



Blanchardstown  
and District  
Credit Union



**Annual Report 2017**



**INTEREST  
REBATE PAID  
ON LOANS**

**€23.5M**

**LOAN BOOK**



**€23,000**

**ISSUED IN  
COMMUNITY  
SPONSORSHIP**

**€80 M**



**NET ASSETS**



**Blanchardstown  
and District  
Credit Union**



**0.10%  
DIVIDEND  
PAID**

# **2017**

## **The Year In Numbers**

**€1.005 M**

**OPERATING  
SURPLUS**

**THIRD LEVEL  
EDUCATION  
BURSARY**



**€14.3 M**

**ISSUED IN NEW  
LOANS**



**1095**

**NEW MEMBERS  
JOINED**

**€64 M**

**IN MEMBERS'  
SHARES**



**6**



**SCHOOLS IN OUR  
SCHOOL SAVINGS  
SCHEME**

# Notice of AGM

**The Forty Eighth Annual General Meeting  
will be held at the  
Credit Union office  
on Tuesday 12 December 2017  
at 8pm**

**Members are requested to bring this report and  
their passbooks to the AGM.**

Blanchardstown and District Credit Union Limited is regulated by the Central Bank of Ireland.



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Blanchardstown and District Credit Union

## Online & Mobile App Banking

*Just a Click Away From:*

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

Register for your PIN today at [www.blanchardstowncu.ie](http://www.blanchardstowncu.ie) to get access to Online & Mobile App Banking

www.blanchardstowncu.ie

## Order of Business

- 1 The acceptance by the board of directors of the authorised representatives of members that are not natural persons;
- 2 Ascertainment that a quorum is present;
- 3 Adoption of Standing Orders\*;
- 4 Reading and approval (or correction) of the minutes of the last annual general meeting, and any intervening special general meeting;
- 5 Report of the Board of Directors;
- 6 Report of the CEO;
- 7 Consideration of accounts;
- 8 Report of the Auditor;
- 9 Declaration of dividend and rebate of interest;
- 10 Report of the Credit Committee;
- 11 Report of the Credit Control Committee;
- 12 Report of the Membership Committee;
- 13 Report of the Nomination Committee;
- 14 Report of the Board Oversight Committee;
- 15 Appointment of Tellers;
- 16 Election of Auditor;
- 17 Election to fill vacancy on the Board Oversight Committee;
- 18 Election to fill vacancies on the Board of Directors;
- 19 Any other business;
- 20 Announcement of election results;
- 21 Adjournment or close of meeting.

The members assembled at any annual general meeting may suspend the order of business upon a two-thirds (2/3) vote of the members present at the meeting.

## Notice of Elections

Elections will be held to fill:

- 3 vacancies on the Board of Directors
- 1 vacancy on the Board Oversight Committee
- The position of Auditor

**Claude Hobbs**  
Honorary Secretary

## Board of Directors

<b>Chairman:</b>	<b>Alan Keane</b>
<b>Vice Chairman:</b>	<b>John McGrath</b>
<b>Secretary:</b>	<b>Claude Hobbs</b>
<b>Directors:</b>	<b>Mary Kellett</b>
	<b>Frances Maher</b>
	<b>Richard Carroll</b>
	<b>Sean Creighton</b>
	<b>Shane Maguire</b>
	<b>David O'Donnell.</b>

## Board Oversight Committee

<b>Chairman:</b>	<b>Donal O'Callaghan</b>
<b>Secretary:</b>	<b>Judith Farrell</b>
<b>Committee member:</b>	<b>Marian Cluskey</b>



## Credit Union Invocation

**LORD**

**MAKE ME AN INSTRUMENT OF THY PEACE,  
WHERE THERE IS HATRED LET ME SOW LOVE,  
WHERE THERE IS INJURY, PARDON,  
WHERE THERE IS DOUBT, FAITH,  
WHERE THERE IS DESPAIR, HOPE,  
WHERE THERE IS DARKNESS, LIGHT,  
AND WHERE THERE IS SADNESS, JOY.**

**O DIVINE MASTER**

**GRANT THAT I MAY NOT SO MUCH SEEK  
TO BE CONSOLED AS TO CONSOLE;  
TO BE UNDERSTOOD AS TO UNDERSTAND;  
TO BE LOVED AS TO LOVE;  
FOR IT IS IN GIVING THAT WE RECEIVE,  
IT IS IN PARDONING THAT WE ARE PARDONED,  
AND IT IS IN DYING THAT WE ARE BORN TO ETERNAL LIFE.**

## Standing Orders

### for the AGM of Blanchardstown and District Credit Union Ltd.

#### 1. VOTING

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

#### 2 – 4 ELECTION PROCEDURE.

2. Elections to the board of directors, to the board oversight committee and the position of auditor shall be by majority vote and by secret ballot.
3. When nominations are announced tellers shall be appointed by the chair and ballot papers shall be distributed. Nominations shall be in the following order: **(a) nominations for auditor; (b) nominations for members of the board oversight committee; (c) nominations for directors.** When voting is completed, the votes shall be taken and tallied by the tellers. Any ballot paper which contains votes for more than the number required to be elected shall be void. All elections shall be by secret ballot and by majority vote. When the votes have been counted by the tellers, the results shall be announced by the chair. In the event that all vacancies are not filled by the first ballot further ballots shall be taken as required. In the event of an equality of votes between candidates for the remaining vacancies not filled in accordance with the above procedure one further ballot shall be taken and should that ballot fail to determine the issue, the vacancies shall be filled by lot from among such candidates having an equality of votes.
4. A Ballot Paper for the election of the Board, the Board Oversight Committee and the Auditor 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 Chair 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 Chair 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 Chair.
10. The Chair shall have the absolute right to decide at any time when a motion has been sufficiently discussed and may put the motion to the meeting giving the proposer the right of reply before doing so.

#### 11 – 16 MISCELLANEOUS.

11. The Chair of the Board of Directors shall be the Chair of any general meeting, except where he/she is not available, in which case it shall be the Vice-Chair, except where he/she is not available, in which case the Board shall decide amongst themselves who shall act as Chair of any general meeting.
12. The Chair 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 Chair.
14. The Chair's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
15. 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.
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(1) of the Credit Union Act.

## Chairman's Address

Dear Members,

On behalf of your Board of Directors, I am pleased to present to you our 48th Annual Report and Accounts for the year ended 30th September 2017. Once again, I can report that your credit union has recorded a successful year.

### Financial Performance

We have worked hard over the past few years to improve the quality of our loan book and this has now resulted in a strong financial performance, the highlights of which are as follows:

Total Income of €2,619,357

Surplus of €1,005,340

Loans have increased to €23.5m

Net assets have increased to €80m for the first time.

Shares have increased to €64m

All in all it has been a good year for the Credit Union financially and reflects the strong support received from our members.

However, there is an indication that our income levels will be under pressure in the coming years. The absence of a government policy for Credit Unions and the continuing regulatory curtailment on how Credit Unions are permitted to operate is resulting in increased costs which coupled with reduced investment income will put pressure on our bottom line.

In saying this Blanchardstown and District Credit Union is in great financial health and will continue to be so for many years to come.

### Dividend and Loan Interest Rebate:

In recognition of and reward to our members for their continued loyalty in borrowing from the credit union The Board of Directors is recommending a dividend of 0.1% and a loan interest rebate of 10%

### Some other important performance measures to note are:

Our regulatory reserves stand at 15.6%, which is substantially above the statutory reserve figure of 10%

1,095 new members joined our credit union during the year

I want to thank our management team and staff for their dedicated service to both you and the Credit Union. It has been a particularly challenging year and once again our team has risen to the challenge and continued to provide a professional service.

A special thanks to our volunteers who contribute their time and energy in the completion of projects, administration and as members of various committees.

I want to thank my fellow directors and the Board Oversight Committee for their commitment and hard work during the year. In particular I would also like to take this opportunity to thank Donal O'Callaghan who is stepping down from his position on the Board Oversight Committee, for his commitment, integrity and hard work.

Finally, I want to thank you our members for your continued support and loyalty. I wish all of you, and your families a wonderful Christmas and health and happiness for the New Year. .



Alan Keane  
Chairman



## Report of the CEO

Our credit union has recorded another successful year in 2017 and I will outline below the highlights. Most importantly, our loan book recorded a growth of €1.5m or 6.8% in the year, generating interest income in excess of €2m.

2017 was a challenging year for credit union investments. For the first time in history, deposits have been exposed to negative rates of return. Despite this, the investment portfolio generated an income in excess of €597k.

### Our Business Performance:

- We issued €14.369m in new loans during the year (up from €13m in 2016). This resulted in our loan portfolio growing by €1.5m in the year, to end at €23.517m
- 1,095 people became new members.
- Shares in the Credit Union increased to over €64m from €60m.
- Net assets now stand at €80.3m, up from €75.6m

### On the Community side:

- We now operate our national school savings scheme in 6 schools
- We paid out €23,000 in sponsorship
- We paid a third level school bursary

### Other relevant figures:

- We approved 97% of all loan applications

### What are the challenges facing us?

- We continue to experience a reduction in our investment income due to the ongoing low level of global interest rates which are expected to continue into 2019.
- To compensate for this reduction, we must continue to grow our loan book and I would like to remind all of our members that we are looking for new opportunities to lend to you.

In conclusion, I would like to thank you, our members, for your continued support during the year. Wishing you all a happy, peaceful Christmas and a prosperous 2018.



Brian Conroy

### Statement of Directors' Responsibilities

for year ended 30th September 2017

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:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and which enables them to ensure that the financial statements comply with the Credit Union Act, 1997 (as amended). 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.



**Chairperson**




**Secretary**

### Statement of the Board Oversight Committee 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). In addition, they are required to assess whether the Board of Directors has operated in accordance with any other matter prescribed by the Central Bank.



**Chairperson**



**Secretary**

# Independent Auditors' Report

To the Members of Blanchardstown and District Credit Union Limited

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Blanchardstown & District Credit Union Ltd (the 'Credit Union') for the year ended 30th September 2017 which comprise the Statement of Comprehensive income, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities and financial position of the Credit Union as at 30th September 2017, and of its surplus for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Credit Union Act 1997 (as amended).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Independent Auditors' Report (continued)

To the Members of Blanchardstown and District Credit Union Limited

Opinions on other matters prescribed by the Credit Union Act 1997 (as amended)

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

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Credit Union were sufficient to permit the financial statements to be readily and properly audited, and financial statements are in agreement with the accounting records.

### Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Credit Union and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f\\_a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f_a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf). This description forms part of our auditor's report.

### 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.



#### RBK Partnership

Chartered Accountants and Registered Auditor,  
Boole House,  
Beech Hill Office Campus,  
Clonskeagh,  
Dublin 4.

Date: 31 October 2017

# Statement of Comprehensive Income

for year ended 30th September 2017

	Schedule	2017 €	2016 €
<b>INCOME</b>			
Interest on Member's Loans	1	2,004,135	1,914,602
Members' Deposits interest expense		(3,701)	(8,777)
Other Interest Receivable and Similar Income	2	<u>597,386</u>	<u>637,003</u>
Net Interest Income		<u>2,597,820</u>	<u>2,542,828</u>
Other Income	3	<u>21,538</u>	<u>16,903</u>
<b>TOTAL INCOME</b>		<u><u>2,619,358</u></u>	<u><u>2,559,731</u></u>
<b>EXPENDITURE</b>			
Salaries and other wage costs		576,973	513,155
Other operating expenses	4	1,122,566	1,032,853
Depreciation		109,395	119,400
Bad debt provision		(104,789)	(110,350)
Bad debts written off		228,911	674,076
Bad debts recovered		<u>(319,038)</u>	<u>(210,720)</u>
<b>TOTAL EXPENDITURE</b>		<u><u>1,614,018</u></u>	<u><u>2,018,414</u></u>
<b>SURPLUS FOR THE YEAR</b>			
Dividend and loan interest rebate paid		1,005,340	541,317
		(248,965)	(495,116)
Add: Undistributed Surplus/(Deficit) at start of year		3,981,804	4,386,486
<b>TOTAL</b>		4,738,179	4,432,687
Less:			
Transfer to Regulatory Reserve		(455,000)	(380,000)
Transfer to Unrealised Investment Income Reserve		(75,111)	35,117
Transfer to operational risk reserve		(22,000)	(106,000)
Transfer to Dividend Reserve		<u>(500,000)</u>	<u>-</u>
<b>TOTAL</b>		<u><u>(1,052,111)</u></u>	<u><u>(450,883)</u></u>
<b>Undistributed Surplus at end of year</b>		<u><u>3,686,068</u></u>	<u><u>3,981,804</u></u>

On behalf of the Credit Union

**Alan Keane**  
Director



**Brian Conroy**  
Chief Executive Officer



**Donal O'Callaghan**  
Board Oversight Committee



Date: 31 October 2017



## Balance Sheet

as at 30th September 2017

	Note	2017 €	2016 €
<b>ASSETS</b>			
Deposits and Investments	4	54,396,566	51,860,617
Loans to Members	5	23,517,912	22,008,610
Less: Provision for bad and doubtful debts	5	(1,478,932)	(1,583,721)
Tangible Fixed Assets	6	1,287,743	1,364,851
Debtors, Prepayments and Accrued Income	7	359,046	97,530
Cash and Balances at Bank		2,139,463	1,879,295
<b>TOTAL ASSETS</b>		<b>80,221,798</b>	<b>75,627,182</b>
<b>OTHER LIABILITIES</b>			
Members' shares	8	64,336,334	60,219,668
Members' deposits	8	3,305,251	3,541,088
Other Creditors and accruals		145,534	188,122
		<b>67,787,119</b>	<b>63,948,878</b>
<b>MEMBERS' RESOURCES</b>			
Regulatory Reserve		8,035,000	7,580,000
Other Realised Reserves		3,686,068	3,981,804
Dividend Reserve		500,000	-
Operational Reserve		128,000	106,000
Unrealised Reserve		85,611	10,500
		<b>12,434,679</b>	<b>11,678,304</b>
<b>TOTAL LIABILITIES</b>		<b>80,221,798</b>	<b>75,627,182</b>

On behalf of the Credit Union

**Alan Keane**  
Director

*Alan Keane*

**Brian Conroy**  
Chief Executive Officer

*Brian Conroy*

**Donal O'Callaghan**  
Board Oversight Committee

*Donal O'Callaghan*

Date: 31 October 2017

**STATEMENT OF CHANGES IN RESERVES**

For the year ended 30th September 2017

	Regulatory Reserve	Operational Risk Reserve	Dividend Reserve	Unrealised Investment Income Reserve	Undistributed Surplus	Total
	€	€	€	€	€	
Opening balance at 1 October 2015	7,200,000			45,617	4,386,486	11,632,103
Surplus for the year					541,317	541,317
Transfer to regulatory reserve	380,000				(380,000)	-
Dividend/Loan interest rebate paid					(495,116)	(495,116)
Transfer to operation risk reserve		106,000			(106,000)	-
Transfer between reserves				(35,117)	35,117	-
Closing balance at 30 September 2016	7,580,000	106,000		10,500	3,981,804	11,678,304
Opening balance at 1 October 2016	7,580,000	106,000		10,500	3,981,804	11,678,304
Surplus for the year					1,005,340	1,005,340
Transfer to regulatory reserve	455,000				(455,000)	-
Transfer to Dividend Reserve			500,000		(500,000)	-
Dividend/Loan interest rebate paid					(248,965)	(248,965)
Transfer to Operational Risk Reserve		22,000			(22,000)	-
Transfer to unrealised investment income reserve				75,111	(75,111)	
Closing balance at 30 September 2017	8,035,000	128,000	500,000	85,611	3,686,068	12,434,679

## CASH FLOW STATEMENT

For the year ended 30th September 2017

	Notes	2017 €	2016 €
<b>Cash flows from operating activities</b>			
<b>Surplus</b>		1,005,340	541,317
<b>Adjustments for non-cash items:</b>			
Movement in provision		(104,789)	(110,350)
Bad debt write offs		228,911	674,076
Depreciation	6	109,395	119,400
		<u>233,517</u>	<u>683,126</u>
<b>Movements in:</b>			
(Increase)/Decrease in prepayment & accrued interest		(253,943)	(14,128)
Increase/(Decrease) in other payables		<u>(42,589)</u>	<u>27,855</u>
		(296,532)	13,727
<b>Cash flows from changes in operating assets and liabilities</b>		942,325	1,238,170
<b>Cashflows from Financing Activities</b>			
Members shares, savings and deposits received		29,307,086	27,004,309
Members shares, savings and deposits repaid		(25,428,286)	(22,897,301)
New loans to members		(14,369,687)	(13,048,917)
Repayment of loans by members		<u>12,631,521</u>	<u>11,861,025</u>
		2,140,634	2,919,116
<b>Net cash flows from operating activities</b>		3,082,959	4,157,286
<b>Cash flows from investing activities</b>			
Movement in investments		(2,809,161)	(879,767)
Purchase of property, plant and equipment	6	(37,880)	(627,497)
Dividend paid		(248,965)	(495,116)
<b>Net cash flows from investing activities</b>		<u>(3,096,005)</u>	<u>(2,002,380)</u>
<b>Net increase in cash and cash equivalents</b>		(13,044)	2,154,906
Cash and cash equivalents at beginning of year	9	<u>19,407,904</u>	<u>17,252,998</u>
<b>Cash and cash equivalents at end of year</b>		<u>19,394,860</u>	<u>19,407,904</u>

# Notes to the Financial Statements

for the year ended 30th September 2017

## 1. Legal and Regulatory Framework

Blanchardstown & District Credit Union Limited is established under the Credit Union Act 1997 (as amended). Blanchardstown & District Credit Union Limited is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is Blanchardstown & District Credit Union Limited, Blanchardstown Business Centre, Clonsilla Road, Dublin 15.

## 2. Accounting policies

### 2.1 Basis of preparation

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

The directors of Blanchardstown & District Credit Union Limited believe that it is appropriate to prepare the financial statements on the going concern basis.

### 2.2 Currency

The financial statements are presented in Euro (€) which is the functional currency of Blanchardstown & District Credit Union Limited. Monetary amounts in these financial statements are rounded to the nearest Euro.

### 2.3 Income

Interest on Members' Loans is recognised on an accruals basis over time irrespective of when the interest is physically received by the Credit Union. An adjustment is made to the yearend amount receivable for any irrevocable amounts or amounts written off for whatever reason. This is the method required by FRS102 and is prescribed by Section 110(d) of the Credit Union Act 1997 (as amended).

### 2.4 Investment Income

Investments are accounted for depending on how they are designated at purchase:

**Held at amortised cost**

Investments held at amortised cost are measured by the effective interest rate method less impairment. This means that the investment is measured at the cost less any capital adjustments paid, plus or minus the cumulative amortisation of interest, and compared to the original and maturity amount, less any impairment necessary. As done in previous years, this spreads out the return on any investments, less any possible or identified impairment.

**Deposits**

All other investments, which are deposits, are held at the cost paid or amount held. Any amounts held as a deposit with the Central Bank are not subject to any impairment reviews.

### 2.5 Tangible fixed assets

Tangible fixed assets include the categories listed below, which are stated at cost less depreciation and any potential impairment. Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is calculated per annum as follows:

Premises	4%	Straight Line
Fixtures and Fittings	20%	Reducing Balance
Computers	20%	Straight Line

## Notes to the Financial Statements continued

for the year ended 30th September 2017

### 2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash deposits with maturity of three months or less.

### 2.7 Members Share and Loans

Members' shares are redeemable and therefore classified as liabilities by the credit union, as they are due to members. They are measured at the amount deposited.

Loans to members are financial assets with fixed payments. They are recognised when cash is advanced to members and measured at amortised cost using the effective interest method. Loans are only removed from the balance sheet when they are repaid by the member or written off by the credit union.

### 2.8 Impairment of Loans

Blanchardstown & District Credit Union Ltd 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. Quarterly loan book reviews are also carried out, and provisions are made for any loans not performing, in line with regulatory requirements and accounting rules.

Any loans which are identified as impaired are approved for charge off by the board on a quarterly basis. Any movement in bad debts, including provisions, collection of charged off amounts, amounts charged off or reversal of any necessary provisions, are accounted for in the income and expenditure account. Blanchardstown & District Credit Union has identified the following categories for assessing impairment losses on loans.

#### Rescheduled Loans

The provision applied to rescheduled loans is the greater provision required using Lending Analytical Software and any provision required under Regulatory Requirements issued by the Central Bank of Ireland.

#### Individual Significant Loans

Each loan in this category is individually assessed. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability.

#### All Other Loans

Blanchardstown & District Credit Union Ltd uses Lending Analytics Software to calculate the statistical baseline for that part of its loan provision that is assessed on a collective grouped basis for loans which are not included in the above categories. The Lending Analytics Software employs a roll-rate methodology that analyses the movement in arrears of all the loans in each such group over the preceding 12 months. By taking into account the Credit Union's historical net recoveries on written-off loans, the Lending Analytics Software uses the results of its roll-rate analysis to compute a loss given default (LGD) projection for each loan in the group. Based on each loan's percentage of completion and number of months in arrears, its projected LGD is back-allocated to calculate the degree to which it is impaired. The sum of those individual impairments is the baseline provision for that group of loans.

### 2.9 Pension Costs

The pension scheme is a defined contribution scheme. Contributions are charged to the income and expenditure account in the year in which they fall due.



## Notes to the Financial Statements continued

for the year ended 30th September 2017

### 2.10 Reserves

#### Regulatory reserve

Blanchardstown & District Credit Union Limited is required to maintain and establish a minimum Regulatory reserve of at least 10% of the assets of the Credit Union in accordance with the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

#### Operational Risk Reserve

Blanchardstown & District Credit Union Limited has established an Operational Risk reserve which is a separate distinct reserve which the Credit Union is required to hold in addition to its Regulatory reserve. The amount held in the Operational risk reserve is the estimated impact of operational risk events that may have a material impact on the business of Blanchardstown & District Credit Union Limited. The directors, having considered the requirements of the Section 45(5) (a) of the Credit Union Act 1997 (as amended), determine that an operational risk reserve of €128,000 is appropriate.

#### Dividend reserve and Loan interest rebate reserve

Dividend reserves and loan interest rebate reserves are the accumulated surpluses to date that have been set aside for the purpose of future dividend and loan interest rebate payments.

#### Non Distributable Investment Income Reserves

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

#### Undistributed surplus

Undistributed surplus are the accumulated reserves Blanchardstown & District Credit Union Limited to date that have not been declared as dividends returnable to members.

## 3. Use of estimates and judgements

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

#### Bad debts/Impairment losses on Loans to Members

Blanchardstown & District Credit Union Limited's accounting policy for impairment of loans is set out in the accounting policy note above. 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 climate, conditions in various sectors of the economy to which the Credit Union is exposed and other external factors such as legal and regulatory requirements.

#### Operational Risk Reserve

The Directors have considered the requirements of the Credit Union Act 1997 (as amended) and have considered an approach to the calculation of the operational risk reserve. The reserve has been calculated using the Basel III methodology.

## Notes to the Financial Statements continued

for the year ended 30th September 2017

### 4. Deposits and Investments

The credit union has the following investments:

	2017 €	2016 €
Accounts in Authorised Credit Institutions (Irish and Non-Irish based)	45,552,770	47,093,264
Bank Bonds	8,171,258	3,986,078
Collective investment schemes	70,775	139,320
Other	601,762	641,955
<b>Total</b>	<b>54,396,565</b>	<b>51,860,617</b>

#### Deposits and Investments – Cash Equivalents

	2017 €	2016 €
Accounts in Authorised Credit Institutions (Irish and Non-Irish based)	17,184,622	17,389,289
Collective investment schemes	70,775	139,320
<b>Total</b>	<b>17,255,397</b>	<b>17,528,609</b>

#### Deposits and Investments – Other

	2017 €	2016 €
Accounts in Authorised Credit Institutions (Irish and Non-Irish based)	28,368,148	29,703,975
Bank Bonds	8,171,258	3,986,078
Central Bank Deposits	601,762	641,955
<b>Total</b>	<b>37,141,168</b>	<b>34,332,008</b>
<b>Total</b>	<b>54,396,565</b>	<b>51,860,617</b>

### 5. Loans to Members

	2017 €	2016 €
Gross Loans to members	23,517,912	22,008,610
Provision for bad and doubtful debts	(1,478,932)	(1,583,721)
<b>Net loans to members</b>	<b>22,038,980</b>	<b>20,424,889</b>
Opening provision for bad debts	1,583,721	1,694,071
Decrease/Increase in bad debt provision	(104,789)	(110,350)
<b>Closing provision for bad debts</b>	<b>1,478,932</b>	<b>1,583,721</b>

The current provision in the financial statements is €1,478,932 (2016: €1,583,721) representing 6.71% (2016: 7.2%) of the total loan book.

## Notes to the Financial Statements continued

for the year ended 30th September 2017

### 6. Tangible Fixed Assets

	Freehold Premises €	Computer Equipment €	Fixtures and Fittings €	Total €
<b>Cost:</b>				
At 1 October 2016	1,672,783	265,764	543,909	2,482,456
Additions	–	27,658	10,222	37,880
Disposals	(5,342)	(49,529)	(80,180)	(135,051)
	<u>1,667,441</u>	<u>243,893</u>	<u>473,951</u>	<u>2,385,285</u>
<b>At 30 September 2017</b>				
	<u>1,667,441</u>	<u>243,893</u>	<u>473,951</u>	<u>2,385,285</u>
<b>Depreciation</b>				
At 1 October 2016	455,328	156,261	506,017	1,117,606
Charge for the year	66,910	34,635	7,850	109,395
Disposals	–	(49,279)	(80,180)	(129,459)
	<u>522,238</u>	<u>141,617</u>	<u>433,687</u>	<u>1,097,542</u>
<b>At 30 September 2017</b>				
	<u>522,238</u>	<u>141,617</u>	<u>433,687</u>	<u>1,097,542</u>
<b>Net book value at 30 September 2017</b>	<u>1,145,203</u>	<u>102,276</u>	<u>40,264</u>	<u>1,287,743</u>
<b>Net book value at 30 September 2016</b>	<u>1,217,455</u>	<u>109,503</u>	<u>37,892</u>	<u>1,364,851</u>

The premises located at Blanchardstown Business Centre, Clonsilla Road, Blanchardstown, Dublin 15 was valued by Sherry Fitzgerald Geraghty in 2016. The estimated market value of the property at that time was €975,000. The Board of Directors have conducted a value in use which indicates the carrying value of the property is €9,736,822. Accordingly, no provision for impairment is reflected.

### 7. Debtors, Prepayments and Accrued Income

	2017 €	2016 €
Loan Interest Receivable	36,902	44,707
Prepayments	30,905	38,901
Other Debtors and Receivables	<u>291,239</u>	<u>13,922</u>
	<u>359,046</u>	<u>97,530</u>

### 8. Members' Funds

	2017 €	2016 €
Regular share accounts	64,336,334	60,219,668
Deposit accounts	<u>3,305,251</u>	<u>3,541,088</u>
<b>Total members' shares</b>	<u>67,641,585</u>	<u>63,760,756</u>

### 9. Cash and Cash Equivalents

	2017 €	2016 €
Cash and Balances at Bank	2,139,463	1,879,295
Deposits and investments	<u>17,255,397</u>	<u>17,528,609</u>
	<u>19,394,860</u>	<u>19,407,904</u>

## Notes to the Financial Statements continued

for the year ended 30th September 2017

### 10. Proposed Dividends and Loan Interest Rebate

The dividend is formally proposed by the Directors after the year end and is approved by members at the AGM, at which time it becomes a liability.

	2017	2016
	€	€
Dividend proposed	62,278	125,442
Loan interest rebate proposed	200,413	143,928
Dividend and loan interest rebate rate:		
Share accounts	0.1%	0.2%
Loan interest rebate rate:	10%	7.5%

### 11. Key Management Remuneration

The Directors of Blanchardstown & District Credit Union Ltd are all unpaid volunteers. The key management staff of Blanchardstown & District Credit Union Ltd are the credit union CEO, the operations manager and the risk and compliance officer.

	2017	2016
	€	€
Remuneration including PRSI	201,400	171,493
Pension	14,832	13,178
Total	216,232	184,671

### 12. Credit Risk Disclosures

Blanchardstown & District Credit Union Limited offers all types of loans to members, including those who offer security for loans. Loans are stated in the balance sheet at the maximum amount of risk that Blanchardstown & District Credit Union Limited is exposed to. The following table reflects the amount of loans, split between those performing and those not performing.

#### Loans arrears analysis

	2017		2016	
	Amount	Proportion	Amount	Proportion
	€	%	€	%
Total Loans Not Impaired:				
Total Loans not Impaired	20,617,399	87.67%	18,359,335	83.42%
Impaired Loans				
Between 1 and 9				
Weeks Past Due	1,663,486	7.07%	1,549,348	7.04%
Between 10 and 18				
Weeks Past Due	269,993	1.14%	220,323	1.00%
Between 19 and 26				
Weeks Past Due	143,921	0.61%	135,931	0.62%
Between 27 and 39				
Weeks Past Due	173,937	0.74%	262,081	1.19%
Between 40 and 52				
Weeks Past Due	68,810	0.29%	169,124	0.77%
53 or More				
Weeks Past Due	580,367	2.48%	1,312,468	5.96%
Total Impaired Loans	2,900,514	12.33%	3,649,275	16.58%
Total Gross Loans	23,517,913	100%	22,008,610	100%

## Notes to the Financial Statements continued

for the year ended 30th September 2017

### 13. Additional financial instruments disclosures

#### 13a. Financial risk management

Detailed budgets are set by Blanchardstown & District Credit Union Limited for the entire duration of its Strategic Plan, and updated annually based on any changes in circumstances. These budgets seek to maximise returns on investments and loans, minimise the cost of operating a significant branch operation while providing a return to members in a low interest rate environment. This manages any potential interest rate risk that the credit union might possibly be exposed to.

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

**Credit Risk:** Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the Credit Union, resulting in financial loss to the Credit Union.

BDCU has invested in putting in place a team in lending with strong underwriting experience to manage credit risk, and ensure that assessments in relation to loans are sufficiently robust. There are detailed policies and procedures in place to ensure these assessments can be measured constantly.

The first port of call for ensuring loans are repaid is to lend to members who can repay loans, this is noted above in the quality of lending section. When members encounter difficulty in paying loans, they have the option of discussing alternatives with our team. When members do not pay their loans, they are contacted regularly to ensure they are aware of their commitments. Monitoring of loans in arrears is carried out daily, with policies and procedures in place to deal with all scenarios.

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

**Liquidity Risk:** The policy of Blanchardstown & District Credit Union Limited is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

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

**Interest Rate Risk:** Blanchardstown & District Credit Union Limited main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable when deciding on the dividend rate payable on members' shares. Blanchardstown & District Credit Union Limited does not use interest rate options to hedge its own positions.



## Notes to the Financial Statements continued

for the year ended 30th September 2017

### Interest rate risk disclosures

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

Loan Type	2017		2016	
	Interest Rate	APR	Interest Rate	APR
Standard loans	8.95%	9.33%	8.95%	9.33%
Student Loans	5.50%	5.64%	5.00%	5.12%
Promotional Loan	6.95%	7.33%		
Community Loan	5.00%	5.12%	5.00%	5.12%

### 14. Pensions

Blanchardstown & District Credit Union Limited operates a defined contribution pension scheme available to all employees of the Credit Union. Contributions payable to the scheme are held separately from those of the credit union in an independently administered fund. The contributions to the pension scheme are charged to the income and expenditure account in the period to which they relate.

### 15. Related Party Transactions

Loans to related parties comprise amounts advanced to members of the Board of Directors, the Management Team and members of the family of a member of the Board of Directors and the Management Team of Blanchardstown and District Credit Union Limited.

	2017
	€
Loans advance to related parties during the year	24,800
Total loans outstanding to related parties at year end	71,999
% of total loans outstanding	0.31%

### 16. Insurance against Fraud

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

### 17. Post Balance Sheet Events

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



## SCHEDULE 1

### Loan Interest

Loan interest received  
Loan interest receivable

**Total**

2017	2016
€	€
2,011,940	1,917,662
(7,805)	(3,060)
<u>2,004,135</u>	<u>1,914,602</u>

## SCHEDULE 2

### Other interest receivable and similar income

Investment income and gains received  
Investment income receivable within 12 months  
Investment income receivable after 12 months

**Total**

2017	2016
€	€
296,703	345,830
215,069	291,173
85,611	—
<u>597,383</u>	<u>637,003</u>

## Schedule 3 - Other Income

Entrance fees  
Commissions

**Total**

2017	2016
€	€
652	532
20,886	16,371
<u>21,538</u>	<u>16,903</u>



## SCHEDULE 4

### Other Management Expenses:

	2017 €	2016 €
Rates	19,211	19,753
Lighting, Heating and Cleaning	11,889	13,001
Repairs and Renewals	35,974	29,422
Security	15,551	14,616
Service Charges	13,830	11,662
Printing and Stationery	17,127	24,318
Postage and Telephone	23,191	21,209
Donations and Sponsorship	23,285	31,890
Debt Collection	94,214	73,271
Promotion and Advertising	28,473	17,519
Training Costs	14,535	5,226
Board Oversight	896	1,093
AGM Expenses	19,427	20,117
Travel and Subsistence	6,305	7,153
Bank Charges	32,101	23,839
Laser Machine Rental & Maintenance	13,565	10,424
BNP Sepa Charges	-	12,300
Central Bank and Levy Fees	135,908	54,398
Audit Fee	19,182	19,376
Internal Audit	14,760	14,853
General Insurance	34,819	28,486
Share and Loan insurance	259,297	249,263
Death Benefit Insurance	122,702	123,071
Pension (PRSA)	36,832	38,618
Legal and Professional Fees	26,133	19,875
Computer Maintenance	58,853	19,286
Miscellaneous Expenses	9,067	9,465
Risk and Compliance Costs	-	48,129
Annual Subscriptions	9,901	10,909
CUDA	33,224	24,830
Merger Costs	(14,637)	31,936
Loss on Investment	-	3,545
Staff Uniforms	6,950	-
<b>Total</b>	<b>1,122,565</b>	<b>1,032,853</b>

## Nominate Your Savings

### Transfer of savings upon death

Credit Union members can complete a nomination in favour of a person or persons to whom they want their savings to be transferred following their death. The maximum amount allowed by law to be transferred under a nomination is €23,000. Nominations must be in writing and can be changed at any time. Nominations are revoked by reason of marriage or on the prior death of the nominated beneficiary. Nominations cannot be varied by a will. Under a nomination, the Credit Union can disburse the proceeds of an account without any complicated process involving lawyers or probate. We encourage all members to complete a nomination form.





Blanchardstown  
and District  
Credit Union

# Christmas Opening Hours 2017

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**Mon 18th - Sat 23rd December: Normal Opening Hours**

**(Mon 25th December: Closed)**

**(Tue 26th December: Closed)**

**(Wed 27th December: Closed)**

**Thu 28th December: 9:30am - 5.00pm - Normal Opening Hours**

**Thu 28th December: 9:30am - 5.00pm - Normal Opening Hours**

**Fri 29th December: 9:30am - 5.00pm - Normal Opening Hours**

**Sat 30th December: 9:30am - 2.00pm - Normal Opening Hours**

**(Mon 1st January: Closed)**

**Tue 2nd January: 9:30am - 5.00pm - Normal Opening Hours**

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**Wishing All Our Members  
A Very Merry Christmas  
And A Happy New Year From  
The Board Of Directors & Staff**

Unit 9, Blanchardstown Business Centre, Clonsilla Road  
Blanchardstown, Dublin 15  
t: 01 8203495 f: 01 8208836  
e: [info@blanchardstowncu.ie](mailto:info@blanchardstowncu.ie)  
[www.blanchardstowncu.ie](http://www.blanchardstowncu.ie)

Blanchardstown & District Credit Union is Regulated by The Central Bank of Ireland

# A CAR

*FOR LESS THAN*  
**YOU THINK**

**Loan based on  
€10,000.00 over  
60 months**

APR      Monthly  
Repayments

7.18%      €197.78

**Loan Based on  
€15,000.00 over  
60 months**

APR      Monthly  
Repayments

7.18%      €296.67

**Loan Based on  
€20,000.00 over  
60 months**

APR      Monthly  
Repayments

7.18%      €395.56

Terms and conditions apply.

Blanchardstown & District Credit Union Limited is regulated by the Central Bank of Ireland.

**Special Car Loan Rate available  
January and February 2017**



**Blanchardstown  
and District  
Credit Union**

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Blanchardstown Business Centre,  
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Blanchardstown, Dublin 15  
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