remember at this time our members who passed away this year. May they rest in peace.

We thank you all for your continuing support and we look forward to welcoming more new members over the coming year.

We wish you all a very Happy New Year.

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 in order 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.

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 possible selection for the AGM should ensure that their nomination form is submitted by Friday 30th November at the latest. All nominations received after this date will be placed on a panel for consideration during the coming year should a vacancy on the Board or Board Oversight Committee arise.

It continues to be a challenge to maintain a panel of suitable candidates for the Board and Board Oversight Committee. These roles are voluntary and require a monthly commitment from members to prepare for and attend Board meetings and occasionally an ad-hoc meeting by arrangement. There is also a requirement on Board/BOC members to attend induction training, some mandatory annual training and the AGM. The estimated time contribution is a maximum of eight hours per month.

Although these roles are unpaid, volunteers may avail of our education programme and gain a qualification while serving on the Board. This will benefit both the credit union and the volunteer who can add the qualification to their CV. In addition, the volunteer will gain valuable experience of corporate governance of a large member-based organisation.

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.

CAR DRAW WINNERS 2018

Oct 17	Georgina Bolger	Apr 18	Rose McCabe
Nov 17	Sinead Dowling	May 18	Adeline Cooney
Dec 17	James McGee	Jun 18	Noreen Margoran
Jan 18	Margaret Daniels	Jul 18	Suzanne Kavanagh
Feb 18	Nicola Clarke	Aug 18	Cieran Vaughan
Mar 18	Hannah McStay	Sep 18	Philip Furlong

MEMBERS CAR DRAW INCOME AND EXPENDITURE ACCOUNT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2018

INCOME	€
Opening Balance 01/10/2017	70,862
Cash Draw Member Entry Fees for financial year 2018	158,392
Total entry fees and opening balance	229,254
EXPENDITURE	
Prizes paid out to members	162,245
Bank Charges related to car draw account	34
Total Expenditure	162,279
Total audited remaining cash draw funds	66,975

Number of members in the car draw as at 30/09/2018 **3,046**

COMMUNITY SUPPORT

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.

Sarsfields GAA
Esker Celtic FC
Beechpark FC
Lucan United FC
Adamstown Community College
St Joseph's College
142nd Scouts
Lucan Festival
Lucan St Patricks Day Parade
Esker Boxing Club
St Marys Boys National School
Colaiste Cois Life
Liffey Sound FM
Irish Downs Syndrome Sporting Assoc.
Shannon Kelly – local triathlete
Focus Ireland
Irish Red Cross
Tusla

PROPOSED RULE AMENDMENTS 2018

LDCU Rule 10

(3) A person under the age of 16 may be a member of the credit union and may enjoy all the rights of membership other than voting rights and can give all necessary receipts provided that a member who is not of full age may not be a member of the board of directors or of a principal Committee or an office manager of the credit union.

Proposed Rule Change: - addition to the current rule.

(3) (a) Where the member under age sixteen cannot give the necessary receipts, the signature of a nominated parent or the legal guardian, at the discretion of the board of directors, will be sufficient.



Online & Mobile App Banking

- Move money between your accounts
- Move money to other bank accounts
- Check your balances
- Check your statement
- Pay a bill

Register at

www.lucancu.ie

for your PIN today to access
Online & Mobile App Banking





FLEXIBLE LOANS AVAILABLE NOW FROM YOUR CREDIT UNION

Your loan – Your way

Our standard variable rate is 9.49% (APR 9.91%)

Loans available for:

- Car purchase
- Home improvements
- College fees
- Medical/dental expenses
- Wedding costs
- Holidays
- Any other family purpose

Check out our handy loan calculator on our website www.lucancu.ie for an estimate of how much a credit union loan would cost you.

Special rate available for members who wish to hold onto their savings and borrow within shares – 6% (APR 6.18%)