



ANNUAL REPORT

for Financial Year ended 30th September 2020



**52nd Annual General Meeting to be held Online via
ZOOM on Wednesday 7th April 2021 at 8.00pm**

(Please see page 3 for registration information)



Online Banking & Mobile App

Register at
www.portcu.ie
for your PIN today to access
Online Banking & Mobile App


- Move money between your accounts
- Move money to other bank accounts
- Check your balances
- Get your e-Statements
- Pay your bills

Portarlington Credit Union

Upper Main Street, Portarlington, Co. Laois, Ireland
Tel: 057 86 23336
Email: mail@portcu.ie
Web: www.portcu.ie

3 easy steps to



Register for your PIN

- 1 Go to **www.portcu.ie** and click the **REGISTER** button on the homepage
- 2 Complete all details in the form
- 3 Click the  button

The **Online & Mobile App** banking facility is available to all members who have registered at **www.portcu.ie** and received their PIN.

How to download

Mobile Banking App

- 1 Search for Portarlington Credit Union on  or 
- 2 Download the App to your Mobile Device
- 3 Follow on-screen steps to activate the App on Your Mobile Device

Please note that terms and conditions apply.
Portarlington Credit Union is authorised by the
Regulated by the Central Bank of Ireland.
Reg. No. 219 CU

Powered by progress.ie

Notice of 52nd Annual General Meeting

Due to the nature of COVID-19 and the restrictions in place for public health reasons on organised indoor gatherings in the Republic of Ireland, Credit Unions have been given permission to have their AGMs online. Therefore, Portarlington Credit Union's 52nd Annual General Meeting will be held entirely online on Wednesday 7th April 2021 at 8.00pm. Please note the following in relation to this Virtual AGM:

The "Zoom" platform will be used to allow this virtual AGM – each member will be provided with their own unique access link – do not share this link with others as it will allow you to be identified at the Virtual AGM;

- Members can email **AGM@portcu.ie** to receive a registration link - if possible, use the email you have registered with Portarlington Credit Union for this. Members should register by 18:00 on Friday 2nd of April 2021.
- You may have to provide proof of your identity/membership of the credit union including your membership number.
- There will be 4 vacancies on the Board of Directors, 1 vacancy on the Board Oversight Committee and 1 vacancy for Auditor. Voting will take place during the Virtual AGM – again this will use the Zoom Platform; and,
- Preferably any questions and comments should be submitted before the meeting, but members will also be able to put these forth during the meeting via the Zoom Platform.

Breda Connell
Secretary

Using Zoom:

Zoom has a very simple user interface and has become very familiar to the public during the recent COVID-19 event. Zoom ensures security as each registered member will be sent an individual link and settings will ensure each person can only access from one device.

A passcode will also be assigned for the meeting.

Video tutorial for all features of Zoom can be accessed at:

<https://support.zoom.us/hc/enus/articles/206618765-Zoom-Video-Tutorials>

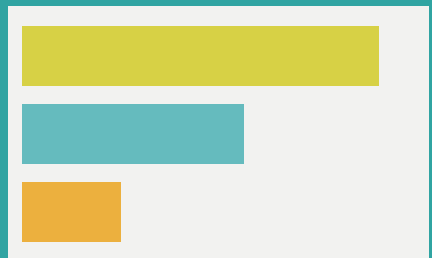


Online Voting:

Voting will take place during the Virtual AGM.

This will also take place using the Zoom platform.

You must attend the AGM to vote.



Credit Union Officers as at 30th September, 2020

Liam Kirwan (Chairperson)
Colm Coleman (Vice Chairperson)
Breda Connell (Secretary)

Other Directors

Pádraig Briody, Thelma Carroll, Sharon Culliton, Bridie Keegan,
Liam Murphy & Rosaleen O'Kane

Board Meeting Minute Taker

Sinéad O'Sullivan

Board Oversight Committee

Shane Murray (Chairperson), Janet Bennett & Jacqueline McNulty Evans

Staff

Michael McEvoy (Chief Executive Officer)
Michelle Shortall (Assistant Manager)
Sandie O'Leary (Risk Management & Compliance Officer)
David Connolly (Finance Officer)
David Duffy (Assistant Finance Officer)
Terena McComish (Credit Control Officer)
Annmarie Piggott (Credit Control Assistant)
Veronica Doyle McCormack (Membership & Data Protection Officer)
Christina Cummins, Aisling Donohar, Fiona Dunne, Claire Foster,
Nicole Hynes & Edwina Nolan (Office Assistants)

Volunteers

Caroline Boylan, Evelyn Brereton, Colette Knight, Kieran Madden, Willie Murphy,
Lorraine Thompson, Ger Ward & Michael Wilcox

Contacts

Tel: 057 8623336

Website: www.portcu.ie

Fax: 057 8623216

Email: mail@portcu.ie



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, let me 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.

AGENDA

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. 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. Rule Amendments
7. Appointment of Tellers
8. Election of Auditors
9. Election to fill vacancies on the Board Oversight Committee
10. Election to fill vacancies on the Board of Directors
11. CEO's Report & Consideration of accounts
12. Report of the Auditor
13. Declaration of dividend and rebate of interest (if any)
14. Deduction of ILCU Affiliation Fee
15. Report of the Board Oversight Committee
16. Report of the Credit Committee
17. Report of the Credit Control Committee
18. Report of the Membership Committee
19. Report of the Promotion and Development Committee
20. Report of the Nomination Committee
21. Any other business

Model Standing Orders for Credit Unions for Virtual Annual General Meeting

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).

Due to the fact that this year's AGM will be a virtual meeting, voting on motions and elections will be by electronic means. Members will be given the opportunity to exercise their vote electronically during the meeting.

2. ELECTION PROCEDURE - ELECTRONIC VOTING

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. Due to the fact that this year's AGM will be a virtual meeting, voting on motions and elections will be by electronic means. Members must attend the webinar to vote. The results will be reviewed by the tellers and announced by the chairperson.

3 - 4. MOTIONS

3. Due to the specific difficulties we are facing in holding an Annual General Meeting this year due to COVID-19, the purpose of this year's AGM is to deal with the essential business of the credit union. This includes reporting to members on the financial status of the credit union, declare a dividend / interest rebate (if any), and elect officers. While all items in the usual Order of Business will be referenced, there may be less interaction than in person.

Members will be welcome to submit questions to the board in advance of the AGM. Questions can also be put forth via the "Q&A" function of Zoom during the AGM. The board will address these during the AGM, and same will be included in the minutes of the AGM.

4. The Chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.

5 - 9. MISCELLANEOUS

5. The Chairperson of the credit union shall be the Chairperson 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.
6. The Chairman may at his/her discretion, extend the privilege of the floor to any person who is not a member.
7. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the Chairman. At a virtual AGM in the current circumstances, this may not be practical, however, the option may be invoked if required.

8. The Chairperson shall have a second or casting vote in addition to his/her own vote on matters other than voting at elections where there is an equality of votes (Standard Rule 99(1)).
9. Any matter to be decided upon by a vote at the AGM shall, unless otherwise expressly provided for by law or the rules be decided upon by majority vote.

10. ADJOURNMENTS

Adjournments of the AGM shall take place only in accordance with section 81(1) and the provisions concerning notice, voting and quorum are also set out in section 81 (and the new section 80A inserted by the Finance (Miscellaneous Provisions) Act 2020).

11. VIRTUAL MEETING

The virtual AGM will be recorded.

WE'LL HELP YOU NAVIGATE
THE RIVER OF LIFE



YOUR FIRST PORT OF CALL FOR PERSONAL LOANS

Board of Directors, Chairperson's Report

On behalf of the Board of Directors of Portarlington Credit Union I welcome you the members and our guests to the Annual General Meeting for the financial year ending 30th September 2020.

Due to the COVID19 pandemic, we find ourselves in unprecedented times and the effect of the current restrictions means that we cannot gather, as in the past, to consider the affairs of the Credit Union.

The work of the Credit Union has continued throughout the year, primarily due to the dedication of both management and staff, supported by all who volunteer within Portarlington Credit Union. Our Credit Union is a crucial part of our community's structure and the service it offers to the membership is vital to that community. To this end, despite restraints associated with the pandemic, the business of the Credit Union has continued successfully at both operational and governance levels.

The detail of the financial aspects of this annual report will be covered throughout the meeting so I don't propose to duplicate that here. It suffices to say that our Credit Union continues to grow in every area and much has been achieved in the year.

I thank the management and staff of our Portarlington Credit Union for maintaining such a high standard of service to the members in what have been extremely difficult circumstances. Without them the Credit Union could not function.

At the end of the financial year 2020 two directors and one Committee Volunteer departed from the Board of Directors: Sharon Culliton, Liam Murphy and Michael Wilcox. On behalf of the members and the Board of Directors I thank them for their service to the Credit Union and for being so generous in the giving of their time, experience and commitment over the last number of years.

I welcome Kieran Madden and Kieran Knight who were co-opted on to the Board of Directors and are now allowing themselves to go forward for election to the Board of Directors at this meeting.

Shane Murray, currently a member of the Board Oversight Committee is also seeking election to the Board of Directors and Rosaleen O'Kane, currently a member of the Board of Directors is seeking election to the Board Oversight Committee.

In conclusion, I thank my fellow volunteers, directors, members of the board oversight committee and committee members for the energy that they bring to their work on behalf of you, the members of Portarlington Credit Union.

Liam Kirwan
Chairperson

Motions for Amendment of Standard Rules for Credit Unions (Republic of Ireland)

Motion 1

That this Annual General Meeting amends the Standard Rules for Credit Unions (Republic of Ireland) by the insertion of a new Rule 1A as follows:

Any reference in these rules to a member present and voting at a general meeting shall be construed as including a reference to a member in attendance and voting at a general meeting conducted wholly or partly by the use of electronic communications technology.

Motion 2

That this Annual General Meeting amends Rule 96 of the Standard Rules for Credit Unions (Republic of Ireland) in paragraph (1), by the substitution of “at a time, at a place in the State (where applicable) and in the manner (where applicable)” for “in the State at such date, time and place”,

And

by the insertion of a new 96A as follows:

96A (1) The credit union need not hold a general meeting at a physical venue but may conduct the meeting wholly or partly by the use of electronic communications technology as long as all attendees have a reasonable opportunity to participate in the meeting in accordance with this Rule.

(2) (a) The credit union may provide for participation in a general meeting by providing or facilitating, for that purpose, the use of electronic communications technology, including a mechanism for casting votes by a member, whether before or during the meeting.

(b) The mechanism referred to in paragraph (a) shall not require the member to be physically present at the general meeting.

(3) The use of electronic communications technology pursuant to paragraph (2) may be made subject only to such requirements or restrictions put in place by the credit union as are necessary to ensure the identification of attendees and the security of the electronic communications technology, to the extent that such requirements or restrictions are proportionate to the achievement of those objectives.

(4) The credit union shall inform attendees, before the general meeting concerned, of any requirements or restrictions which it has put in place pursuant to paragraph (3).

(5) The credit union that provides for the use of electronic communications technology for participation in a general meeting by an attendee shall endeavour to ensure, as far as practicable, that—

(a) such technology:

- (i) provides for the security of any electronic communications by the attendee,
- (ii) minimises the risk of data corruption and unauthorised access, and
- (iii) provides certainty as to the source of the electronic communications.

(b) in the case of any failure or disruption of such technology, that failure or disruption is remedied as soon as practicable, and

(c) such technology enables the attendee to:

(i) hear what is said by the chair of the meeting and any person introduced by the chair, and

(ii) speak and submit questions and comments during the meeting to the chair to the extent that the attendee is entitled to do so under the rules of the credit union.

(6) Any temporary failure or disruption of electronic communications technology shall not invalidate the general meeting or any proceedings relating to the meeting.

(7) Unless such failure or disruption is attributable to any wilful act of the credit union, the credit union shall not be liable in respect of any failure or disruption relating to the equipment used by an attendee to access a general meeting by electronic communications technology that occurs and which failure or disruption prevents or interferes with the attendee's participation, by the use of such technology, in the meeting.

(8) Where, in the opinion of the board of directors, it is deemed necessary, due to exceptional and unexpected circumstances, the board of directors may, by resolution, cancel a general meeting at any time prior to the holding of the meeting.

Motion 3

That this Annual General Meeting amends Rule 98 of the Standard Rules for Credit Unions (Republic of Ireland)

(a) In paragraph (2):

(i) by the substitution of the following paragraph for paragraph (a): "(a) shall state the date, time, place (where applicable) and manner of holding (where applicable) of the general meeting;"

(ii) in paragraph (c), by the substitution of ";" for "; and",

(iii) in paragraph (e), by the insertion of "and",

(iv) by the insertion of the following paragraph after paragraph (e):

"(f) shall, in the case of a general meeting proposed to be held wholly or partly by the use of electronic communications technology, state

(i) the electronic platform to be used for the meeting,

(ii) details for access to the electronic platform,

(iii) where required by a credit union, the time and manner by which an attendee must confirm his or her intention to attend the meeting,

(iv) any requirements or restrictions which the credit union has put in place in order to identify attendees who intend to attend the meeting,

(v) the procedure for attendees to communicate questions and comments during the meeting, and

(vi) the procedure to be adopted for voting on resolutions proposed to be passed at the meeting."

(b) In paragraph (4), by the insertion of “and containing such information” after “in such form”.

And

by the insertion of a new Rule 98A as follows:

98 A (1) Notwithstanding Rule 98 but subject to paragraph (2), notice for the purposes of Rule 96A(8) shall be given in the same manner as the notice for the general meeting referred to in Rule 98 but where, in the opinion of the board of directors, giving such notice in that manner is not reasonably practicable, notice shall be given

- (a) where the credit union has a website, on that website,
- (b) by email to every member for whom the credit union has an email address, and
- (c) in at least one national newspaper published in the State and circulating in the area in which the registered office of the credit union is situated, in a local paper and on local radio.

(2) Paragraph (1) shall not apply where all members agree in writing to the cancellation, change of venue or change of means of holding the general meeting concerned, or to dispensing with notice for the general meeting.”.

Motion 4

That this Annual General Meeting amends Rule 99(3)(a) of the Standard Rules for Credit Unions (Republic of Ireland) by the substitution of “paragraphs (a), (b), (d) (e) of paragraph (2)” for “paragraphs (a), (b), (d), (e), (f) of paragraph (2)”.

HOUSE LOAN
Fancy a new look for your home?

MAKE US YOUR FIRST PORT OF CALL

CEO Report for the Financial Year ended 30th September 2020

Members of Portarlington Credit Union Ltd (PCU), we have come through another financial year and one that has been very different to all the previous ones. Since mid-March 2020 we have all been living in very strange times as a result of the COVID-19 pandemic. Some of our members who were in regular employment found themselves unemployed for the first time and many members were confined to their homes for weeks on end. Some of our members lost loved ones and were unable to say a proper goodbye. All in all, most people have been affected in one way or another by this dreadful pandemic.

From the early days of the pandemic, Credit Unions were deemed an essential service. Thankfully, as a result of many changes, we have managed to continue to deliver all of our services albeit in a different format. For the first time ever, we have been encouraging our members not to visit the office, we are asking them to do their business online or on the phone using their debit cards. We in PCU always enjoy meeting our members and assisting them on a personal basis. The response from our members has been excellent. You have been very understanding and co-operated fully with all of our new processes.

Since March, Members, whom were impacted financially by the pandemic, engaged with the Credit Union. I am very pleased and indeed proud to say that we were able to facilitate each of these members who engaged with us with an arrangement to get them through their financial difficulties. Very importantly, the new COVID-19 repayment arrangements agreed with these members did not affect their credit rating.

Also since March, all of our board meetings have been conducted online. Our boardroom now serves as an additional office and, to maintain social distancing, it also serves as a staff canteen. Our Board of Directors have adapted very well, monthly board meetings continue to be held and all the normal business of a board meeting is

conducted in a professional manner.

We have had regular communication from our Supervisor in the Central Bank checking with us to see how we were coping since March 2020. As requested, we have been providing monthly update reports to the Central Bank on key financial indicators being impacted by the pandemic.

Looking back on the year, obviously it was a very strange one. The first half of the financial year was very positive with growth in all areas, the third quarter changed significantly with members reacting in the following ways:

- Additional savings (many members working from home with very few social outlets on which to spend money)
- Members were paying off loans early because they were concerned about their outgoings
- Reduced short-term loan demand due to lockdown and economic uncertainty
- Members applying for new loan repayment arrangements due to financial pressures

The final quarter was extremely busy. With many members returning to work, projects that had been put on hold were now being undertaken, people had a sense of hope and started borrowing again.

Overall, the results for the year to end September 2020 are positive. PCU delivered a healthy surplus and growth in the following areas:

- Surplus €955,419
- Total assets increased by 9.20%
- Reserves increased by 6.40%
- Loan book grew by 3.50%
- Member shares grew by 10.00%

Unfortunately, we began the new financial year with another lockdown and we continue to be in uncertain times. With this in mind, the Board of Directors have decided not to distribute any surplus to members this year. This means no dividend and no interest rebate. The Board of Directors are following the Central Bank

recommendations and concentrating on building up reserves and loan provisions to prepare for the possibility of further challenges during 2021. The priority at all times is to ensure that members' funds are fully protected and also to protect the long-term viability of PCU. I can assure all members that this decision was not taken lightly by the Board of Directors. I would also like to reassure members that PCU currently has very strong reserves and is financially very secure. The non-payment of a dividend and interest rebate this year is a prudent, precautionary measure given the economic uncertainty at this time.

On an operational front, the delivery of some of our services has changed due to the altered circumstances we find ourselves in.

Lending, Admission of new members and Credit Control. All our lending, new membership and credit control is now processed via phone, email or online. We are grateful to our members for adapting so quickly to these delivery channels. Unfortunately, we can't take face-to-face applications due to COVID-19 restrictions. We do miss this aspect of the operation as the personal interaction with our members is very important to us and we look forward to offering this level of personal service again as soon as circumstances permit.

In addition to the normal programme of **risk management and compliance** activities, our Risk & Compliance Officer had to create many new policies and procedures and keep up to date with all aspects of the evolving COVID-19 regulations and best practices in the workplace to protect both staff and members.

Unfortunately, our **School Credit Unions** had reduced operational time this year due to the pandemic. They have been a great success over the years and an area we look forward to getting back to.

Our **Marketing** Officer continues to be very active, promoting our services through social media and advertising. The **Promotional and Development Committee** remains very active and is always happy to support our local clubs and societies.

During the year, the Board of Directors made two important strategic decisions:

1. From 1st August 2020, a **share cap of €30,000** was introduced for every member. The main reason for this change was because Credit Unions are obliged to maintain 10% of total assets in reserves. In effect this means that for every €100,000 received in shares, PCU has to put aside €10,000 to our Regulatory Reserve from the current year's surplus. This cap on shares affected approximately 3% of our membership. The Board of Directors used the soft share cap option, meaning that any members that had more than €30,000 in their shares when the cap was introduced could maintain that balance but could not add to it while the cap is in place.

2. The Board of Directors also made the decision to change our **I.T. service provider**. This change happened in early 2021 and enables PCU to offer all services online and provide access to a phone app. This decision will benefit members for many years to come and will be of particular benefit to those of our members who prefer to do all transactions either online or via a phone app while continuing to serve those members who prefer the traditional face-to-face approach (pandemic restrictions permitting).

I would like to thank our external auditors, BCA, for all their advice and assistance throughout the year. Thanks to the Board of Directors for their support. A special thanks to my management team and staff for adapting so well to the new way of working and for the professional manner in which they continue to deliver services to our members. Finally, thanks to all our members for your continued support and our best wishes to you all for what we hope will be a better year ahead for everyone.

Michael McEvoy,
CEO

Financial Statements For The Year Ended 30 September 2020

Contents

| | |
|--|-------|
| Directors and other information | 15 |
| Directors' report | 16 |
| Statement of directors' responsibilities | 17 |
| Statement of board oversight committee responsibilities | 17 |
| Independent auditors' report to the members | 18 |
| Income and expenditure account | 20 |
| Balance Sheet | 21 |
| Statement of changes in reserves | 22 |
| Cash flow statement | 23 |
| Notes to the financial statements including Statement of Accounting Policies | 24-39 |
| <i>Additional Information (not forming part of the statutory audited Financial Statements)</i> | |
| Analysis of investment income and other income and gains | 39 |
| Analysis of other management expenses and other losses | 40 |

Directors and other information

Directors

Liam Kirwan (Chairperson)
Breda Connell (Secretary)
Kieran Madden - *resigned 18 December 2019*
Sharon Culliton
Bridie Keegan
Padraig Briody - *appointed 18 December 2019*
Liam Murphy
Rosaleen O’Kane
Colm Coleman
Thelma Carroll

CEO

Michael McEvoy

Credit Union Number 219CU

Registered office

Upper Main Street
Portarlington
Co. Laois

Auditors

BCA Tax & Business Consultants Ltd.
Chartered Accountants
Clonminch House
Clonminch Hi-Technology Park
Tullamore
Co. Offaly

Business address

Upper Main Street
Portarlington
Co. Laois

Bankers

Bank of Ireland Plc
Main Street
Portarlington
Co. Laois

Solicitors

Aidan O’Donnell & Co. Solicitors
Main Street
Portarlington
Co. Laois

Directors' Report

The directors present their report and the audited financial statements for the financial year ended 30 September 2020.

Principal Activities

The principal activity of Portarlington Credit Union Limited is the provision of savings and loans to members in its common bond. The Credit Union manages its members' shares, capital and loans to members so that it earns income from the margin between interest receivable and interest payable.

Authorisations

The Credit Union is authorised as follows:

- Registered as an insurance, reinsurance or ancillary insurance intermediary under the European Union (Insurance Distribution) Regulations, 2018.
- Firms deemed to be authorised as Investment Intermediaries (Restricted Activity Investment Product Intermediary) pursuant to Section 26 of the Investment Intermediaries Act, 1995 (as amended)
- A credit Union entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.
- A firm that acts on behalf of a payment institution in providing payment services.

Business Review

Both the level of business and the year-end financial position were satisfactory. The directors expect to develop and expand the Credit Union's current activities and they are confident of its ability to operate successfully in the future.

Results And Distributions To Members

The excess income over expenditure for the year is set out in the Income & Expenditure account on page 20.

The Board proposes to the membership no payment of a dividend or rebate of loan interest for the current year in line with Note 7 in the financial statements, subject to agreement by the membership at the Annual General Meeting.

Principal Risks and Uncertainties

The main financial risks arising from the activities of Portarlington Credit Union Limited are credit risk, liquidity risk, interest rate risk, market risk, risk of insufficient demand for loans and continuous compliance with regulatory and legislative requirements. The Board reviews and

agrees policies for managing each of these risks which are summarised at Note 24.

Post Balance Sheet Events

The COVID-19 pandemic is ongoing and has led to widespread economic uncertainty and volatility in financial markets. Ireland moved to level five of the government Covid guidelines in October 2020. The measures taken across the globe, and by the Irish government, to try to slow the spread of COVID-19 are impacting both the supply and demand for many goods and services. Although fiscal and monetary policy measures are also being implemented to maintain economic activity, a global recession is likely. This uncertainty may have implications on the credit union's ability to grow its loan book and generate income.

Directors

The present membership of the Board is as set out on page 15. In accordance with Section 53 of the Credit Union Act 1997 (as amended) one director of the Credit Union is required to retire from the Board at this year's Annual General Meeting. Being eligible, this director will go forward for re-election and three new directors are being proposed for election to the Board.

Accounting records

The measures taken by the directors to ensure compliance with the requirements of Section 108 of the Credit Union Act 1997 (as amended), regarding proper books of account are, the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The books of account of the Credit Union are maintained at the Credit Union's premises at Upper Main Street, Portarlington, Co. Laois.

Auditors

The auditors, BCA Tax & Business Consultants Limited, have indicated their willingness to continue in office in accordance with the provisions of Section 115 of the Credit Union Act 1997 (as amended). This report was approved by the Board on 4 November 2020 and signed on its behalf by:

Liam Kirwan
Director

Breda Connell
Director

Date: 4 November 2020

Statement Of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and generally accepted accounting practice in Ireland including the accounting standards issued by the Financial Reporting Council and published by the Institute of Chartered Accountants in Ireland.

The Credit Union Act 1997 (as amended) require 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;
- 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 keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Credit Union and to enable 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Credit Union's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board of Directors

Liam Kirwan
Director

Breda Connell
Director

Date: 4 November 2020

Statement Of 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 Acts 1997 (as amended) and any other matter prescribed by the Central Bank of Ireland in respect of which they are to have regard to.

Shane Murray
Member of the Board Oversight Committee

Date: 4 November 2020

Independent Auditor's Report to the Members of Portarlington Credit Union Limited

Opinion

We have audited the financial statements of Portarlington Credit Union Limited for the financial year ended 30 September 2020 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and notes to the financial statements, including the 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 Credit Union's affairs as at 30 September 2020 and of its income and expenditure for the year then ended;
- have been prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act 1997 (as amended).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below 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 ethical requirements that are relevant to our audit of financial statements in Ireland, including the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard, and the provisions available to small entities, in the circumstances set out in Note 25 to the financial statements, 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 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.

Other matters prescribed by the Credit Union Act 1997 (as amended)

In our opinion, based on the work undertaken in the course of the audit:

- We have obtained all the information and explanations which we considered were necessary for the purposes of our audit;
- In our opinion proper accounting records have been kept by the Credit Union; and
- The financial statements are in agreement with the accounting records.

Respective Responsibilities

Responsibilities of Directors for the Financial Statements

As explained more fully in the directors' responsibilities statement set out on page 17, 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 they 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 management intends to cease operations, or has no realistic alternative but to do so.

Responsibilities of Auditors for 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:

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

Our report is made solely to the Credit Union's members, as a body, in accordance with Section 120 of the Credit Union Acts 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.

Paul Kelly
For & on behalf of
BCA Tax & Business Consultants Limited
Chartered Accountants
Statutory Auditors
Clonminch House
Clonminch Hi-Technology Park
Tullamore, Co. Offaly

Date: 4 November 2020

Income and Expenditure Account

for the financial year ended 30 September 2020

| | | 2020 | 2019 |
|---|-----------------|------------------|------------------|
| Income: | Schedule | € | € |
| Interest on loans | 1 | 2,308,602 | 2,229,149 |
| Other interest income and similar income | 2 | 227,659 | 232,800 |
| | | | |
| Net interest income | | 2,536,261 | 2,461,949 |
| Other income | 3 | 8,534 | 12,827 |
| Other gains | 4 | 73,900 | 91,667 |
| | | | |
| Total income | | 2,618,695 | 2,566,443 |
| | | | |
| Expenditure | | | |
| Salaries | | 630,706 | 607,240 |
| Other management expenses | 5 | 881,024 | 877,036 |
| Depreciation | | 39,856 | 37,106 |
| Other losses | 6 | 3,985 | - |
| Bad debts provision | | 352,464 | 221,286 |
| Bad debts recovered | | (288,937) | (323,926) |
| Bad debts written off | | 41,178 | 91,776 |
| | | | |
| Total expenditure | | 1,663,276 | 1,510,518 |
| | | | |
| Excess of income over expenditure for the year | | 955,419 | 1,055,925 |
| | | | |
| Other comprehensive income | | - | - |
| | | | |
| Total comprehensive income | | 955,419 | 1,055,925 |

These Financial Statements were approved by the Board on the 4 November 2020
Signed on behalf of the Credit Union by:

Michael McEvoy
CEO

Shane Murray
Member of the Board
Oversight Committee

Liam Kirwan
Member of the Board of
Directors

Date: 4 November 2020

The notes on pages 24 to 39 form part of these financial statements

Balance Sheet
as at 30 September 2020

| Assets | Note | 2020 | 2019 |
|--|-------------|---------------------|---------------------|
| | | € | € |
| Cash and balances at bank | 10 | 637,725 | 830,924 |
| Deposits and investments - cash equivalents | 11 | 6,532,700 | 4,874,510 |
| Deposits and investments - other | 11 | 28,069,313 | 25,261,129 |
| Loans to members | 12 | 28,633,160 | 27,668,839 |
| Less: provision for bad debts | 13 | (3,145,390) | (3,052,812) |
| Tangible fixed assets | 14 | 646,239 | 612,161 |
| Debtors, prepayments and accrued income | 15 | 261,750 | 245,570 |
| Total assets | | 61,635,497 | 56,440,321 |
| Liabilities | | | |
| Members' shares | 16 | 51,453,961 | 46,779,639 |
| Other members funds | 16 | 788,991 | 816,663 |
| Other liabilities, creditors, accruals and charges | 17 | 18,669 | 35,150 |
| Total liabilities | | (52,261,621) | (47,631,452) |
| Net assets | | 9,373,876 | 8,808,869 |
| Reserves | | | |
| Regulatory reserve | | 6,779,835 | 6,202,400 |
| Operational risk reserve | | 880,185 | 632,967 |
| Other reserves | | | |
| Realised reserves | | 1,698,121 | 1,968,252 |
| Unrealised reserves | | 15,735 | 5,250 |
| Total reserves | | 9,373,876 | 8,808,869 |

These Financial Statements were approved by the Board on the 4 November 2020
Signed on behalf of the Credit Union by:

Michael McEvoy
CEO

Shane Murray
Member of the Board
Oversight Committee

Liam Kirwan
Member of the Board of
Directors

Date: 4 November 2020

The notes on pages 24 to 39 form part of these financial statements

Statement of Changes In Reserves
For the financial year ended 30 September 2020

| | Regulatory Reserve | Operational Risk Reserve | Undistributed Surplus | Other Realised Reserves | Unrealised Reserves | Total Reserves |
|-------------------------------------|--------------------|--------------------------|-----------------------|-------------------------|---------------------|------------------|
| | € | € | € | € | € | € |
| Balance 1 October 2018 | 5,750,829 | 435,150 | 1,970,345 | - | 5,250 | 8,161,574 |
| Surplus for the year | - | - | 1,055,925 | - | - | 1,055,925 |
| Payment of dividend and loan rebate | 451,571 | 197,817 | (408,630) | - | - | (408,630) |
| Transfer between reserves | | | (649,388) | | | |
| Balance 1 October 2019 | 6,202,400 | 632,967 | 1,968,252 | - | 5,250 | 8,808,869 |
| Surplus for the year | - | - | 955,419 | - | - | 955,419 |
| Payment of dividend and loan rebate | 577,435 | 247,218 | (390,412) | - | - | (390,412) |
| Transfer between reserves | | | (835,138) | | 10,485 | |
| Balance 30 September 2020 | 6,779,835 | 880,185 | 1,698,121 | - | 15,735 | 9,373,876 |

1. The Regulatory reserve of the Credit Union as % of total assets as at 30 September 2020 was 11%. (30 September 2019: 11%).
2. In accordance with S45 of the Credit Union Act 1997 (as amended) Portarlington Credit Union Limited has an Operational Risk reserve in place. The Board transferred €247,218 additional funds from the Undistributed Surplus reserve to the Operational Risk reserve for unquantified future ILCU pension costs and Brexit in the current period, following the completion of an internal process of assessing the level of the reserve required to cover the operational risk within the Credit Union.
3. The Board of Portarlington Credit Union Limited has transferred €577,435 from Undistributed Surplus reserve to its Regulatory reserve so that the reserve would stand at 11% at current year end, in excess of the required limit of 10%. Signed on behalf of the Credit Union by:

Michael McEvoy
CEO

Shane Murray
Member of the Board
Oversight Committee

Liam Kirwan
Member of the Board of
Directors

Date: 4 November 2020

Cash Flow Statement

For the financial year ended 30 September 2020

| | 2020 | 2019 |
|---|------------------|------------------|
| | € | € |
| Opening cash and cash equivalents | 5,705,434 | 7,304,056 |
| Cash flows from operating activities | | |
| Loans repaid | 9,936,191 | 9,457,989 |
| Loans granted | (11,204,576) | (11,409,360) |
| Loan interest received | 2,304,878 | 2,215,045 |
| Investment interest received | 290,783 | 311,659 |
| Bad debts recovered | 288,937 | 323,926 |
| Dividends paid | (55,163) | (100,887) |
| Loan interest rebate paid | (335,250) | (307,744) |
| Operating expenses | (1,561,547) | (1,529,524) |
| Other receipts | 8,534 | 12,827 |
| | (327,213) | (1,026,069) |
| Cash flows from investing activities | | |
| Fixed asset purchases/disposals | (73,932) | (56,177) |
| Net cash flow from managing investments | (2,808,184) | (4,063,278) |
| | (2,882,116) | (4,119,455) |
| Cash flows from financing activities | | |
| Members shares received | 27,321,157 | 28,693,851 |
| Members shares withdrawn | (22,646,837) | (25,146,949) |
| | 4,674,320 | 3,546,902 |
| Net cash flows from financing activities | | |
| Net (decrease)/increase in cash and cash equivalents | 1,464,991 | (1,598,622) |
| Closing cash and cash equivalents | 7,170,425 | 5,705,434 |

Signed on behalf of the Credit Union by:

Michael McEvoy
CEO

Shane Murray
Member of the Board
Oversight Committee

Liam Kirwan
Member of the Board of
Directors

Date: 4 November 2020

1. Legal and regulatory framework

Portarlington Credit Union Limited is established under the Credit Union Act 1997 (as amended). The Credit Union is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is Upper Main Street, Portarlington, Co. Laois.

2. Accounting Policies

2.1. BASIS OF PREPARATION

The financial statements have been prepared on the going-concern basis and in accordance with accounting standards generally accepted in the UK and Republic of Ireland (as issued by the Financial Reporting Council) and the Credit Union Act 1997 (as amended). The financial statements are prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

2.2. STATEMENT OF COMPLIANCE

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").

2.3. GOING CONCERN

The financial statements are prepared on the going concern basis. The directors of Portarlington Credit Union Limited believe this is appropriate as the Credit Union:

- Is generating annual surpluses;
- Maintains an appropriate level of liquidity; and
- Has reserves that are currently above the minimum requirements of the Central Bank of Ireland.

2.4. CURRENCY

The financial statements are prepared in Euro, which is the functional currency of the Credit Union. Monetary amounts in these financial statements are rounded to the nearest Euro.

2.5. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following criteria must also be met before revenue is recognised:

Interest on Members' Loans

Interest on Members Loans is recognised on an accruals basis using the effective interest rate method in accordance with FRS 102 and Section 110(1)(D) of the Credit Union Act 1997 (as amended). An approximation of the effective interest rate method is calculated by taking the interest accrual at the reporting period adjusted for any accrual relating to impaired loans.

Investment Income

The Credit Union currently only has investments that are valued at amortised cost, and uses the effective interest rate method to recognise investment income.

Other Income

Other income such as commissions receivable on insurance products and foreign exchange services arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

2.6. DISTRIBUTION POLICY

In respect of each financial year, the Credit Union will allocate surplus funds to the Regulatory Reserve and other reserves in accordance with the provisions of the Credit Union Act, 1997 (as amended) and guidance issued by the Central Bank of Ireland. The board of directors may also decide to hold reserves in excess of minimum statutory requirements, taking prudent account of the scale and complexity of the Credit Union's business, its risk profile and prevailing market conditions. The dividend payment is based on the distributable income of the Credit Union after meeting its reserve requirements. Dividends to the Credit Union's members are recognised as a

liability of the Credit Union when approved by the Credit Union's shareholders at the annual general meeting.

2.7. TAXATION

The Credit Union is not subject to income tax or corporation tax on its activities as a Credit Union.

2.8 TANGIBLE FIXED ASSETS

Tangible Fixed Assets are initially stated at cost or at valuation, less accumulated depreciation. The charge for depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

- Freehold Premises - 2% Straight line
- Fixtures and Fittings - 10% Straight line
- Computer Software - 20% Straight line
- Computer Hardware - 20% Straight line

Tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the net recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of tangible assets, property, plant and equipment is the greater of open market value and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined by the income generating unit to which the asset belongs. When the recoverable amount of the income generating unit is less than the carrying amount, an impairment loss is recognised.

2.9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise operating cash on hand and cash deposited

with banks with original maturity of less than or equal to three months.

2.10. OTHER RECEIVABLES

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

2.11. FINANCIAL INSTRUMENTS

The Credit Union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

2.12. BASIC FINANCIAL ASSETS

Basic financial assets are initially measured at the transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method. Basic financial instruments include the following:

Loans to members

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

Investments held at amortised cost

Investments designated on initial recognition as held at amortised cost are measured at amortised cost using the

effective interest method less impairment. This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount; minus, in the case of a financial asset, any reduction for impairment or uncollectability. This effectively spreads out the return on such investments over time, but does take account immediately of any impairment in the value of the investment.

Central bank deposits

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

2.13. IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the expected cash flows discounted at the asset's original effective interest rate.

Any impairment losses are recognised in the Income and Expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount

does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Income and Expenditure account.

Bad and Doubtful Debts

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans which are assessed on a loan by loan basis for impairment.

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. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions ("IBNR") are based on the historical experiences of the Credit Union allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of time, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan

deemed irrecoverable against the specific provision held against the loan.

2.14. DE-RECOGNITION OF FINANCIAL ASSETS

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. Portarlington Credit Union Limited does not transfer loans to third parties.

2.15. BASIC FINANCIAL LIABILITIES

Basic financial liabilities are initially recognised at the transaction price, including transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method. Basic financial liabilities include the following:

Financial liabilities members' shares

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

Other payables

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are

recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Holiday pay

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

2.16. DE-RECOGNITION OF FINANCIAL LIABILITIES

Financial liabilities are derecognised when the obligations of the Credit Union specified in the contract are discharged, cancelled or expire.

2.17. RESERVES

Regulatory reserve

The Credit Union is required to maintain and establish a minimum Regulatory reserve of at least 10% of the assets of the Credit Union in accordance with Credit Union Act 1997 (Regulatory Requirements) Regulations 2018.

Operational Risk reserve

The Credit Union has established an Operational Risk reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its Regulatory reserve. The amount held in the Operational Risk reserve is the predicted impact of operational risk events that may have a material impact on the Credit Union's business.

Dividend reserve

Dividend reserves are the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the Regulatory or Operational Risk reserves.

Non-Distributable Investment Income reserve

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 2018. A reclassification between non-distributable and distributable is made as investments come to within 12 months of maturity date.

2.18. DE-RECOGNITION OF FINANCIAL LIABILITIES

Financial liabilities are derecognised when the obligations of the Credit Union specified in the contract are discharged, cancelled or expire.

2.19. PENSIONS

Portarlinton Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme’s trustees.

The scheme is a multi-employer Scheme and due to the nature of the Scheme, it is not possible for Portarlinton Credit Union Limited to separately identify its share of the Scheme’s underlying assets and liabilities.

Consequently, it accounts for the Scheme as a defined contribution plan. There is an agreed funding plan in respect of the Pension Scheme as a result of a Minimum Funding Standard deficit certified by the Scheme’s Actuary in 2009. Consequently, Portarlinton Credit Union Limited recognises a liability at each balance sheet date for its outstanding contributions payable under the agreed funding plan to the extent that they relate to committed funding in respect of the deficit to which the funding plan relates.

3. Judgements in applying accounting policies and key source of estimation uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the directors to exercise judgement in applying Portarlinton Credit Union Limited’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:

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

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year.

Impairment losses on loans to members

The Credit Union’s accounting policy for impairment of financial assets is set out in accounting policy in Note 2.13. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements.

Impairment of buildings

The carrying value of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. In the event, an impairment loss is recognised as the difference between the carrying amount and the assets market value. The impairment charge, if applicable is charged to the Income and Expenditure Account in the period in which the related events or changes in circumstances occur.

Operational risk reserve (ORR)

The directors have considered the

requirements of the Credit Union Act, 1997 (as amended) and have considered an approach to the calculation of the ORR. Portarlington Credit Union Limited uses operational risk measurements techniques in calculating the minimum Operational Risk Reserve requirements as set out in the Credit Unions' Operational Risk reserve rationale policy.

Following amendments during May 2019, to FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland - Multi-employer defined benefit plans, the directors have allocated additional reserves to the ORR during 30 September 2020.

4. Staff costs

The average number of persons employed by the credit union during the financial year, was as follows:

| | 2020 | 2019 |
|----------------------|---------------|---------------|
| | Number | Number |
| Management and Staff | 15 | 14 |

| | 2020 | 2019 |
|--|----------------|----------------|
| | € | € |
| The aggregate payroll costs incurred during the financial year were: | | |
| Wages and salaries | 567,811 | 549,333 |
| Social insurance costs | 62,895 | 57,907 |
| Other retirement benefit costs | 67,297 | 61,481 |
| | 698,003 | 668,721 |

5. Key Management Personnel Compensation

The directors of Portarlington Credit Union Limited are all unpaid volunteers. The remuneration of key management was as follows:

| | 2020 | 2019 |
|-----------------------|----------------|----------------|
| | € | € |
| Remuneration | 220,557 | 204,211 |
| Pension contributions | 34,497 | 31,487 |
| | 255,054 | 235,698 |

6. Pensions

Portarlington Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees.

The scheme is a multi-employer scheme and due to the nature of the scheme it is not possible for Portarlington Credit Union Limited to separately identify its share of the scheme's underlying assets and liabilities. Consequently, it accounts for the scheme as a defined contribution plan, in accordance with FRS 102.

The Pension's Act requires the trustees of the scheme to assess whether it could meet a certain prescribed standard, known as the Minimum Funding Standard. This assesses whether, if the scheme was wound up on a specified theoretical valuation date, it could satisfy the Funding Standard at that date. Following the Scheme's Actuary certifying a Minimum Funding Standard deficit in the scheme in 2009, Portarlington Credit Union Limited, the ILCU Group and the other credit unions participating in the scheme entered into a funding agreement with the scheme that was designed to ensure that, the scheme could be reasonably expected to satisfy the Minimum Funding Standard by a specified future date (1 March 2019). This funding plan runs up until 2019 and was approved by the Pensions Authority.

In accordance with the requirements of FRS102, Portarlington Credit Union Limited has recognised a liability for its outstanding contributions payable under this funding agreement to the extent that it relates to the deficit.

As part of the above solvency assessment process, the Scheme actuary must carry out a separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not

the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent Actuarial Funding Certificate was effective as at 1 March 2018 and it certified that the Scheme satisfied the funding standard. Further, the Actuary was reasonably satisfied that as at 28 February 2018 the scheme can be expected to satisfy the funding standard as specified in Section 44 of the Pensions Act, 1990, at 1 March 2019, being the date specified by the Pensions Authority under Section 49(2) (a) of the Act for the purpose of the existing funding proposal.

An actuarial review of the fund is normally carried out every three years by the scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 1 March 2017 using the Projected Unit valuation method. The principal actuarial assumption used in the valuation was the investment return would be 1.5% higher than the annual salary increases. The market value of the scheme's assets at 1 March 2017 was €216m. The actuarial valuation disclosed a past service deficit of €6.4m at 1 March 2017 calculated under the Ongoing Actuarial Valuation method. This valuation method assumes that the scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. This actuarial review recommended that the rate agreed under the funding proposal, 27.5% of pensionable salary, continues to be paid. The cost of risk benefits is paid in addition to this rate giving a total contribution rate of 30% of pensionable salary. The 2020 actuarial review is underway and is expected to be concluded by 30 November 2020.

7. Dividends and Loan Interest Rebate

The directors recommend the following distributions:

| | 2020 Rate % | 2020 € | 2019 Rate % | 2019 € |
|--------------------------|----------------|-----------|----------------|-----------|
| Gross Dividend on Shares | - | - | 0.125% | 55,531 |
| Loan Interest Rebate | - | - | 15.00% | 335,265 |

8. Rates of Interest Paid on Members' Deposits

The Credit Union has no members' deposits and consequently no interest was paid.

| Per Month | APR |
|-----------|-----|
| N/a | N/a |

9. Rates of Interest Charged on Members' Loans

The Credit Union charges rates of interest as follows:

| | Per Month | APR |
|---------------------------------|-----------|-------|
| Members' Loans 8.9% per annum | 0.74% | 9.30% |
| Micro Loans 8.9% per annum | 0.74% | 9.30% |
| Student Loans 5.95% per annum | 0.495% | 6.20% |
| Secured Loans 5.95% per annum | 0.495% | 6.20% |
| Community Loans 5.95% per annum | 0.495% | 6.20% |
| House Loans 5.95% per annum | 0.495% | 6.20% |

10. Cash and cash equivalents

| | 2020 € | 2019 € |
|---------------------------|-----------|-----------|
| Cash and balances at bank | 637,725 | 830,924 |
| Deposits and investments | 6,532,700 | 4,874,510 |
| | 7,170,425 | 5,705,434 |

IF YOU NEED A LOAN, TALK TO US FIRST



YOUR FIRST PORT OF CALL

11. Deposits and Investments

| | 2020 | 2019 |
|--|-------------------|-------------------|
| | € | € |
| Deposits and investments - cash and cash equivalents | 6,532,700 | 4,874,510 |
| Deposits and investments - other | 28,069,313 | 25,261,129 |
| | <u>34,602,013</u> | <u>30,135,639</u> |

Investments at the current and prior Balance Sheet date were all measured at amortised cost as appropriate and comprised of the following:

| | 2020 | 2019 |
|--|-------------------|-------------------|
| | € | € |
| Accounts in Authorised Credit Institutions | 23,532,563 | 24,302,166 |
| Bank Bonds | 9,469,450 | 4,977,805 |
| Central Bank Deposits | 1,600,000 | 355,668 |
| Other | - | 500,000 |
| Total Per Balance Sheet | <u>34,602,013</u> | <u>30,135,639</u> |

The category of counterparties with whom the investments were held was as follows:

| | 2020 | 2019 |
|--------------------------|-------------------|-------------------|
| | € | € |
| Aa3 | 1,000,000 | 3,000,000 |
| A1 | 6,441,083 | 4,446,270 |
| A2 | 4,627,561 | 5,383,186 |
| A3 | 9,350,000 | 4,500,000 |
| Baa1 | 3,006,909 | 3,953,204 |
| Baa2 | 9,186,804 | 5,678,490 |
| Baa3 | 988,306 | 870,282 |
| Ba1 | - | 2,304,207 |
| BBB | 1,350 | - |
| Total Investments | <u>34,602,013</u> | <u>30,135,639</u> |



12. Movement in Loans During the Year

| | 2020 € | 2019 € |
|---|-------------------|-------------------|
| Opening Loan Balance 1 October 2019 | 27,668,839 | 25,992,805 |
| Loans Granted During the Year | 11,204,576 | 11,409,360 |
| Loans Repaid During the Year | (9,936,191) | (9,457,989) |
| Loans Written Off During the Year | (304,064) | (275,337) |
| Closing Loan Balance 30 September 2020 | <u>28,633,160</u> | <u>27,668,839</u> |

12.1 Analysis of Gross Loans Outstanding as at 30 September 2020

| By Time Period | 2020 | | 2019 | |
|-------------------------|-----------------|-------------------|-----------------|-------------------|
| | Number of Loans | Amount € | Number of Loans | Amount € |
| Less than 1 year | 381 | 423,480 | 435 | 492,643 |
| >1 year and <3 years | 906 | 4,578,890 | 967 | 4,746,284 |
| >3 years and <5 years | 1,338 | 14,989,551 | 1,379 | 15,059,598 |
| >5 years and <10 years | 207 | 6,253,966 | 174 | 4,371,448 |
| >10 years and <25 years | 43 | 2,387,273 | 56 | 2,998,866 |
| Total | <u>2,875</u> | <u>28,633,160</u> | <u>3,011</u> | <u>27,668,839</u> |

13. Movement in Provisions During the Year

| | 2020 € | 2019 € |
|---|------------------|------------------|
| Opening Provision Balance 1 October 2019 | 3,052,812 | 3,015,087 |
| Net Movement in Bad Debt Provision During the Year for Loans Currently Outstanding | 352,464 | 221,286 |
| Decrease in Bad Debt Provision as a Result of Loan Write Offs Previously Provided For | (259,886) | (183,561) |
| Closing Provision Balance 30 September 2020 | <u>3,145,390</u> | <u>3,052,812</u> |

Breakdown of Closing Provision Balance 30 September 2020

| | 2020 € | 2019 € |
|---|------------------|------------------|
| Individually Significant Loans | 230,081 | 287,308 |
| Collectively Assessed Loans | 1,149,150 | 429,559 |
| Other Impaired Loans | 1,766,159 | 2,335,945 |
| Closing Provision Balance 30 September 2020 | <u>3,145,390</u> | <u>3,052,812</u> |

14. Tangible Fixed Assets

| | Freehold Premises € | Fixtures and fittings € | Computer equipment € | Total € |
|-------------------------------|------------------------|----------------------------|-------------------------|------------------|
| Cost | | | | |
| At 1 October 2019 | 896,444 | 241,403 | 317,437 | 1,455,284 |
| Additions | - | 47,635 | 26,297 | 73,932 |
| Disposals | - | (151,205) | - | (151,205) |
| At 30 September 2020 | 896,444 | 137,833 | 343,734 | 1,378,011 |
| Depreciation | | | | |
| At 1 October 2019 | 372,528 | 178,437 | 292,157 | 843,122 |
| Charge for the financial year | 17,929 | 12,254 | 9,673 | 39,856 |
| Disposals | - | (151,205) | - | (151,205) |
| At 30 September 2020 | 390,457 | 39,486 | 301,830 | 731,773 |
| Net Book Value | | | | |
| At 30 September 2020 | 505,987 | 98,347 | 41,904 | 646,238 |
| Net Book Value | | | | |
| At 30 September 2019 | 523,916 | 62,966 | 25,280 | 612,162 |

Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that their carrying value may be impaired. During the year ended 30 September 2020, the Credit Union carried out an impairment review of the carrying value of its freehold premises. This review indicated that the recoverable amount is greater than the carrying value of the freehold premises, and therefore no impairment is recognised.

15. Debtors, Prepayments and Accrued Income

| | 2020 € | 2019 € |
|---------------------------------|----------------|----------------|
| Loan Interest Income Receivable | 62,435 | 58,711 |
| Investment Income Receivable | 111,996 | 105,205 |
| Other Debtors and Receivables | 87,319 | 81,654 |
| Total Per Balance Sheet | 261,750 | 245,570 |

16. Members' Shares

| | 2020 € | 2019 € |
|--------------------------------|-------------------|-------------------|
| Regular Share Accounts | 51,453,961 | 46,779,639 |
| Total Per Balance Sheet | 51,453,961 | 46,779,639 |

| Other Members' funds | 2020 | 2019 |
|--------------------------------|----------------|----------------|
| | € | € |
| Money Management Accounts | - | 472 |
| Christmas Deposit Accounts | 788,991 | 816,191 |
| Total Per Balance Sheet | <u>788,991</u> | <u>816,663</u> |

17. Other Liabilities, Creditors, Accruals and Charges

| | 2020 | 2019 |
|------------------|---------------|---------------|
| | € | € |
| Other creditors | 2,944 | 9,242 |
| Accrued expenses | 15,725 | 25,908 |
| | <u>18,669</u> | <u>35,150</u> |

18. Insurance Against Fraud

The Credit Union has insurance against fraud in compliance with Section 47 of the Credit Union Act, 1997 (as amended) in the amount of €2.6 million.

19. Post Balance Sheet Events

The COVID-19 pandemic is ongoing and has led to widespread economic uncertainty and volatility in financial markets. Ireland moved to level five of the government COVID-19 guidelines in October 2020. The measures taken across the globe, and by the Irish government, to try to slow the spread of COVID-19 are impacting both the supply and demand for many goods and services. Although fiscal and monetary policy measures are also being implemented to maintain economic activity, a global recession is likely. This uncertainty may have implications on the credit union's ability to grow its loan book and generate income.

20. Capital commitments

There were no known capital commitments that would require disclosure in the financial statements.

21. Contingent Liabilities

Portarlington Credit Union Limited had no contingent liabilities at the current or prior Balance Sheet date.

22. Related Party Disclosures

| | No. of Loans | 2020 Amount € | No. of Loans | 2019 Amount € |
|---|-----------------|---------------------|-----------------|---------------------|
| Loans advanced to Related Parties during the year | 27 | 320,488 | 41 | 218,745 |
| Total loans outstanding to Related Parties at 30 September 2020 | 36 | 660,483 | 45 | 844,971 |
| Total provisions for loans outstanding to Related Parties | 30 | 70,816 | 3 | 10,821 |
| Total provision charge during the year for loans outstanding to Related Parties | 27 | 59,995 | 2 | (34,688) |

Related Parties consist of the directors and management team of the Credit Union, their family members and any business in which the directors or management team have a significant shareholding. Loans to Related Parties represent 2.31% of the total loan book at 30 September 2020. (30 September 2019 - 3.05%).

23. Credit Risk Disclosures

The Credit Union complies with Section 12 of the Credit Union Act, 1997 (Regulatory Requirements) Regulations 2019. This Regulation:

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

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



| | 2020 € Amount | 2020 % | 2019 € Amount | 2019 % |
|----------------------------------|---------------------|---------------|---------------------|---------------|
| Loans Not Impaired | | | | |
| Not Past Due | 24,098,342 | 84.16% | 23,030,564 | 83.24% |
| Up to 9 Weeks Past Due | 1,295,357 | 4.52% | 1,277,132 | 4.61% |
| Between 10 and 18 Weeks Past Due | 16,405 | 0.06% | 2,276 | 0.01% |
| Between 19 and 26 Weeks Past Due | - | -% | - | -% |
| Between 27 and 39 Weeks Past Due | - | -% | 156 | 0.00% |
| Between 40 and 52 Weeks Past Due | - | -% | 285 | 0.00% |
| 53 or More Weeks Past Due | 40,934 | 0.14% | 31,929 | 0.13% |
| Total Loans not Impaired | 25,451,038 | 88.88% | 24,342,342 | 87.99% |
| Impaired Loans | | | | |
| Not Past Due | 1,352,384 | 4.72% | 937,516 | 3.39% |
| Up to 9 Weeks Past Due | 33,600 | 0.12% | 77,165 | 0.27% |
| Between 10 and 18 Weeks Past Due | 429,716 | 1.50% | 383,282 | 1.39% |
| Between 19 and 26 Weeks Past Due | 117,286 | 0.41% | 252,113 | 0.91% |
| Between 27 and 39 Weeks Past Due | 133,309 | 0.47% | 222,265 | 0.80% |
| Between 40 and 52 Weeks Past Due | 109,901 | 0.38% | 133,244 | 0.48% |
| 53 or More Weeks Past Due | 1,005,926 | 3.52% | 1,320,913 | 4.77% |
| Total Impaired Loans | 3,182,122 | 11.12% | 3,326,498 | 12.01% |
| Total Loans | 28,633,160 | 100% | 27,668,840 | 100% |

24. Additional Credit Risk Disclosures

24 A. FINANCIAL RISK MANAGEMENT

Portarlington Credit Union Limited is a provider of personal and business loans and also provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

The main financial risks arising from Portarlington Credit Union Limited's activities are credit 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. In order to manage this risk the Board approves the Credit Union's Lending policy, and all amendments thereto. All loan applications are assessed with reference to the lending policy in force

at the time. Subsequently, loans are regularly reviewed for any factors that may indicate impairment on loans advanced. The Board approves the Credit Union's Credit Control policy which lays down the procedures for the collection of loans in arrears together with the basis for recording impairments on loans. The credit risk on members' loans is disclosed in Note 23.

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 the Central Bank of Ireland. The credit risk on investments is disclosed in Note 11.

Liquidity Risk:

Portarlington Credit Union Limited's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet it's liabilities as they fall due. The objective of the 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. Members' shares which are available on demand are identified as liabilities, other shares which are held as members' resources, are not

available for withdrawal in accordance with the Credit Union Act 1997 (as amended). The Credit Union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

Interest Rate Risk:

Portarlington Credit Union Limited's main interest rate risk arises from differences between the interest rate exposures on loans and investments receivable, as offset by its cost of capital, which is typically that of distributions to members payable in the form of dividends and interest rebates. Portarlington Credit Union Limited considers rates of interest receivable when deciding on the appropriation of income and its returns to members. The Board monitors such policy in line with the Credit Union Act 1997 (as amended) and guidance notes issued by the Central Bank of Ireland.

Market Risk:

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

24 B. INTEREST RATE RISK DISCLOSURES

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

| | 2020 | | 2019 | |
|------------------------------|---------------|-----------------|---------------|-----------------|
| | Amount | Average | Amount | Average |
| | € | interest | € | interest |
| | | rate | | rate |
| Financial assets | | | | |
| Gross Loans to Members | 28,633,160 | 8.21% | 27,668,839 | 8.37% |
| Financial liabilities | | | | |
| Members' shares | 51,453,961 | 0% | 46,779,639 | 0.125% |

The interest rates applicable on loans to members are variable and range from 5.95% to 8.9%. The dividend on shares is determined on the basis of income less administrative expenses and, as can be seen above, a consistent margin is maintained between interest receivable and dividend on shares. As a result, the surplus for the year is not particularly sensitive to interest rate risk and no sensitivity analysis is presented.

24 C. LIQUIDITY RISK DISCLOSURES

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans.

24 D. FAIR VALUE OF FINANCIAL INSTRUMENTS

Portarlington Credit Union Limited does not hold any financial instruments at fair value.

24 E. CAPITAL

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current Regulatory Reserve is in excess of the minimum requirement set down by the Central Bank of Ireland, and stand at 11% of the total assets of the Credit Union at the Balance Sheet date.

The following schedules do not form part of the statutory audited Financial Statements.

Schedule 1 - Interest on loans

| | 2020 | 2019 |
|---|-----------|-----------|
| | € | € |
| Loan Interest Income Received | 2,246,167 | 2,170,438 |
| Loan Interest Income Receivable | 62,435 | 58,711 |
| Total Per Income And Expenditure Account | 2,308,602 | 2,229,149 |

Schedule 2 - Other interest income and similar income for year

| | 2020 | 2019 |
|---|---------|---------|
| | € | € |
| Investment Income Received | 115,663 | 127,595 |
| Investment Income to be received within 12 months | 111,996 | 105,205 |
| Total Per Income And Expenditure Account | 227,659 | 232,800 |

Schedule 3 - Other Income For Year

| | 2020 | 2019 |
|---|-------|--------|
| | € | € |
| Commission | 6,055 | 9,869 |
| Entrance Fees | 141 | 307 |
| Other Receipts | 2,338 | 2,651 |
| Total Per Income And Expenditure Account | 8,534 | 12,827 |

Schedule 4 - Other Gains

| | 2020 | 2019 |
|---|--------|--------|
| | € | € |
| Gains on Sale of Investments | 65,157 | 91,667 |
| Gains on bonds | 8,743 | - |
| Total Per Income And Expenditure Account | 73,900 | 91,667 |

25. Ethical standards

As a small entity, under the provisions of the ISA (Ireland) Ethical Standards we engage our auditor to provide assistance with financial statements preparation.

26. Approval of financial statements

The board of directors approved these financial statements for issue on 4 November 2020.

Schedule 5 - Other Management Expenses

| | 2020 | 2019 |
|---|----------------|----------------|
| | € | € |
| Rates | 4,870 | 5,048 |
| Lighting, Heating and Cleaning | 20,872 | 19,369 |
| Repairs and Renewals | 5,459 | 7,209 |
| Security | 5,105 | 6,175 |
| Printing and Stationery | 21,842 | 29,611 |
| Postage and Telephone | 22,506 | 25,858 |
| Donations and Sponsorship | 8,215 | 12,000 |
| Debt Collection | 25,234 | 29,047 |
| Promotion and Advertising | 38,172 | 37,723 |
| Training Costs | 16,629 | 19,074 |
| Convention Expenses | - | 8 |
| Chapter Expenses | 424 | 580 |
| AGM Expenses | 12,246 | 16,875 |
| Travel and Subsistence | 2,366 | 4,913 |
| Entertainment Costs | 1,656 | 1,884 |
| Bank Charges | 32,527 | 30,660 |
| Audit Fee | 16,425 | 16,605 |
| Board oversight expenses | 1,598 | 2,127 |
| Risk and compliance costs | 7,362 | 6,995 |
| Internal Audit | 8,751 | 10,002 |
| General Insurance | 25,799 | 23,777 |
| Share and Loan Insurance (Gross) | 269,067 | 211,379 |
| Pension | 67,297 | 61,481 |
| Legal and Professional Fees | 64,257 | 52,910 |
| Maintenance Contracts | 54,519 | 48,847 |
| Miscellaneous Expenses | 8,037 | 8,560 |
| Death Benefit Insurance | 57,684 | 58,898 |
| Affiliation Fees | 3,001 | 6,850 |
| SPS Contribution | 2,691 | 4,351 |
| Regulatory Levy | 26,074 | 51,192 |
| Deposit Protection Account Charges & CBCIRFL | 50,339 | 47,697 |
| 50th Anniversary Expenses | - | 19,331 |
| Total Per Income And Expenditure Account | 881,024 | 877,036 |

Schedule 6 - Other Losses

| | 2020 | 2019 |
|---|--------------|-------------|
| | € | € |
| Losses on Investments | 3,985 | - |
| Total Per Income And Expenditure Account | 3,985 | - |

Board Oversight Committee Report AGM 2020

The Board Oversight Committee derives its authority from Section 7L of the Credit Union Act 2012. Its terms of reference are guided by the 1997 Act (as amended) and the Central Bank of Ireland Credit Union Handbook.

The responsibility of the Board Oversight Committee is to assess whether the Board of Directors has operated in accordance with Part IV of the 1997 Act (as amended). The Board Oversight Committee does this by undertaking activities to examine the controls in place and look for evidence that the functions are being carried out effectively. The aim of the Board Oversight Committee is to support the governance function of the Board of Directors for the benefit of the membership.

The Board Oversight Committee attended all meetings of the Board of Directors and also met the Board of Directors on a quarterly basis to review the performance of the functions of the Board of Directors. The Board Oversight Committee reports that it is pleased with the outcome of these meetings.

The Board Oversight Committee is satisfied that the Board of Directors adequately reviews all its processes and procedures and meets all the requirements, both legally and regulatory.

The Board Oversight wish to thank the Board of Directors, all the other volunteers, Michael McEvoy, CEO and the staff of the Credit Union for their assistance throughout the year.

The members of the Board Oversight Committee during the past year were:

- Shane Murray
- Janet Bennett
- Jacqueline McNulty Evans

Shane Murray
Chairperson, Board Oversight Committee



Credit Committee Report

The Credit Committee plays an integral role in the operation of the Credit Union. The Committee meets on a weekly basis to review loan applications.

A Member can now apply for a loan:

- online via our website at www.portcu.ie
- by calling to the Credit Union or
- by phone.

A loan may be approved by a Loan Officer providing it meets the guidelines as set out by the Board of Directors. Otherwise the loan is passed to the Credit Committee for a decision. If they are unable to approve an application, the Member may then lodge an appeal to the Board of Directors.



To enable decisions to be made as efficiently as possible, Members should ensure that all personal details with the Credit Union are correct and up-to-date, e.g. current address, phone number etc. As per current policy, depending on the type of loan being applied for, you will be required to provide us with some or all of the following: copies of recent payslips, P60, three months bank statements and mortgage statements. The more information that is provided on request, the quicker the decision can be made. All relevant loans are registered with the Central Credit Register. Loans will undergo a credit check as part of the lending process.

The membership of the Credit Union continues to grow rapidly. For the financial year ending 30th September 2020, a total of 2,315 loans were approved amounting to €11,204,576.



WEDDING LOAN

Thinking of a life together?

MAKE US YOUR FIRST PORT OF CALL

The graphic features a white outline of two people holding hands with two hearts above them, all on a pink background with white wavy lines below it.

WHY CHOOSE THE CREDIT UNION FOR YOUR LOAN?

- **A very competitive interest rate of 9.27% APR or 8.90% on the reducing balance of the loan**
- **A particularly attractive rate of 7.2% APR or 6.99% on the reducing balance for large home improvement, large commercial or large debt consolidation loans**
- **A house loan rate of 6.2% APR or 5.95% on the reducing balance**
- **No hidden or additional costs**
- **The flexibility to make larger repayments than agreed**
- **No penalties for early settlement**
- **Student, Community and Secure loans at a special rate of 6.11% APR or 5.95% on the reducing balance of the Loan**
- **Loan Protection and Life Savings cover provided at no charge to the member***
- **Free Death Benefit Insurance (€1,300)***
- **Personal service tailored to suit individual circumstances**
- **Friendly and helpful staff**

**Terms and conditions apply*

As already mentioned, Student Loans are available at a special rate of 6.11% APR. To qualify for a Student Loan a member must have a suitable guarantor, three payslips and 3 months bank statements from guarantor, a letter from the college confirming acceptance of the student for the year and a minimum of €250 in shares. Student Loans are for students who are in 3rd level education.

The Committee would like to thank fellow Directors, the CEO and Staff for their help and support throughout the year.

Credit Committee:

Evelyn Brereton, Caroline Boylan, Bridie Keegan, Ger Ward and Colette Knight

Loan Officers:

Michael McEvoy, Michelle Shortall, Fiona Dunne, and Claire Foster

Credit Control Committee Report

In these very challenging times, we are well aware of the ongoing financial difficulties of many of our Members. Early intervention and ongoing interaction with Members in financial difficulty are key elements of this Credit Union's efforts to minimise arrears and bad debts. To this end, the Credit Control Committee meets monthly to review repayment difficulties, arrears, bad debt recovery and to monitor compliance with credit control policy. The Committee encourages members who are experiencing repayment difficulties to contact the Credit Control Officer at the earliest opportunity so that they can receive a fair and sympathetic hearing with a view to assisting members to improve their repayment capacity over time. All options available to members are explained and each individual case is reviewed carefully and separately to come to an agreeable arrangement for both the member and the Credit Union.

Anyone (member or non-member) experiencing debt/budgeting problems can contact the Money Advice and Budgeting Service (MABS). This free, confidential and independent service (funded by the state) is contactable in Laois at 0761072620 and Offaly at 0761072710.

The majority of members who have experienced repayment difficulties, have contacted the Credit Union and are making an enormous effort to pay what they can afford and to keep us updated on their situation. These efforts are much appreciated and do not go unnoticed and will certainly stand to the member in the future.

Members in arrears and not making regular repayments as per their credit agreement should be aware that loan arrears may have a negative effect on their credit rating, both with the Credit Union and with other financial institutions as we are registered with the Central Bank of Ireland's Central Credit Register. This Register is a national mandatory database of credit information being maintained by the Central Bank. It is the member's responsibility to ensure arrears are cleared up as soon as possible. Members are notified by letter or phone to keep their loans paid up-to-date in order to protect their credit rating for future lending from any credit institution.

A small number of members who were unable to make sufficient repayments during the financial year, were transferred to the Bad Debt Ledger as required by regulatory guidelines and Board decisions. The money, which remains owing to the Credit Union, is being vigorously pursued by the Credit Control Committee, Debt Collection Agencies and Solicitors for eventual recovery. In this past year, €288,937 has been recovered. We assure our members that every continuing effort is made on your behalf, to recover any money owed to the Credit Union.

Finally, the committee wishes to thank all members making repayments and especially those keeping their repayments in line with the Credit Agreement.

Credit Control Committee:

Michael Wilcox, Lorraine Thompson & Sharon Culliton

Credit Control Officer:

Terena McComish

Assisted by:

Annmarie Piggott

Membership Committee Report

The Membership Committee would like to report that Portarlington Credit Union is continuing to grow with an increase of 307 new members during the year.

The Membership Committee is responsible for the maintenance of members' records therefore it is necessary for members to inform us of any changes in circumstances such as change of address/phone number etc.

To open an account in Portarlington Credit Union, we require the following:

- **Photo ID (Passport or Driving License) or ML10 Form signed by An Garda Síochána ML10 Form available on our website at <http://www.portcu.ie/forms/>**
- **Recent Utility Bill (less than 6 months old) which must include current address**
- **PPS No (on an official document)**

When opening an account for a child the following is required:

- **Child's Birth Certificate or Passport**
- **A current Utility bill which must include the current address of parent or guardian**

Club Accounts, Groups & Societies

We require a letter from the Chairperson authorising the persons to operate the account on behalf on the club/group. We will need photo ID, proof of address and PPSN for each authorised officer. Each year following their AGM the club/society/group must update their account with the names of the new officers.

Deposit Income Retention Tax

From 1st January 2014, DIRT must be deducted from all dividend or interest paid to credit union members unless you are exempt for one of the following reasons:

- **You are aged over 65 (or your spouse or civil partner is aged over 65),**
- and
- **Your total income is below €18,000 for a single person or €36,000 for a married couple or civil partnership.**

In certain circumstances, members who are permanently incapacitated may also be entitled to an exemption from DIRT.

To avail of this exemption, you must complete a self-declaration form DE1. Please contact a member of staff for more information or download the form from our website.

Membership Committee: Veronica Doyle McCormack

**DEBT
CONSOLIDATION
LOAN**



Promotion and Development Committee Report

The primary role of the Promotion and Development Committee (P&D) is to perform the public relations function for the Credit Union within the local community. This committee represents the Credit Union membership at various events throughout the year and reviews applications for sponsorship from a wide variety of clubs/charities/organisations/groups.

The P&D Committee adhere to an agreed budget approved by the Board of Directors. Each request for sponsorship is assessed on an individual basis by this committee. The committee encourages local clubs/charities/organisations/groups to provide comprehensive written applications outlining their role in the community and why they need assistance.

We very much appreciate the acknowledgement we receive throughout the year from clubs and organisations that benefit from our monetary assistance. The level of appreciation that we receive from our beneficiaries suggests that Portarlington Credit Union does indeed play an important role in supporting community-wide activities.

The Promotion and Development Committee would like to thank our staff in Port CU for all their help and assistance throughout the year.

Promotion and Development Committee Members:

Michelle Shortall, Annmarie Piggott, Willie Murphy & Liam Kirwan



Nomination Committee Report

Every candidate to be nominated for appointment as a member of the Board of Directors or as a volunteer on any committee of Portarlington Credit Union is proposed through the Nomination Committee. In identifying prospective candidates and considering the proposing of candidates, the Nomination Committee considers the balance of skills, experience and knowledge on the current board of directors and committees.

The work of the Nomination Committee is ongoing throughout the year and has regard to the strategic plan of the credit union and specifically the Board of Directors' responsibilities, to ensure that it has the qualifications, experience, competencies and capacity required to carry out its functions while also ensuring continuity of the Board of Directors.

The nomination committee's responsibilities include but are not limited to the following:

- Identify candidates to be nominated for appointment to the board of directors;
- Accept nominations of candidates proposed to be appointed to the board of directors;
- Propose candidates for election by a general meeting to be members of the board;
- Assisting the credit union in performing any obligations of the credit union in relation to any candidates to the board or committees with regard to Fitness and Probity requirements;
- Assessing whether potential conflicts of interest could arise from the appointment to the board of directors of a person if such person were nominated and appointed to the board;
- Ensuring that there is an appropriate succession plan in place for the board of directors;
- Ensuring that each director or volunteer is given adequate induction to his or her role so as to ensure he or she has sufficient appreciation of, and appropriate training about, the strategy, operations and performance of the credit union;
- Arranging additional training, either individually or collectively, for the members of the board of directors and volunteers during their terms of appointment.

The Nomination Committee would like to invite candidates interested in volunteering with Portarlington Credit Union on committees or in board positions to contact the Credit Union office, or any of the committee members listed below, to discuss suitable roles.

The Nomination Committee:

Rosaleen O'Kane, Colm Coleman & Thelma Carroll

Supported by Training Liaison Officer – Marian Barnard.

Insurance Officer's Report

One of the most important benefits enjoyed by our members is the Life Savings and Loan Protection Insurance.

During the past year, a total of 39 claims were processed and paid under this cover. €214,725.36 was received in respect of the 39 eligible members who passed away during the year.

Life Savings Insurance

This is an insurance offered by the Credit Union at no direct charge to the member. Under the Life Savings Insurance scheme, we will provide upon your death, insurance benefit on your savings. Your membership entitles you to Life Savings Insurance up to a maximum of €12,700 on your savings. The cover is as follows:

- 100% cover on savings made before age 55 years **or on the lowest balance on the account thereafter**
- 75% cover on savings between 55 and 60 years **or on the lowest balance on the account thereafter**
- 50% cover on savings between 60 and 65 years **or on the lowest balance on the account thereafter**
- 25% cover on savings between 65 and 70 years **or on the lowest balance on the account thereafter**

Please note that withdrawals from your account after age 55 may have an impact on any benefit payable under your Life Savings Insurance so please speak to a member of staff at the Credit Union about it, before making such withdrawals. They will be happy to explain any potential consequences to you.

Loan Protection Insurance

Outstanding loan balances of eligible members are covered up to the member's 85th Birthday. Eligibility for disability claims cease on the member's 65th Birthday.

Form of Nomination

Once again I would stress the importance of completing a Nomination Form. When you reach the age of 16 you can nominate a person to become entitled, on your death, to your shares. The maximum amount that can pass onto a nominee is €23,000. Any surplus above this amount is subject to the member's estate. **It is important to remember to update this form if and when your personal circumstances change, as marriage voids any previous nominations but separation or divorce does not.**

Death Benefit Insurance

Your Credit Union offers members Death Benefit Insurance (DBI) which is designed to relieve the burden of bereavement costs. The Death Benefit Insurance will give you and your family added security and relief from financial worry especially at the time of a bereavement. You are eligible for this cover provided you have **joined before age 70 in good health and have a minimum of €100 in shares.** The benefit is €1,300 on the death of the member. This year 40 claims were submitted and were paid in full, amounting to €52,000.

The Credit Union covers the cost of the Death Benefit Insurance premium at no charge to the member.

The Board of Directors, Board Oversight Committee, CEO and Staff offer their sympathy to those families who suffered bereavement during the year.

Edwina Nolan
(Insurance Officer)

Members Cash Draw Fund

This is the seventh year for our Cash Draw. The minimum number of prizes for each draw are:

| | |
|---------------------------------------|------------------------------------|
| 1st Prize - €10,000 | 6th Prize - €500 |
| 2nd Prize - €2,000 | 7th Prize - €500 |
| 3rd Prize - €2,000 | 8th Prize - €500 |
| 4th Prize - €1,000 | 9th Prize - €500 |
| 5th Prize - €1,000 | |

You must register separately to be included in this bi-monthly cash draw. The fee for each draw is €7 but you must have a minimum of €15 in your account to be eligible for the draw.

If you have a loan with the credit union, it is important to note that, where possible, the cash draw deductions will be deducted from your unattached savings (i.e. those not pledged against a loan). So it's important to make sure your account holds enough unattached shares to be eligible for the draw each quarter. So keep your account topped up on a regular basis to ensure you are entered in the draw.

Remember if you're not in, you can't win!!!

All prize winners are notified individually and published on our Facebook & Instagram pages

| Draw | Date | No of Subscribers | Income | Expenditure | Balance |
|------|----------|-------------------|---------|-------------|---------|
| | | | | | €55 |
| 78 | Oct - 19 | 2754 | €19,278 | €19,300 | €33 |
| 79 | Dec - 19 | 2775 | €19,425 | €19,400 | €58 |
| 80 | Feb - 20 | 2805 | €19,635 | €19,500 | €193 |
| 81 | Apr - 20 | 2812 | €19,684 | €19,800 | €77 |
| 82 | Jun - 20 | 2808 | €19,656 | €19,700 | €33 |
| 83 | Aug - 20 | 2810 | €19,670 | €19,700 | €3 |

Deposit Guarantee Scheme – Depositor Information Sheet

| Basic information about the protection of your eligible deposits | |
|---|--|
| Eligible deposits in Portarlington Credit Union are protected by: | The Deposit Guarantee Scheme (“DGS”) |
| Limit of protection: | €100,000 per depositor per credit institution |
| If you have more eligible deposits at the same credit institution: | All your eligible deposits at the same credit institution are ‘aggregated’ and the total is subject to the limit of €100,000 |
| If you have a joint account with other person(s): | The limit of €100,000 applies to each depositor separately |
| Reimbursement period in case of credit institution’s failure: | 15 working days from 1 January 2020 until 31 December 2020; within 10 working days from 1 January 2021 to 31 December 2023; and within 7 days from 1 January 2024 onwards, save where specific exceptions apply. |
| Currency of reimbursement: | Euro or, for branches of Irish banks operating in another member state of the EEA, the currency of that member state. |
| To contact Portarlington Credit Union for enquiries relating to your account: | Portarlington Credit Union Upper Main Street Portarlington Co Laois Tel: 057 8623336 Email: mail@portcu.ie |
| To contact the DGS for further information on compensation: | Deposit Guarantee Scheme Central Bank of Ireland PO BOX 11517, Spencer Dock North Wall Quay, Dublin 1 Tel: 1890-777777 Email: info@depositguarantee.ie |
| More information: | www.depositguarantee.ie |

Some of Our Cash Draw Winners



Winner October 2019



Winner December 2019



Winner February 2020



Winner April 2020



Winner June 2020



Winner August 2020

WE'RE HERE FOR YOU



Open:

Tuesday: 9.45am to 1.00pm and 2.00pm to 5.15pm
Wednesday: 9.15am to 1.00pm and 2.00pm to 5.15pm
Thursday: 9.15am to 5.15pm
Friday: 9.15am to 5.15pm
Saturday: 9.00am to 1.00pm

Tel: 057 8623336

Email: mail@portcu.ie

Website: www.portcu.ie

