

BLANCHARDSTOWN & DISTRICT CREDIT UNION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2020

Blanchardstown & District Credit Union Limited

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Blanchardstown & District Credit Union Limited

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.

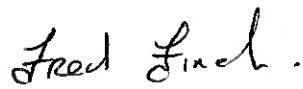
Chairperson  Secretary 

Date: 27th October 2020

STATEMENT OF 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 IVA and any regulations made for the purposes of Part IV or Part IVA 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 – Board Oversight Committee

Date: 27th October 2020 

**Independent Auditor's Report
To the Members of Blanchardstown & District Credit Union Limited****Opinion**

We have audited the financial statements of Blanchardstown & District Credit Union Limited ("The Credit Union"), which comprise 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 2020, 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 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 2020, 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.

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 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,
- The financial statements are in agreement with the accounting records.
- 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 Credit Union Act 1997 (as amended)

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 3], 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.

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 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.

Colm O'Grady

For and on behalf of

RBK Business Advisers

Chartered Accountants and Registered Auditor,

Boole House,

Beech Hill Office Campus,

Clonskeagh,

Dublin 4.

Date:

Blanchardstown & District Credit Union Limited

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

INCOME	Schedule	2020 €	2019 €
Interest on Member's Loans	1	2,393,223	2,276,403
Members' Deposits interest expense		(1,318)	(3,501)
Other Interest Receivable and Similar Income	2	<u>369,987</u>	<u>422,347</u>
Net Interest Income		<u>2,761,892</u>	<u>2,695,249</u>
Other Income	3	<u>8,142</u>	<u>12,676</u>
TOTAL INCOME		<u><u>2,770,034</u></u>	<u><u>2,707,925</u></u>
 EXPENDITURE			
Employment costs		841,724	816,376
Other operating expenses	4	1,328,567	1,332,754
Depreciation (Note 6)		132,790	130,417
Bad debt provision/write off/recoveries (Note 5)		<u>57,208</u>	<u>(279,740)</u>
TOTAL EXPENDITURE		<u><u>2,360,289</u></u>	<u><u>1,999,807</u></u>
 SURPLUS FOR THE YEAR		 409,745	 708,118
Dividend and loan interest rebate paid		(173,475)	(277,863)
Add: Undistributed Surplus/(Deficit) at start of year		<u>4,044,594</u>	<u>4,001,339</u>
TOTAL		<u><u>4,280,864</u></u>	<u><u>4,431,594</u></u>
Less:			
Transfer to Regulatory Reserve		(880,000)	(375,000)
Transfer to operational risk reserve		<u>-</u>	<u>(12,000)</u>
TOTAL		<u><u>(880,000)</u></u>	<u><u>(387,000)</u></u>
 Undistributed Surplus at end of year		 3,400,864	 4,044,594

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

CEO

Member of Board Oversight Committee

Member of the Board of Directors

Date: 27th October 2020

Brian Conroy

Laed Lynch
Claude Halls

Blanchardstown & District Credit Union Limited

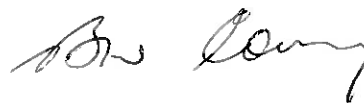
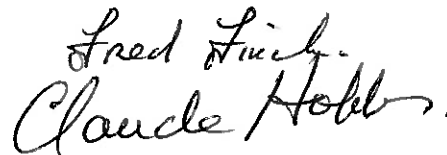
**BALANCE SHEET
AS AT 30 SEPTEMBER 2020**

ASSETS	Notes	2020	2019
		€	€
Deposits and Investments	4	52,885,889	57,121,944
Loans to Members	5	30,539,118	29,180,359
Less: Provision for bad and doubtful debts	5	(1,496,830)	(1,241,758)
Tangible Fixed Assets	6	1,140,083	1,192,555
Debtors, Prepayments and Accrued Income	7	284,869	411,631
Cash and Balances at Bank		<u>13,970,541</u>	<u>1,669,460</u>
TOTAL ASSETS		<u><u>97,323,670</u></u>	<u><u>88,334,191</u></u>
 OTHER LIABILITIES			
Members' shares	8	79,528,650	71,091,209
Members' deposits	8	3,839,433	3,547,016
Other Creditors and accruals		<u>174,723</u>	<u>151,372</u>
		<u><u>83,542,806</u></u>	<u><u>74,789,597</u></u>
 MEMBERS' RESOURCES			
Regulatory Reserve		9,740,000	8,860,000
Other Realised Reserves		3,400,864	4,044,594
Dividend Reserve		500,000	500,000
Operational Reserve		<u>140,000</u>	<u>140,000</u>
		<u><u>13,780,864</u></u>	<u><u>13,544,594</u></u>
TOTAL LIABILITIES		<u><u>97,323,670</u></u>	<u><u>88,334,191</u></u>

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

CEO
Member of Board Oversight Committee
Member of the Board of Directors

Date: 27th October 2020

Blanchardstown & District Credit Union Limited

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Regulatory Reserve	Operational Risk Reserve	Dividend/Loan Interest Rebate Reserve	Undistributed Surplus	Total
Opening balance at 1 October 2018	8,485,000	128,000	500,000	4,001,339	13,114,339
Surplus for the year	-	-	-	708,118	708,118
Transfer to regulatory reserve	375,000	-	-	(375,000)	-
Dividend/Loan interest rebate paid	-	-	-	(277,863)	(277,863)
Transfer to Operational Risk Reserve	-	12,000	-	(12,000)	-
Closing balance at 30 September 2019	8,860,000	140,000	500,000	4,044,594	13,544,594
Opening balance at 1 October 2019	8,860,000	140,000	500,000	4,044,594	13,544,594
Surplus for the year	-	-	-	409,745	409,745
Transfer to regulatory reserve	880,000	-	-	(880,000)	-
Dividend/Loan interest rebate paid	-	-	-	(173,475)	(173,475)
Transfer to Operational Risk Reserve	-	-	-	-	-
Closing balance at 30 September 2020	9,740,000	140,000	500,000	3,400,864	13,780,864

Blanchardstown & District Credit Union Limited

STATEMENT OF CASH FLOWS

For the year ended 30 September 2020

	Notes	2020 €	2019 €
Cash flows from operating activities			
Surplus		409,745	708,118
Adjustments for non-cash items:			
Movement in provision		255,072	(18,304)
Bad debt write offs		168,697	153,776
Depreciation	6	<u>132,790</u>	<u>130,417</u>
		556,559	265,889
Movements in:			
Decrease/(Increase) in prepayment & accrued interest		126,762	(233,049)
Decrease in creditor & accruals		<u>23,351</u>	<u>31,496</u>
		150,113	(201,553)
Cash flows from changes in operating assets and liabilities		1,116,417	772,454
Cashflows from Financing Activities			
Members shares, savings and deposits received		33,989,662	30,404,330
Members shares, savings and deposits repaid		(25,259,804)	(27,333,292)
New loans to members		(17,793,308)	(17,713,223)
Repayment of loans by members		<u>16,265,852</u>	<u>14,559,159</u>
		7,202,402	(83,026)
Net cash flows from operating activities		8,318,819	689,428
Cash flows from investing activities			
Movement in investments		2,832,262	(2,356,908)
Purchase of property, plant and equipment	6	(80,318)	(56,545)
Dividend paid		<u>(173,475)</u>	<u>(277,863)</u>
Net cash flows from investing activities		2,578,469	(2,691,315)
Net increase in cash and cash equivalents		10,897,287	(2,001,887)
Cash and cash equivalents at beginning of year	9	<u>12,744,146</u>	<u>14,746,033</u>
Cash and cash equivalents at end of year		<u><u>23,641,433</u></u>	<u><u>12,744,146</u></u>

Blanchardstown & District Credit Union Limited

Notes to the Financial Statements

For the year ended 30 September 2020

Notes to the Financial Statements

For the year ended 30 September 2020

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 Going Concern

The financial statements have been prepared on the going concern basis which assumes that the Credit Union will continue in operational existence for the foreseeable future. During the year, the Credit Union reported a surplus of €409,745 and at the balance sheet date, has total reserves of 14.16%. The Board of Directors and the Management Team have prepared financial projections for the next three years which take into consideration the ongoing impact of Covid-19. These illustrate that the Credit Union has sufficient resources to continue in operational existence in relation to meeting minimum liquidity requirements and reserve levels. On this basis, the Directors of Blanchardstown & District Credit Union Limited believe that it is appropriate to prepare the financial statements on the going concern basis.

2.3 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.

Notes to the Financial Statements

For the year ended 30 September 2020

2.4 Income

Interest on members' loans

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 year-end 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).

Investment income

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

Other income

Other income is recognised on an accruals basis.

2.5 Investments

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.

2.6 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

Blanchardstown & District Credit Union Limited

Notes to the Financial Statements

For the year ended 30 September 2020

2.7 Cash and cash equivalents

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

2.8 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.

2.9 Impairment of Loans

Blanchardstown & District Credit Union Limited 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 of provision identified during the loan book review 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 management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of the specific provision on individual loans where there is a doubt about their recoverability.

All Other Loans

Blanchardstown & District Credit Union Limited uses Lending Analytics Software to calculate the statistical baseline for the 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

Notes to the Financial Statements

For the year ended 30 September 2020

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) projections 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.

2.10 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.

2.11 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 €140,000 is appropriate.

Dividend reserve and Loan interest rebate reserve

Dividend and loan interest rebate reserves are the accumulated surplus 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.

Blanchardstown & District Credit Union Limited

Notes to the Financial Statements

For the year ended 30 September 2020

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 calculate using the Basel III methodology.

Blanchardstown & District Credit Union Limited

Notes to the Financial Statements

For the year ended 30 September 2020

4. Deposits and Investments

4a. Deposits and Investments – Cash Equivalents	2020	2019
	€	€
Accounts in Authorised Credit Institutions (Irish and Non-Irish based)	7,442,144	9,175,280
Bank Bonds	699,357	-
Collective investment schemes	-	1,899,406
Irish and EEA State Securities	1,529,391	-
Total Deposits and Investments – cash equivalents	<u>9,670,892</u>	<u>11,074,686</u>

4b. Deposits and Investments – Other	2020	2019
	€	€
Accounts in Authorised Credit Institutions (Irish and Non-Irish based)	26,500,000	35,650,000
Bank Bonds	12,516,899	9,751,980
Central Bank Deposits	2,668,706	645,278
Irish and EEA State Securities	1,529,391	-
Total Deposits and Investments – other	<u>43,214,996</u>	<u>46,047,258</u>
Total Deposits and Investments	<u>52,885,888</u>	<u>57,121,944</u>

Blanchardstown & District Credit Union Limited

Notes to the Financial Statements For the year ended 30 September 2020

5. Loans to Members

	2020	2019
	€	€
Gross Loans to members	30,539,118	29,180,359
Provision for bad and doubtful debts	(1,496,830)	(1,241,758)
Net loans to members	29,042,261	27,938,601
Opening provision for bad debts	1,241,758	1,260,062
Increase/(Decrease) in bad debt provision	255,072	(18,304)
Closing provision for bad debts	1,496,830	1,241,758

The current provision in the financial statements is €1,496,830 (2019: €1,241,758) representing 4.90% (2019: 4.25%) of the total loan book.

Bad and Doubtful Debts in the statement of comprehensive income comprise:

	2020	2019
	€	€
Bad debts recovered	(308,786)	(352,945)
Loan interest on impaired loans classified as bad debts recovered	(57,775)	(62,267)
Bad debts written off	168,697	153,776
Increase/(Decrease) in provision for bad and doubtful debts	255,072	(18,304)
Bad and Doubtful Debts	57,208	(279,740)

Blanchardstown & District Credit Union Limited

Notes to the Financial Statements

For the year ended 30 September 2020

6. Tangible Fixed Assets

	Freehold Premises	Computer Hardware & Software	Fixtures and Fittings	Total
	€	€	€	€
Cost				
At 1 October 2019	1,667,441	324,665	549,799	2,541,905
Additions	-	54,531	25,787	80,318
Disposals	-	-	-	-
At 30 September 2020	<u>1,667,441</u>	<u>324,665</u>	<u>549,799</u>	<u>2,541,905</u>
Depreciation				
At 1 October 2019	656,058	232,031	461,260	1,349,350
Charge for the year	66,911	46,845	19,034	132,790
Disposals	-	-	-	-
At 30 September 2020	<u>722,969</u>	<u>278,877</u>	<u>480,294</u>	<u>1,482,140</u>
Net book value at				
30 September 2020	<u>944,472</u>	<u>100,319</u>	<u>95,292</u>	<u>1,140,083</u>
Net book value at				
30 September 2019	<u>1,011,383</u>	<u>92,364</u>	<u>88,539</u>	<u>1,192,555</u>

The premises located at Blanchardstown Business Centre, Clonsilla Road, Blanchardstown, Dublin 15 was valued by Alliance Auctioneers in September 2020. The estimated market value of the property at that time was €1,150,000. Accordingly, no provision for impairment is required.

7. Debtors, Prepayments and Accrued Income

	2020	2019
	€	€
Loan Interest Receivable	24,703	36,902
Prepayments	47,903	31,459
Other Debtors and Receivables	<u>212,263</u>	<u>343,270</u>
	<u>284,869</u>	<u>411,631</u>

Blanchardstown & District Credit Union Limited

Notes to the Financial Statements

For the year ended 30 September 2020

8. Members' Funds

	2020	2019
	€	€
Regular share accounts	79,528,650	71,091,209
Deposit accounts	3,839,433	3,547,016
Total members' shares	83,368,083	74,638,225

9. Cash and Cash Equivalents

	2020	2019
	€	€
Cash and Balances at Bank	13,970,541	1,669,460
Deposits and investments	9,670,892	11,074,686
	23,641,433	12,744,146

10. Proposed Dividends and Loan Interest Rebate

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

	2020	2019
	€	€
Dividend proposed	-	36,920
Loan interest rebate proposed	-	138,612
Dividend and loan interest rebate rate:		
Share accounts	-%	0.05%
Loan interest rebate rate (<i>excluding mortgages</i>):	-%	6%

11. Key Management Remuneration

The Directors of Blanchardstown & District Credit Union Limited are all unpaid volunteers. The key management staff of Blanchardstown & District Credit Union Limited are the credit union CEO, the deputy CEO, the Member Relationship Manager and the Risk and Compliance officer.

	2020	2019
	€	€
Remuneration including PRSI	292,864	264,328
Pension	19,390	18,014
Total	312,254	282,342

Blanchardstown & District Credit Union Limited

Notes to the Financial Statements

For the year ended 30 September 2020

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 carrying amount of the loans to members represents Blanchardstown & District Credit Unions 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.

Loans Arrears Analysis

	2020		2019	
	€	%	€	%
Total Loans not Impaired	28,134,942	92.13%	26,583,145	91.10%
Impaired loans				
Between 1 and 9 Weeks Past Due	1,410,995	4.62%	1,556,348	5.33%
Between 10 and 18 Weeks Past Due	128,747	0.42%	232,565	0.80%
Between 19 and 26 Weeks Past Due	88,014	0.29%	108,839	0.37%
Between 27 and 39 Weeks Past Due	405,950	1.33%	233,780	0.80%
Between 40 and 52 Weeks Past Due	76,872	0.25%	110,601	0.38%
53 or more Weeks Past Due	293,598	0.96%	355,081	1.22%
Total Impaired Loans	2,404,176	7.87%	2,597,214	8.90%
Total Gross Loans	30,539,118	100%	29,180,359	100%

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.

Blanchardstown & District Credit Union Limited

Notes to the Financial Statements

For the year ended 30 September 2020

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.

Interest rate risk disclosures

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

Loan Type	2020		2019	
	Interest Rate	APR	Interest Rate	APR
Standard Loans	8.95%	9.33%	8.95%	9.33%
Student Loans	5.50%	5.64%	5.50%	5.64%
Promotional Loan	6.95%	7.33%	6.95%	7.33%
Community Loan	5.00%	5.12%	5.00%	5.12%
Mortgage	4.95%	5.10%	4.95%	5.10%
Secured Small Business Loan	5.50%	5.64%	-	-
Unsecured Small Business Loan	6.95%	7.18%	-	-

Blanchardstown & District Credit Union Limited

Notes to the Financial Statements

For the year ended 30 September 2020

15. 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.

16. Related Party Transactions

	2020		2019	
	No of Loans	€	No of Loans	€
Loans advanced to related parties during the year	3	90,500	7	45,580
Total loans outstanding to related parties at year end	10	145,035	15	97,996

The related party loans stated above comprise loans to members of the Board of Directors, the management team and members of the family of a member of the Board of Directors and the management team of Blanchardstown & District Credit Union.

Total Loans outstanding to related parties represents 0.47% of the total loans outstanding at 30 September 2020 (2019: 0.34%)

17. 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).

18. Post Balance Sheet Events

In March 2020, the World Health Organisation declared Covid-19 a global pandemic. The Irish Government declared Credit Unions as an essential service and all Credit Unions remained open and operational during the lockdown period. The Board of Directors and the Management Team have undertaken risk assessments in relation to the impact of Covid-19 and have contingency plans in place to ensure that services will remain available to members. These plans are set against the backdrop of the Government's Roadmap for Living with Covid and the continuation of services to members is facilitated in line with ongoing public health advice.

Blanchardstown & District Credit Union Limited

Schedules to the Financial Statements

	2020	2019
Schedule 1 - Loan Interest	€	€
Loan interest received	2,405,422	2,276,403
Loan interest receivable	<u>(12,199)</u>	<u>-</u>
Total	<u><u>2,393,223</u></u>	<u><u>2,276,403</u></u>
Schedule 2 - Other interest receivable and similar income		
Investment income and gains received	490,281	373,037
Investment income receivable within 12 months	<u>(120,294)</u>	<u>49,310</u>
Total	<u><u>369,987</u></u>	<u><u>422,347</u></u>
Schedule 3 - Other Income		
Entrance fees	902	791
Commissions	<u>7,240</u>	<u>11,885</u>
Total	<u><u>8,142</u></u>	<u><u>12,676</u></u>

Blanchardstown & District Credit Union Limited

Schedules to the Financial Statements

	2020	2019
	€	€
Schedule 4 - Other Management Expenses		
Rates	17,969	23,364
Lighting, Heating and Cleaning	15,664	13,678
Repairs and Renewals	32,872	33,045
Security	25,403	23,245
Service Charges	12,616	15,206
Printing and Stationary	17,702	22,484
Postage and Telephone	20,756	21,085
Donations and Sponsorship	21,830	33,180
Debt Collection	63,299	74,410
Lending Credit Checks and Software	38,509	16,198
Promotion and Advertising	43,435	41,707
Training Costs	20,897	15,965
Board Oversight	455	892
AGM and Convention Expenses	22,702	23,746
Travel and Subsistence	4,591	11,249
PAYAC Once Off Contribution	-	7,500
Bank Charges	25,338	27,327
Laser Machine Rental & Maintenance	13,823	15,364
Central Bank and Levy Fees	119,890	146,819
Audit Fee	22,202	23,185
Internal Audit	14,760	14,760
Risk & Compliance Fee	2,813	-
General Insurance	43,512	36,516
Share and Loan insurance	288,697	285,458
Death Benefit Insurance	136,998	131,618
Legal and Professional Fees	67,193	85,357
Computer Maintenance	144,579	108,462
Miscellaneous Expenses	14,055	13,132
Anniversary Expenses	11,936	-
Annual Subscriptions	13,758	15,378
CUDA	48,911	46,392
Staff Uniforms	1,402	6,032
Total	<u>1,328,567</u>	<u>1,332,754</u>

