



**THERE'S STRENGTH IN UNITY**

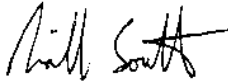
# **ANNUAL REPORT & ACCOUNTS 2015/2016**



## NOTICE OF ANNUAL GENERAL MEETING.

Notice is hereby given that  
THE ANNUAL GENERAL MEETING  
of  
UNITY CREDIT UNION LTD  
will be held at  
7.30 pm  
on  
MONDAY 19th DECEMBER 2016  
in  
THOMOND SUITE,  
THOMOND PARK STADIUM,  
LIMERICK.

Entrance by Passbook only.



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Niall South  
Secretary.

## Credit Union Invocation

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

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

## AGENDA FOR ANNUAL GENERAL MEETING

Item		Page
1.	Acceptance of Proxies.	4
2.	Check presence of quorum.	4
3.	Adoption of Standing Orders.	4
4.	Minutes of AGM 2015.	5
5.	Appointment of Tellers.	5
6.	Report of Nomination Committee.	5
7.	Balloting.	6
8.	Report of the Board of Directors.	6
9.	Operations Report.	8
10.	Report of Auditor.	9
11.	Directors' Report and Accounts.	10
12.	Declaration of Dividend/Interest Rebate.	37
13.	Affiliation Fees Motion.	37
14.	Amendment to Standard Rules.	37
15.	Report of Board Oversight Committee.	37
16.	Report of Audit Committee.	38
17.	Report of Credit Committee.	38
18.	Report of Credit Control Committee.	39
19.	Declaration of election results.	39
20.	Other business.	39
21.	Close of Meeting.	39

**A raffle will take place at the end of the meeting. Only members attending the meeting who are entitled to vote (i.e., over 16's) will be issued tickets for the raffle.**

**No raffle tickets will be issued to any member arriving more than 15 minutes after the meeting has commenced.**

**Prizes will include Christmas Hampers and Cash.  
Light Refreshments will be served after the meeting.**



Wherever the term "the Act" appears in this report it refers to the Credit Union Act 1997 (as amended).

<sup>1</sup>As amended by the Credit Union and Co-operation with Overseas Regulators Act 2012, effective from 1 October 2013.

## Agenda Item 1 - Acceptance of Proxies

Anyone acting as a representative of a group which is a member of the Credit Union must present written authorisation to this effect to the Board of Directors for acceptance before they can act in this capacity.

## Agenda Item 2 - Check presence of quorum

In accordance with Section 81(4) of the Act the quorum required for this Annual General Meeting to be able to proceed is thirty members. The chair must be satisfied that this quorum is reached before business can commence.

## Agenda Item 3 - Adoption of Standing Orders

To ensure the business of the AGM is conducted in a proper fashion the Board propose the adoption of the following Standing Orders:

### **VOTING & ELECTION PROCEDURE**

1. Each member shall be entitled to one vote, irrespective of their shareholding, in accordance with section 82(2) of the Act.
2. Elections to the Board of Directors, to the Board Oversight Committee and the position of Auditor shall be by majority vote and by secret ballot.
3. When nominations are announced tellers shall be appointed by the chair and ballot papers shall be distributed. Nominations shall be in the following order: (a) nominations for auditor; (b) nominations for members of the board oversight committee; (c) nominations for directors. When voting is completed, the votes shall be taken and tallied by the tellers. Any ballot paper which contains votes for more than the number required to be elected shall be void. All elections shall be by secret ballot and by majority vote. When the votes have been counted by the tellers, the results shall be announced by the chair. In the event that all vacancies are not filled by the first ballot further ballots shall be taken as required. In the event of an equality of votes between candidates for the remaining vacancies not filled in accordance with the above procedure one further ballot shall be taken and should that ballot fail to determine the issue, the vacancies shall be filled by lot from among such candidates having an equality of votes.

### **MOTIONS**

4. All motions from the floor of the AGM must be proposed and seconded by members present at the AGM, and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.
5. A Proposer of a motion may speak for such period as shall be at the discretion of the chair of the meeting and shall have the right of reply before the motion is put to the meeting for a vote.
6. In exercising their right of reply, a proposer may not introduce new material.
7. The seconder of a motion shall have such time as shall be allowed by the chair to second the motion.
8. Members are entitled to speak on any such motion through the chair. All speakers to any motion shall have such time as shall be at the discretion of the chair.
9. The chair shall have the absolute right to decide at any time when a motion has been sufficiently discussed and may put the motion to the meeting giving the proposer the right of reply before doing so.

### **MISCELLANEOUS**

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

## Agenda Item 3 - Adoption of Standing Orders (continued)

of accounts in his/her name in the credit union provided, however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the board of directors.

15. 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 by simple majority.

### SUSPENSION OR ALTERATION OF STANDING ORDERS

16. Any one, or all, of these Standing Orders may be suspended on a motion to this effect receiving a two-thirds majority of those present and entitled to vote.
17. Standing Orders may be amended or altered at a general meeting only if a motion to this effect has received a 2/3 majority of those present and voting.

### ADJOURNMENTS

18. Adjournments of the AGM shall take place only in accordance with Section 81(1) of the Act.

## Agenda Item 4 - Minutes of AGM 2015

The secretary will read the minutes of the last AGM prior to their approval (or correction) as a true and fair record of all decisions taken at that meeting.

## Agenda Item 5 - Appointment of Tellers

The chair will appoint a Chief Teller and Tellers to oversee the counting of votes at the meeting.

## Agenda Item 6 - Report of Nomination Committee

**Work of the Nomination Committee: The role of the Nomination Committee is to:**

- 1) Ensure that the Board of Directors has the qualifications, experience, competencies and capacity required to carry out its functions.
- 2) Ensure continuity of the Board of Directors.
- 3) Oversee the implementation of the Central Bank's Fitness and Probity Requirements.

During this year the committee met on twelve occasions. We monitored Board members' attendance at training courses and reviewed the skill set of the Board members on a regular basis. We also updated our fitness & probity checks for all directors, board oversight committee members and staff members in the current year.

The Nomination Committee also made recommendations to the Board on the filling of vacancies on various committees based on their knowledge of the skill sets of individual directors.

### **Current Directors, Board Oversight Committee & Auditor**

#### **Board of Directors:**

1. John Hennessy, Chairperson
2. Pat Hayes, Vice-Chairperson
3. Niall South, Secretary
4. Breda Fitzgerald
5. Antoinette Fitzgerald
6. Catherine Kirby
7. Mary Kerley
8. Patrick McNamara
9. Mairead Mullane
10. Deirdre Clancy
11. John Collopy

#### **Board Oversight Committee:**

1. Alan Brislane, Chairperson
2. Patsy Moynihan, Secretary.
3. Paula Mackey

#### **Auditor**

Grant Thornton

## Elections: Elections will take place as follows:

- 1) **Auditor:** In accordance with Section 115 of the Act the Auditor has to be elected or re-elected each year at the AGM. Being eligible **Grant Thornton** offer themselves for re-election as Auditor.
- 2) **Board Oversight Committee:** There is **ONE** vacancy on the Board Oversight Committee. The following member of the Board Oversight Committee is retiring by rotation at this AGM and is not offering himself for re-election: **Alan Brislane**.
- 3) **Board of Directors:** There are **NINE** vacancies on the Board of Directors, arising as follows:

In accordance with Section 53(6) of the Credit Union Act the following directors have to retire by rotation at this year's AGM and, being eligible, offer themselves for re-election: **John Hennessy and Deirdre Clancy**.

**Mairead Mullane** is also retiring by rotation at this year's AGM but does not wish to offer herself for re-election.

**John Collopy** is retiring from the Board at this year's AGM.

The following directors were co-opted to fill casual board vacancies during the year and in accordance with Section 53 (16) of the Credit Union Act they must offer themselves for election at this year's AGM: **Breda Fitzgerald, Pat Hayes, Catherine Kirby, Mary Kerley and Antoinette Fitzgerald**.

## Nominations

Due to Fitness and Probity requirements, the Nomination Committee are obliged to carry out due diligence on all candidates prior to their nomination. To enable candidates to put themselves forward for positions, notices of vacancies were advertised within the credit union office and on our website [www.unitycreditunion.ie](http://www.unitycreditunion.ie) from November.

## Voting

In accordance with the requirements of the Act the elections shall take place by secret ballot. Under Section 17(5)(b) of the Act, voting is restricted to those members over the age of 16 who are present at the Annual General Meeting and each member shall have only one vote irrespective of their shareholding in accordance with Section 82(2) of the Act.

Patrick McNamara, Chairperson  
John Hennessy, Secretary  
Pat Hayes

## Agenda Item 7 – Balloting

The chair will request members to cast their vote for the candidates of their choice in the various elections using the ballot papers provided. The tellers will then collect the ballot papers and commence counting the votes.

## Agenda Item 8 – Report of the Board of Directors

### Introduction

This year has been one of great change not only for our Credit Union but for the credit union movement in general throughout this country. At last year's Annual General Meeting the members approved a proposal to change the Credit Union name from St. Mary's Parish Credit Union Limited to Unity Credit Union Limited and this change became effective in early 2016. Also in December last year, at their respective Annual General Meeting, the members of Castleconnell/Ahane, St. Lelia's and St. Mary's Credit Unions approved resolutions authorising their Boards to approve a transfer of engagements to St. Mary's Parish Credit Union Limited by way of Board resolution and these transfers became effective on 17th June 2016.

## Agenda Item 8 – Report of the Board of Directors (continued)

Since the transfer we have been working on the implementation of the changes necessary to standardise our operations in each of the three offices and this work is ongoing. Some further mergers have taken place in Limerick and Clare during the past year. We are monitoring the situation on an ongoing basis and we will consider future mergers only if we are sure that these would benefit our members in the long term.

### Changes in the Credit Union Environment

On page 9 of last year's report we mentioned the possibility of the Central Bank introducing new regulations contained in Consultation Paper 88 and of the lobbying campaign to prevent their introduction.

Unfortunately, after making some minor changes, the Minister for Finance signed the commencement order on 17th December 2015 and these regulations are now in force.

### Financials

Because our transfer of engagements occurred during our financial year and the accounting treatment used in transfer situations, it is difficult to compare our figures year on year. The situation is also affected by the new Accounting Standard for Credit Unions under the title of FRS102 which is being introduced this year on a national basis.

Our total savings this year stand at €65.539M which is an increase of €2.120M on the savings held by the three credit unions last year. Also the amount out on loan to members at 30th September 2016 is €18.276M and that is an increase of €173K on the figure for the three credit unions at 30th September 2015.

While it is very gratifying for us to know that the members have the trust in our credit union to place so much of their savings with us we are conscious of the fact that, because there is such low take up in loans, most of the extra savings we receive end up in investments. The rate of return on investments at present is at an all-time low and still falling. If this situation continues it will have a significant effect on the level of dividend we can pay in the future.

In order to address this problem and increase the amount out on loan we decided to introduce some new loan promotions at very attractive interest rates during the year and it is our intention to continue to do everything possible to increase our loan book in the years ahead.

Our balance sheet is very strong and our total assets now stand at €82.418M, our liabilities are €65.981M leaving our net worth at €16.437M

This is just a brief summary of the financial position but we will go through the accounts in more detail at the AGM and we will deal with any questions which you may have on the night.

### Strategic Plan

We are at present in the process of working on a strategic plan to map out our future up to the year 2020 and our aim is to become the Financial Institution of choice for all our members

### Deceased Members

We know of 100 members who died during the year between October 2015 and September 2016. We offer our sincere and utmost sympathy to their next of kin. Those who died were:

Therese Kirwan  
Joan Clohessy  
Kevin Madden  
Mary Madden  
Anne O'Sullivan  
Elizabeth Kelly  
Noel Quinn  
Michael Flanagan  
Michael McInerney  
Bernie O'Carroll  
John Garvey

Helen Cleary  
Gerard Leo  
Marie McGrath  
Mary Clancy  
Patricia Tobin  
Gerard Mortell  
Catherine Ryan  
Thomas Nash  
Helen Flanagan  
Patrick Glynn  
Seamus Barry

Bridget McDonagh  
Dan Kelleher  
James Buckley  
Sheila O'Reilly  
Noreen Keane  
Nora Wallace  
Noreen Buckley  
Thomas Francis Boyce  
James Ahern  
Pat Gleeson  
Ellen Quinlivan

Mary Hackett  
Mary O'Brien  
Rita O'Brien  
Breda Ryan  
James Jackman  
Teresa Price  
Mary Burke  
Pat Hayes  
Larry Cross  
Christopher Roche  
Martin Kelly  
Olive Meade  
William O'Brien  
Mary Hickey  
Pearl White  
Gerard Ryan  
Shane Lee  
Esther Madden  
Edwin Holman  
Brian O'Hagan  
Rita McNamara  
Bridget McInerney  
Tom Cullen

Joe Eades  
Thomas Hamilton  
Veronica O'Brien  
Jack Collopy  
Ann Dillon  
Michael Mason  
Betty Noonan  
Patrick Sheahan  
Niall O'Donnell  
Margaret Manning  
John Ryan  
David Hayes  
Patrick O'Connor  
Margaret O'Regan  
John Fleming  
Mary Price  
Margaret Joyce  
Maura McMahon  
Albert Enright  
Miriam O'Brien  
Daniel Harkin  
Gary Richardson

Theresa McNally  
Larry Johnson  
Anthony McGuane  
David Hawe  
Alan Boswell  
Kathleen Braddish  
Helena Rea  
Jennifer O'Donnell  
Margaret Reville  
Clement Hourigan  
Margaret O'Donnell  
Carmel O'Kane  
David Kirwan  
Noel Murphy  
William Connolly  
Sean O'Sullivan  
Joseph Ryan  
Gerard Cosgrave  
Luke Ryan  
Mary O'Neill  
Peter Greene  
Mary O'Dwyer

May they rest in peace.

On behalf of next-of-kin of deceased members a total of €350,298 was paid out from our Savings and Loan Insurance during the year. €233,626 was in respect of savings and €116,672 was to clear outstanding loans. In addition to this, €146,250 of Death Benefit Insurance was received, which was used to help meet the funeral expenses of deceased members.

## Conclusion

We would like to thank our manager Pat Owens and all his staff, our fellow directors and all volunteers for their dedication and hard work throughout the year. Our expanded common bond now covers St. Marys, Corbally, Parteen, Ahane, Castleconnell, Clonlara, St. Lelia's and adjoining areas and the Board of Directors of Unity Credit Union Ltd would like to thank all our members for your loyalty and support over the years and our hope is that you will continue to support us in the years ahead.

**John Hennessy**, Chairperson.

**Niall South**, Secretary.

## Agenda Item 9 – Operations Report

From an operational point of the view the past year has been a very challenging and extremely busy one for this credit union. We have had a change of name and the merger of three credit unions into one. In addition to this we have had to maintain our on-going compliance with various legislation/regulation that applies to credit unions as well as continuing to introduce new procedures as a result of changes to policies made by the Board due to findings/requirements of the Regulator, our Internal Auditors, our Risk and Compliance programme or external reviews. We have spent a considerable amount of time on integrating standard procedures across our three branches and we have tried to keep the impact they have on members to a minimum but, unfortunately, this is not always possible and we appreciate the co-operation of members in ensuring we can meet these procedural requirements.

I must acknowledge the role of the staff from the three offices for their efforts in this regard throughout what has been a time of major change for them. They have worked diligently to ensure that the level of service to members is maintained and improved if possible and they have demonstrated great commitment to the credit union. We are about to commence the next stage of our integration plan which will entail reviewing our operations, including our opening hours, our products and our services, reviewing our facilities and reviewing our insurance arrangements for members. As always, our intention will be to ensure the safety and soundness of the credit union whilst providing the best possible service and facilities to members.

I will answer any general questions you may have about our operations at the AGM.

**Pat Owens**, Manager.



## Agenda Item 10 - Report of Auditor

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

of Unity Credit Union Limited

We have audited the financial statements of Unity Credit Union Limited for the financial year ended 30 September 2016, which comprise the Income and Expenditure Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law, including the Credit Union Act, 1997 (as amended) and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. This report is made solely to the Credit Union's members, as a body, in accordance with Section 120 of the Credit Union Act 1997 (as amended). Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members as a body, for our audit work, for this report or for the opinions we have formed.

**Respective responsibilities of directors and auditor:** As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Credit Union Act, 1997 (as amended). Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish Law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements:** An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Credit Union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements: In our opinion the financial statements:**

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the Credit Union's affairs as at 30 September 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the requirements of the Credit Union Act, 1997 (as amended).

**Other matters on which we are required to report by the Credit Union Act, 1997 (as amended):**

- We have obtained all the information and explanations which to the best of our knowledge and belief, we consider necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union.
- The financial statements are in agreement with the accounting records.

**Grant Thornton**  
Chartered Accountants  
& Statutory Audit Firm

**Mill House**  
**Henry Street**  
**Limerick**

Date: 7 November 2016

## Agenda Item 11 – Directors’ Report and Accounts

**Principal Activities:** The principal activities of the credit union involves the acceptance of members’ shares and lending to members in accordance with legislation and criteria determined by the Irish League of Credit Unions and the Credit Union itself.

**Authorisation:** The Credit Union is authorised as follows:

- Insurance/reinsurance intermediary under the European Communities (Insurance Mediation) Regulations, 2005 (as amended).
- Investment Intermediaries (Restricted Activity Investment Product Intermediary) pursuant to Section 26 of the Investment Intermediaries Act, 1995 (as amended)
- Service Providers holding appointments from IIA product producers, including intermediaries that may issue appointments, appearing in the register maintained under Section 31 of the Investment Intermediaries Act, 1995 (as amended)
- Entitled under Regulation 9(1) (b) of the European Community (Payment Services) Regulations 2009 to provide 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 continue to operate successfully in the future.

**Results, Dividends and Loan Interest Rebate:** The excess of income over expenditure for the year is set out in the Income and Expenditure Account on page 12. The Directors recommend a dividend in respect of the year ended 30 September 2016 of €128,943 (0.2%) (2015: €225,705 (0.5%)) and a loan interest rebate of €122,012 (7.5% on Standard Rate Loans) (2015: €60,112 (5% on Standard Rate Loans)).

**Principal risks and uncertainties:** The Credit Union is fully aware of its principal risks, monitors these constantly and does everything in its power to minimise all risks and to handle prudently those residual risks over which it has little control. The principal areas currently requiring risk management include:

- Decline in loan interest income and loan security risk.
- Prudent investment selection to minimise loss of investment income.
- Liquidity management and control of costs.
- Continuous monitoring of compliance with regulatory and legislative requirements.

**Accounting Records:** The Directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the credit union are maintained at the credit union’s premises at 47 Athlunkard Street, Limerick.

**Events since the end of year:** There have been no significant events affecting the Credit Union since the year end.

**Directors’ Responsibilities Statement:** The Credit Union Act, 1997 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that period.

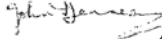
In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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 accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and which enables them to ensure that the financial statements comply with the Credit Union Act, 1997 (as amended). They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Credit Union

Chairperson of the Board of Directors



Date: 7/11/2016

Member of the Board of Directors:



Date: 7/11/2016

### **Statement of board oversight committee's responsibilities** **For the Financial Year Ended 30 September 2016**

The Credit Union Act, 1997 (as amended) requires the appointment of a Board Oversight Committee to assess whether the Board of Directors has operated in accordance with Part IV, Part IV (a) and any regulations made for the purposes of Part IV or Part IV (a) of the Credit Union Act, 1997 (as amended) and any other matter prescribed by the Central Bank of Ireland in respect of which they are to have regard to.

On behalf of the Board Oversight Committee:

Chairperson of the Board Oversight Committee:



Date: 7/11/2016

## Income and expenditure account

For the Financial Year Ended 30 September 2016

	Schedule	2016 €	2015 €
<b>Income</b>			
Interest on loans	1	1,512,468	1,358,401
Other interest income and similar income	2	<u>738,650</u>	<u>785,930</u>
<b>Net interest income</b>		<b>2,251,118</b>	<b>2,144,331</b>
Other income	3	<u>16,546</u>	<u>10,634</u>
<b>Total Income</b>		<b><u>2,267,664</u></b>	<b><u>2,154,965</u></b>
<b>Expenditure</b>			
Salaries		641,697	530,496
Other management expenses	4	1,021,491	1,043,033
Depreciation		48,318	30,404
Bad debts provision		(1,564,000)	(578,939)
Bad debts recovered		(171,320)	(92,486)
Bad debts charged off		<u>151,432</u>	<u>346,225</u>
<b>Total expenditure</b>		<b><u>127,618</u></b>	<b><u>1,278,733</u></b>
<b>Excess of income over expenditure for the year</b>		<b><u><u>2,140,046</u></u></b>	<b><u><u>876,232</u></u></b>

On behalf of the Credit Union

CEO:



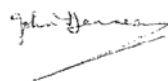
Date: 7/11/2016

Member of the Board Oversight Committee:



Date: 7/11/2016

Member of the Board of Directors:



Date: 7/11/2016

The notes on pages 17 to 34 form part of these financial statements.

## Statement of other comprehensive income

For the Financial Year Ended 30 September 2016

	2016	2015
	€	€
Excess of income over expenditure for the year	2,140,046	876,232
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b><u>2,140,046</u></b>	<b><u>876,232</u></b>

On behalf of the Credit Union

CEO:



Date: 7/11/2016

Member of the Board Oversight Committee:



Date: 7/11/2016

Member of the Board of Directors:






Date: 7/11/2016

The notes on pages 17 to 34 form part of these financial statements.

## Balance sheet

As at 30th September 2016

	Note	2016 €	2015 €
<b>Assets</b>			
Cash and balances at bank	7	1,926,487	1,500,379
Deposits and investments – cash equivalents	8	25,874,700	12,589,405
Deposits and investments – other	8	38,533,274	30,499,984
Loans	9	18,276,126	13,394,733
Less: provision for bad debts	10	(2,641,449)	(2,446,050)
Tangible fixed assets	11	373,702	159,705
Debtors, prepayments and accrued income	12	75,993	80,289
<b>Total Assets</b>		<b>82,418,833</b>	<b>55,778,445</b>
<b>Liabilities</b>			
Members' shares	13	65,539,247	46,639,040
Other liabilities, creditors, accruals and charges	14	405,220	282,942
Other provisions	15	36,973	49,108
<b>Total liabilities</b>		<b>65,981,440</b>	<b>46,971,090</b>
<b>Reserves</b>			
Regulatory reserve	17	9,066,072	5,775,000
Operational risk reserve	17	370,144	–
Other reserves			
– Realised reserves	17	6,930,780	2,989,222
– Unrealised reserves	17	70,397	43,133
<b>Total reserves</b>		<b>16,437,393</b>	<b>8,807,355</b>
<b>Total liabilities and reserves</b>		<b>82,418,833</b>	<b>55,778,445</b>
<b>On behalf of the Credit Union</b>			
CEO:			Date: 7/11/2016
Member of the Board Oversight Committee:			Date: 7/11/2016
Member of the Board of Directors:			Date: 7/11/2016

The notes on pages 17 to 34 form part of these financial statements.

## Statement of changes in reserves

For the Financial Year Ended 30 September 2016

	Other Reserves		Regulatory Reserve	Operational Risk Reserve	Total
	Realised	Unrealised			
	€	€	€	€	€
As at 1 October 2014	2,637,581	66,240	5,508,891	-	8,212,712
Surplus for the year	613,238	(3,115)	266,109	-	876,232
Dividend and interest rebate paid	(281,589)	-	-	-	(281,589)
Transfer to/(from) unrealised reserves	19,992	(19,992)	-	-	-
<b>As at 1 October 2015</b>	<b>2,989,222</b>	<b>43,133</b>	<b>5,775,000</b>	<b>-</b>	<b>8,807,355</b>
Surplus for the year	1,928,422	27,264	184,360	-	2,140,046
Other transfers	(408)	-	-	-	(408)
Dividend and interest rebate paid	(285,817)	-	-	-	(285,817)
Transfer of engagements	2,669,505	-	3,106,712	-	5,776,217
Transfer to the operational risk reserve	(370,144)	-	-	370,144	-
<b>As at 30 September 2016</b>	<b><u>6,930,780</u></b>	<b><u>70,397</u></b>	<b><u>9,066,072</u></b>	<b><u>370,144</u></b>	<b><u>16,437,393</u></b>

On behalf of the Credit Union

CEO:



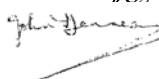
Date: 7/11/2016

Member of the Board Oversight Committee:



Date: 7/11/2016

Member of the Board of Directors:



Date: 7/11/2016

## Statement of cash flows

For the Financial Year Ended 30 September 2016

	Note	2016 €	2015 €
<b>Opening cash and cash equivalents</b>		<b>14,089,784</b>	<b>17,168,512</b>
<b>Cash flows from operating activities</b>			
Loans repaid	9	7,925,178	6,357,396
Loans granted	9	(8,202,892)	(5,935,412)
Interest on loans		1,512,468	1,358,401
Investment income		738,650	785,930
Bad debts recovered		171,320	92,486
Other income		16,546	10,634
Dividends paid		(225,466)	(216,909)
Interest rebate paid		(60,759)	(64,680)
Operating expenses		(1,663,188)	(1,573,529)
Movement in other assets and liabilities		(76,554)	128,302
<b>Net cash flows from operating activities</b>		<b>135,303</b>	<b>942,619</b>
<b>Cash flows from investing activities</b>			
Cash and investments introduced from transfer of engagements		20,308,216	-
Fixed asset purchases/disposals	11	(64,651)	(12,266)
Net cash flow from other investing activities		(8,033,290)	(5,891,358)
<b>Net cash flows from investing activities</b>		<b>12,210,275</b>	<b>(5,903,624)</b>
<b>Cash flows from financing activities</b>			
Members' shares received		26,525,786	22,744,635
Members' shares withdrawn		(25,159,961)	(20,862,358)
<b>Net cash flows from financing activities</b>		<b>1,365,825</b>	<b>1,882,277</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>13,711,403</b>	<b>(3,078,728)</b>
<b>Closing cash and cash equivalents</b>	7	<b>27,801,187</b>	<b>14,089,784</b>

On behalf of the Credit Union

CEO:



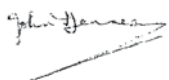
Date: 7/11/2016

Member of the Board Oversight Committee:



Date: 7/11/2016

Member of the Board of Directors:



Date: 7/11/2016

The notes on pages 17 to 34 form part of these financial statements.



# Notes to the financial statements

For the Financial Year Ended 30 September 2016

## 1. Legal and regulatory framework

Unity Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the Credit Union is located at 47 Athlunkard Street, Limerick.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable Irish accounting standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and Irish statute comprising of the Credit Union Act, 1997 (as amended). The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

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

The following principal accounting policies have been applied:

### 2.2 Statement of compliance

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). These are the first financial statements that comply with FRS 102. Information on the impact of first-time adoption of FRS 102 is set out in note 28.

### 2.3 Going concern

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

### 2.4 Interest on loans

Interest on loans is recognised on an accruals basis. An adjustment is made to the year-end amount receivable for any irrecoverable amounts. The Directors have made a decision to transfer accrued interest receivable on loans at the year end to an unrealised reserve.

### 2.5 Investments

Investment income is recognised on an accruals basis.

The specific investment products held by the Credit Union are accounted for as follows:

#### **Held at amortised cost**

Investments designated on initial recognition as held at amortised cost are measured at amortised cost using the effective interest method less impairment. This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount, minus, in the case of a financial asset, any reduction for impairment or uncollectability.

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 2. Accounting policies (continued)

#### 2.5 Investments (continued)

##### 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.

##### Investments at fair value

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

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

#### 2.6 Tangible fixed assets

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Premises	2% Straight Line
Fixtures and Fittings	20% Straight Line
Computer Equipment	33% Straight Line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains' or 'other losses' in the income and expenditure account.

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 2. Accounting policies (continued)

#### 2.7 Cash and cash equivalents

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

#### 2.8 Financial assets – loans

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

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

#### 2.9 Bad debt provision

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

Any bad debts/impairment losses are recognised in the Income and Expenditure Account.

Unity Credit Union Limited has identified three categories for assessing impairment losses on loans. They are rescheduled loans, top 100 loans and all other loans.

##### Rescheduled loans

The provision applied to Rescheduled Loans is the greater of provision identified following an individual assessment of each loan or any provision required under Regulatory Requirements issued by Central Bank of Ireland.

##### Top 100 loans

Each loan in this category is individually assessed. Credit risk is identified, assessed and measured with emphasis on weeks in arrears and other observable credit risk metrics resulting in the raising of specific provisions on individual loans where there is doubt about their recoverability.

##### All other loans

Loans in this category are collectively assessed. Credit risk is identified, assessed and measured with emphasis on weeks in arrears and other observable credit risk metrics resulting in the raising of specific provisions on these loans where there is doubt about their recoverability.

#### 2.10 Financial liabilities – members' shares

Members' shares in Unity Credit Union Limited are redeemable and therefore are classified as financial liabilities. They are recognised at the amount of cash deposited.

#### 2.11 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.

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 2. Accounting policies (continued)

#### 2.12 Pension costs

Unity 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 Unity 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, Unity 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.

The contributions to this scheme are recognised as an expense in the income and expenditure account when they fall due. Amounts not paid are shown in accruals as a liability on the balance sheet. The assets of the plan are held separately from the Credit Union in independently administered funds.

#### 2.13 Creditors

Short term Other Liabilities, Creditors, Accruals and Charges are measured at the transaction price.

#### 2.14 Distribution policy

Unity Credit Union Limited's policy is to pay a reasonable rate of dividend subject to covering operating expenses and meeting reserve requirements as set out in the Credit Union's Reserve Management Policy.

#### 2.15 Regulatory reserve

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

#### 2.16 Operational risk reserve

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

The definition of operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. The Directors have considered the requirements of the Act and have considered an approach to the calculation of the operational risk reserve. Unity Credit Union Limited uses the Basic Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the Operational Risk Reserve. Therefore Unity Credit Union Limited will hold an Operational Risk Reserve which will at a minimum equal 15% of the average positive gross income for the previous three years. For any year in which there was a deficit, this will be excluded from the calculation.

# Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

## 2. Accounting policies (continued)

### 2.17 Other reserves

Other reserves are the accumulated surpluses to date and reserves arising on the transfer of engagements that have not been declared as dividends returnable to members. The other reserves are subdivided into realised and unrealised. In accordance with the Central Bank guidance note for Credit Unions on matters relating to accounting for investments and distribution policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as “unrealised” and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. Interest on loans receivable at the balance sheet date is also classified as “unrealised” and is not distributable. All other income is classified as “realised”.

### 2.18 Transfer of engagements

Transfer of engagements are accounted for using the acquisition method of accounting. This involves recognising identifiable assets and liabilities of the acquired Credit Union at fair value. In applying the acquisition method of accounting for these business combinations, the member interests transferred by Unity Credit Union Limited represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the member interests in the transferor Credit Unions (the fair value of the transferor Credit Union) at the date of the transfer, and is reflected as an adjustment in reserves.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

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

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

### Impairment of buildings

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure Accounts.

### Bad debt provision

Unity Credit Union Limited's accounting policy for impairment of loans is set out in the accounting policy in Note 2.9. 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.

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 3. Judgements in applying accounting policies and key source of estimation uncertainty (continued)

#### Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have considered an approach to the calculation of the operational risk reserve. Unity Credit Union Limited uses the Basic Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the minimum operational risk reserve.

### 4. Transfer of engagements

On 17 June 2016, Unity Credit Union Limited ("UCU") accepted the transfers of Castleconnell – Ahane Credit Union Limited ("CACU") and St Lelia's Credit Union Limited ("SLCU"). The assets and liabilities of CACU and SLCU at 17 June 2016 were incorporated into the balance sheet of UCU at that date.

UCU did not pay any consideration in respect of the transfer of engagements. On the date of transfer, the members of the transferor Credit Unions became members of UCU, and thereby became entitled to member interest associated with such membership. In applying the acquisition method of accounting for this business combination, the members' interests transferred by UCU represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the member interests in the transferor Credit Union (the fair value of the transferor Credit Union) at the date of transfer, and is reflected as an adjustment in reserves in note 17 on page 28.

	Fair value of SLCU assets and liabilities acquired by UCU €	Fair value of CACU assets and liabilities acquired by UCU	Total
Tangible Fixed Assets	31,816	165,848	197,664
Cash on hand and at bank	231,238	470,613	701,851
Deposits and Investment	9,148,193	10,458,172	19,606,365
Loans to Members	1,756,302	2,998,809	4,755,111
Provision for Bad & Doubtful Debts	(777,159)	(982,240)	(1,759,399)
Debtors, Prepayments and Accrued Income	988	1,519	2,507
Member Shares	(6,920,914)	(10,613,468)	(17,534,382)
Other Liabilities, Creditors, Accruals and Charges	(82,883)	(110,617)	(193,500)
	<u>3,387,581</u>	<u>2,388,636</u>	<u>5,776,217</u>

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 5. Rates of Interest Charged on Loans

The rates of interest charged on Members' Loans on a reducing balance basis were as follows:

	APR% %	Monthly %
Standard Loans from 1 October 2014	11.50%	0.96%
Standard Loans	10.50%	0.88%
Secured Loans from 1 October 2014	6.50%	0.54%
Secured Loans	5.50%	0.46%
Promotional Rate Car Loans to 30 September 2016	7.50%	0.63%
Promotional Rate Home Improvement Loan to 30 September 2016	9.50%	0.79%

### 6. Key management personnel compensation

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

	2016 €	2015 €
Short term employee benefits paid to key management	216,571	226,206
Payments to pension schemes	41,011	47,503
<b>Total key management personnel compensation</b>	<b>257,582</b>	<b>273,709</b>

### 7. Cash and cash equivalents

	2016 €	2015 €
Cash and balances at bank	1,926,487	1,500,379
Deposits & investments	64,407,974	43,089,389
Less: Deposit & investment amounts maturing after three months	(38,533,274)	(30,499,984)
<b>Total cash and cash equivalents</b>	<b>27,801,187</b>	<b>14,089,784</b>

### 8. Deposits and investments

	2016 €	2015 €
<b>Deposits and investments – cash equivalents</b>		
Accounts in authorised credit institutions	25,874,700	11,572,254
Bank bonds	–	1,017,151
<b>Total deposits and investments – cash equivalents</b>	<b>25,874,700</b>	<b>12,589,405</b>
<b>Deposits and investments – other</b>		
Accounts in authorised credit institutions	18,174,701	13,732,777
Bank bonds	11,549,733	6,739,576
Central bank deposits	864,949	466,868
Irish and EEA state securities	7,943,891	9,560,763
<b>Total deposits and investments – other</b>	<b>38,533,274</b>	<b>30,499,984</b>

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 9. Financial assets – loans

	2016	2015
	€	€
As at 1 October	13,394,733	14,162,942
Loans arising on transfer of engagements	4,755,111	–
Loans granted during the year	8,202,892	5,935,412
Loans repaid during the year	<u>(7,925,178)</u>	<u>(6,357,396)</u>
<b>Gross loans and advances</b>	<b>18,427,558</b>	<b>13,740,958</b>
<b>Bad debts</b>		
Loans charged off during the year	<u>(151,432)</u>	<u>(346,225)</u>
<b>As at 30 September</b>	<b><u>18,276,126</u></b>	<b><u>13,394,733</u></b>

### 10. Provision for bad debts

	2016	2015
	€	€
As at 1 October	2,446,050	3,024,989
Provisions arising from transfer of engagements	1,759,399	–
Net movement in bad debts provision during the year for loans currently outstanding	(1,564,000)	(232,714)
Decrease in bad debt provision as a result of loan charged offs previously provided for	<u>–</u>	<u>(346,225)</u>
<b>As at 30 September</b>	<b><u>2,641,449</u></b>	<b><u>2,446,050</u></b>

The current provision for bad debts in the financial statements is €2,641,449 (2015: €2,446,050) representing 14.45% (2015: 18.26%) of the total loan book. The provision for bad debts is analysed as follows:

	2016	2015
	€	€
Individually significant loans	332,620	471,987
Other impaired loans	568,163	525,435
Collectively assessed loans	<u>1,740,666</u>	<u>1,448,628</u>
<b>Provision for bad debts</b>	<b><u>2,641,449</u></b>	<b><u>2,446,050</u></b>



## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 11. Tangible fixed assets

	Premises €	Fixtures & Fittings €	Computer Equipment €	Total €
<b>COST</b>				
1 October 2015	199,412	167,531	575,582	942,525
Transfer from TOE	259,552	136,740	213,213	609,505
Additions	–	1,588	63,063	64,651
<b>At 30 September 2016</b>	<b><u>458,964</u></b>	<b><u>305,859</u></b>	<b><u>851,858</u></b>	<b><u>1,616,681</u></b>
<b>DEPRECIATION</b>				
1 October 2015	63,811	163,898	555,111	782,820
Transfer from TOE	85,201	117,448	209,192	411,841
Charge for year	5,514	3,344	39,460	48,318
<b>At 30 September 2016</b>	<b><u>154,526</u></b>	<b><u>284,690</u></b>	<b><u>803,763</u></b>	<b><u>1,242,979</u></b>
<b>NET BOOK VALUE</b>				
<b>30 September 2016</b>	<b><u>304,438</u></b>	<b><u>21,169</u></b>	<b><u>48,095</u></b>	<b><u>373,702</u></b>
30 September 2015	<u>135,601</u>	<u>3,633</u>	<u>20,471</u>	<u>159,705</u>

### 12. Debtors, prepayments and accrued income

	2016 €	2015 €
Loan interest receivable	38,865	30,031
Prepayments	37,128	38,130
Other debtors	–	12,128
	<b><u>75,993</u></b>	<b><u>80,289</u></b>

### 13. Member shares

	2016 €	2015 €
Special share accounts	<u>65,539,247</u>	<u>46,639,040</u>
<b>Total member shares</b>	<b><u>65,539,247</u></b>	<b><u>46,639,040</u></b>

### 14. Other liabilities, creditors accruals and charges

	2016 €	2015 €
Other liabilities, creditors accruals and charges	<u>405,220</u>	<u>282,942</u>
	<b><u>405,220</u></b>	<b><u>282,942</u></b>

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 15. Other provisions

	2016	2015
<b>Holiday pay accrual</b>	€	€
At 1 October	4,931	5,216
Charged to the income and expenditure account	<u>2,591</u>	<u>(285)</u>
<b>At 30 September</b>	<b><u>7,522</u></b>	<b><u>4,931</u></b>
<b>Pension provision</b>	2016	2015
	€	€
At 1 October	44,177	57,806
Charged to the income and expenditure account	<u>(14,726)</u>	<u>(13,629)</u>
<b>At 30 September</b>	<b><u>29,451</u></b>	<b><u>44,177</u></b>
<b>Total other provisions</b>	2016	2015
	€	€
At 1 October	49,108	63,022
Charged to the income and expenditure account	<u>(12,135)</u>	<u>(13,914)</u>
<b>At 30 September</b>	<b><u>36,973</u></b>	<b><u>49,108</u></b>

### 16. Financial instruments

#### 16a. Financial instruments – measured at amortised cost

<b>Financial assets</b>	2016	2015
	€	€
Financial assets measured at amortised cost	<u>83,082,576</u>	<u>56,468,815</u>
<b>Financial liabilities</b>	2016	2015
	€	€
Financial liabilities measured at amortised cost	<u>65,981,440</u>	<u>46,971,090</u>

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments, loans and other debtors.

Financial liabilities measured at amortised cost comprise member shares, other liabilities, creditors, accruals and charges and other provisions.

#### 16b. Financial instruments – fair value measurements

FRS 102 requires fair value measurements to be disclosed by the source of inputs, using a three level hierarchy:

- Quoted prices for identical instruments in active market (level 1);
- Prices of recent transactions for identical instruments and valuation techniques using observable market data (level 2), and
- Valuation techniques using unobservable market data (level 3).

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 16. Financial instruments (continued)

#### 16b. Financial instruments – fair value measurements (continued)

The table below sets out fair value measurements using the fair value hierarchy:

At 30 September 2016	Total €	Level 1 €	Level 2 €	Level 3 €
Bank Bond	1,528,011	–	1,528,011	–
<b>Total</b>	<b>1,528,011</b>	<b>–</b>	<b>1,528,011</b>	<b>–</b>
At 30 September 2015	Total €	Level 1 €	Level 2 €	Level 3 €
Bank Bond	1,527,814	–	1,527,814	–
<b>Total</b>	<b>1,527,814</b>	<b>–</b>	<b>1,527,814</b>	<b>–</b>

Financial assets measured at fair value comprise of one investment (2015: one investment).

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2016 (2015: Nil).

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 17. Reserves

	Balance 01/10/2015 €	Arising on Transfer of Engagements €	Payment of Dividend and Loan Interest Rebate €	Appropriation of Current Year Surplus €	Transfers between Reserves €	Balance 30/09/2016 €
<b>Regulatory Reserve</b>	<b>5,775,000</b>	<b>3,106,712</b>	<b>-</b>	<b>184,360</b>	<b>-</b>	<b>9,066,072</b>
<b>Operational Risk Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>370,144</b>	<b>370,144</b>
<b>Other Reserves</b>						
<b>Realised</b>						
General Reserve	2,511,435	24,814	(408)	1,677,467	(253,795)	3,959,513
Reserves arising on TOE	-	2,644,691	-	-	(116,349)	2,528,342
Premises Renovation Reserve	141,970	-	-	-	-	141,970
Technology Reserve	50,000	-	-	-	-	50,000
Special Reserve:						
Proposed Dividend	285,817	-	(285,817)	250,955	-	250,955
<b>Total Realised Reserves</b>	<b>2,989,222</b>	<b>2,669,505</b>	<b>(286,225)</b>	<b>1,928,422</b>	<b>(370,144)</b>	<b>6,930,780</b>
<b>Unrealised</b>						
Interest on Loans Reserve	30,031	-	-	8,834	-	38,865
Investment Income Reserve	13,102	-	-	18,430	-	31,532
<b>Total Unrealised Reserves</b>	<b>43,133</b>	<b>-</b>	<b>-</b>	<b>27,264</b>	<b>-</b>	<b>70,397</b>
<b>TOTAL RESERVES</b>	<b>8,807,355</b>	<b>5,776,217</b>	<b>(286,225)</b>	<b>2,140,046</b>	<b>-</b>	<b>16,437,393</b>

The Regulatory Reserve at 30 September 2016 represents 11.00% of total assets at that date.

The Operational Risk Reserve at 30 September 2016 represents 0.45% of total assets at that date.

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 18. Credit risk disclosures

The Credit Union complies with Section 12 of the Credit Union Act, 1997 (Regulatory Requirements) Regulations 2016. This Regulation:

- restricts the concentration of lending by the Credit Union within certain sectors or to connected persons or groups (concentration limits);
- restricts the absolute amount of lending to certain sectors to a set percentages of the regulatory reserve (large exposure limit)
- restricts the loan duration of certain loans to specified limits (maturity limits)
- 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 Unity 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.

	2016		2015	
	€	%	€	%
<b>LOANS NOT IMPAIRED</b>				
Total Loans Not Impaired	13,784,457	75.42%	9,043,979	67.52%
<b>IMPAIRED LOANS:</b>				
Not Past Due	496,589	2.72%	399,448	2.98%
Up to 9 Weeks Past Due	1,577,813	8.63%	1,500,251	11.20%
Between 10 and 18 Weeks Past Due	240,838	1.32%	205,640	1.54%
Between 19 and 26 Weeks Past Due	90,996	0.50%	131,776	0.98%
Between 27 and 39 Weeks Past Due	140,390	0.77%	266,735	1.99%
Between 40 and 52 Weeks Past Due	151,752	0.83%	134,925	1.01%
53 or More Weeks Past Due	1,793,291	9.81%	1,711,979	12.78%
<b>Total Impaired Loans</b>	<b>4,491,669</b>	<b>24.58%</b>	<b>4,350,754</b>	<b>32.48%</b>
<b>TOTAL LOANS</b>	<b>18,276,126</b>		<b>13,394,733</b>	

Impaired loans are categorised between individually assessed and collectively assessed in the table following:

	2016		2015	
	€	%	€	%
<b>IMPAIRED LOANS:</b>				
Individually assessed	1,612,662	35.90%	1,596,372	36.69%
Collectively assessed	2,879,007	64.10%	2,754,382	63.31%
<b>Total Impaired Loans</b>	<b>4,491,669</b>	<b>100.00%</b>	<b>4,350,754</b>	<b>100.00%</b>

### 19. Related Party Transactions

	No. of Loans	€
Loans advanced to Related Parties during the year	10	47,669
Total Loans Outstanding to Related Parties at the year end	28	197,262
Total Provisions for Loans Outstanding to Related Parties		7,465
Total Provision charge during the year for Loans Outstanding to Related Parties		-

The related party loans stated above comprise of loans to members of the board of directors, the management team and members of the family of a member of the board of directors and the management team of Unity Credit Union Limited. Related parties have been identified in line with the definition in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. Total loans outstanding to related parties represent 1.08% of the total loans outstanding at 30 September 2016.

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 20. Additional financial instruments disclosures

#### 20a. Financial Risk Management

Unity Credit Union Limited manages its members' shares and loans so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from Unity Credit Union Limited's activities are credit risk, market risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**Credit Risk:** Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Unity Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board of Directors approves Unity Credit Union Limited's Credit Policy, and all changes to it. All loan applications are assessed with reference to the Credit Policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

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

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

**Interest Rate Risk:** Unity Credit Union Limited's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. Unity Credit Union Limited reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable.

#### 20b. Liquidity Risk Disclosures

All Unity Credit Union Limited's financial liabilities are repayable on demand with the exception of pledged shares. The Credit Union retains, at all times, liquid assets amounting to a minimum of 20% of unattached savings.

#### 20c. Interest Rate Risk Disclosures

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

	2016		2015	
	€	Average Interest Rate	€	Average Interest Rate
Loans	18,276,126	10.17%	13,394,733	10.04%

The dividend payable is at the discretion of the Directors and is therefore not a financial liability of the Credit Union until declared and approved at the AGM.

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 21. Dividends and loan interest rebate

The following distributions were made during the year:

	2016		2015	
		€		€
Dividend on shares	0.5%	225,466	0.5%	216,909
Loan interest rebate	5%	60,759	5%	64,680

The directors are proposing a dividend in respect of the year ended 30 September 2016 of €128,943 (0.2%) (2015: €225,705 (0.5%)) and a loan interest rebate of €122,012 (7.5% on Standard Rate Loans) (2015: €60,112 (5% on Standard Rate Loans)) subject to agreement by the membership at the AGM.

### 22. Post balance sheet events

There have been no significant events affecting the Credit Union since the year end.

### 23. Insurance against Fraud

The Credit Union has Insurance against fraud in the amount of €5,200,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

### 24. Capital Commitments

There are no capital commitments at 30 September 2016.

### 25. Contingent Liabilities

There are no contingent liabilities in existence at 30 September 2016 that would impact on the financial statements.

### 26. Comparative information

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

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 27. The Irish League of Credit Unions Republic of Ireland Pension Scheme

Unity 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 Unity 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, Unity 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, the Credit Union has recognised a liability for its outstanding contributions payable under this funding agreement to the extent that they relate to the deficit. Details of this transition adjustment under FRS102 are included in note 27.

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 2015 and it certified that the Scheme satisfied the funding standard. Further, the Actuary was reasonably satisfied that as at 28 February 2015 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 2014, 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 2014 was €157m. The actuarial valuation disclosed a past service deficit of €27.7m at 1 March 2014 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, 27.7% 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 Credit Union also operates a defined contribution scheme for a number of its employees.



## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 28. Transition to FRS 102

This is the first financial year that Unity Credit Union Limited has presented financial statements complying with FRS 102. The last financial statements under Irish GAAP were for the financial year ended 30 September 2015. Unity Credit Union Limited's date of transition to FRS 102 is 1 October 2014. Set out below are the changes in accounting policies which reconcile the excess of income over expenditure for the financial year ended 30 September 2015 and Other Reserves as at 1 October 2014 and 30 September 2015 between Irish GAAP as previously reported and FRS 102.

#### Reconciliation of Excess of Income over Expenditure from previous accounting standards to FRS 102

	Note	2015 €
Excess of income over expenditure as previously reported		608,773
Bad debt provision	(a)	232,714
Accruals basis for income recognition	(b)	(3,115)
Investments	(c)	19,015
Short term employee benefits	(d)	5,216
Pension provision	(e)	13,629
<b>Excess of Income over Expenditure (in accordance with FRS 102)</b>		<b>876,232</b>

#### Reconciliation of Other Reserves from previous accounting standards to FRS 102

	Note	2015 €	2014 €
Other reserves as previously reported		2,269,758	2,208,683
Bad debt provision	(a)	749,529	516,815
Accruals basis for income recognition	(b)	30,031	33,146
Investments	(c)	27,214	8,199
Short term employee benefits	(d)	-	(5,216)
Pension provision	(e)	(44,177)	(57,806)
<b>Other Reserves (in accordance with FRS 102)</b>		<b>3,032,355</b>	<b>2,703,821</b>

The adjustments are:

- (a) **Bad debt provision**  
FRS 102 does not allow general provisions for bad debts, thereby resulting in the add-back of any General Bad Debt Provision at 30 September 2014 and 30 September 2015.
- (b) **Accruals basis for income recognition**  
Credit Unions historically account for interest income on loans on a cash receipts basis. FRS 102 requires that income be accounted for on an accruals basis. Interest earned as at 30 September but not received until after September is now accrued at 30 September. The adjustment is retrospective.
- (c) **Investments**  
Investments accounted for under the old "cost model" rules have been restated to amortised cost/fair value resulting in an adjustment applied retrospectively to both the income recognised from these investments and in their carrying amount.

## Notes to the financial statements (continued)

For the Financial Year Ended 30 September 2016

### 28. Transition to FRS 102 (continued)

(d) **Employee benefits**

FRS 102 requires the cost of short-term compensated absences to be recognised when employees render the service that increases their entitlement. Unity Credit Union Limited had not made an accrual for short-term employee benefits at 30 September 2014 resulting in an adjustment to the Other Reserves at 30 September 2014 and the excess of income over expenditure For the Financial Year Ended 30 September 2015.

(e) **Pension provision**

FRS 102 requires a provision to be recognised where an agreement has been entered into with a multi-employer plan that determines how the deficit will be funded. The provision is measured based on the contributions payable that arise from the agreement with the multi-employer pension plan to the extent that they relate to the deficit.

## Schedules to the income and expenditure account (continued)

For the Financial Year Ended 30 September 2016

The following Schedules do not form part of the Statutory Financial Statements which are the subject of the Independent Auditor's Report on page 9.

### SCHEDULE 1 – INTEREST ON LOANS

	2016	2015
	€	€
Loan interest income received	1,473,603	1,328,370
Loan interest income receivable	38,865	30,031
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>1,512,468</b>	<b>1,358,401</b>

### SCHEDULE 2 – OTHER INTEREST INCOME AND SIMILAR INCOME

	2016	2015
	€	€
Investment income received/receivable within 1 year	720,220	779,206
Investment income receivable outside of 1 year	18,430	6,724
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>738,650</b>	<b>785,930</b>

### SCHEDULE 3 – OTHER INCOME

	2016	2015
	€	€
Entrance fees	288	264
ECCU interest rebate	8,243	799
Proceeds from insurance claim	–	705
Commission	8,015	8,866
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>16,546</b>	<b>10,634</b>

## Schedules to the income and expenditure account (continued)

For the Financial Year Ended 30 September 2016

### SCHEDULE 4 – OTHER MANAGEMENT EXPENSES

	2016	2015
	€	€
Rent, rates, light and heat	24,868	21,551
Repairs and maintenance	12,158	10,487
Printing and stationery	18,508	14,385
Postage and telephone	19,784	16,979
Promotion and advertising	19,000	36,489
Training costs	9,778	9,844
Chapter expenses	1,389	1,259
Regulatory levies & charges	40,208	16,436
TOE ReBo cost	17,020	-
Travel and subsistence	3,616	4,114
Security	10,339	5,618
Audit fee	23,063	17,528
Debt collection	26,958	23,309
Irish credit bureau	5,962	3,529
Convention expenses	348	3,196
AGM expenses	15,614	15,732
Bank interest and charges	31,300	32,958
General insurance	18,351	17,833
Legal & professional fees	49,892	189,889
Board Oversight Committee expenses	1,648	1,070
Share & loan insurance (gross)	284,986	241,651
Death benefit insurance	88,990	104,544
Pension	131,329	118,518
IT costs	64,707	57,535
Affiliation fees	12,998	9,149
SPS contributions	26,705	14,723
Credit institution resolution fund levy	47,775	26,519
Donations and sponsorship	1,448	4,748
Miscellaneous expenses	12,749	11,440
50th anniversary expenses	-	12,000
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b><u>1,021,491</u></b>	<b><u>1,043,033</u></b>

## Agenda Item 12 - Declaration of Dividend/Interest Rebate

Having carefully considered the results for the year and the need to plan for the future stability of the Credit Union your Board propose the following:

- Payment of a 0.20% dividend on shares.
- Payment of a 7.5% rebate of interest paid.

## Agenda Item 13 - Affiliation Fees Motion

The Board recommend that Affiliation Fees for the Irish League of Credit Unions for the year 2016/2017 be deducted from members' savings at a rate of 0.90 cent per member over 16 years of age.

## Agenda Item 14 – Amendment to Standard Rules

Arising from the Irish League of Credit Unions AGM 2016 and to ensure that the rules governing the operation of Unity Credit Union Limited remain consistent with the Standard Rules of the Irish League of Credit Unions, the Board are proposing the following rule amendment for adoption:

### Rule 13(2)

That this Annual General Meeting agrees to amend Rule 13(2) of the Credit Union's Rules to read as follows:

(2) A person shall be treated as having the qualification required for admission to membership of the credit union if he is a member of the same household as, and is a member of the family of, another person who is a member of the credit union and who has a direct common bond with those members. However, a child or step-child of a member, where such child or step-child is under the age of 18 years and living outside the common bond but resident in the Republic of Ireland or the United Kingdom, shall not be precluded from membership of the credit union.

## Agenda Item 15 - Report of Board Oversight Committee

Under the Credit Union legislation the Board Oversight Committee members are required to: know what the Act requires the Board of Directors to do/refrain from doing in terms of the management of the Credit Union as set out in sub section 53 to 76 inclusive of the Act; have an understanding of what constitutes a material breach of these compliance obligations; be able to devise a work plan and set of routines with methods for monitoring the Board's compliance.

In the fulfilment of these responsibilities:

- At least one member of the Board Oversight Committee attended each Board Meeting to ensure that all actions and decisions of the directors complied with current rules and legislation and we met with the Board on four occasions during the year to review their performance.
- We held a Board Oversight Committee meeting at least once a month for the last twelve months and held three special committee meetings over the same period. These special meetings were held with James Mounsey, Internal Auditor, in April, Denise O'Connell of Grant Thornton in August and John Hennessy, Chairman of the Board of Directors of Unity Credit Union, in September.
- We have overseen the annual revision of the Credit Union's Strategic Plan and the Mandatory Credit Union Policies as required under The Credit Union and Co-Operation with Overseas Regulators Act 2012.
- Examination of Board Meeting documentation confirmed that the Board of Directors were compliant on the performance of their duties under the Credit Union Act, 1997 (as amended)

The outcome of this work is that we have satisfied ourselves that the Board and its various committees are complying with the relevant legislation, regulations and guidelines and that decisions are made in the best interests of the overall membership. We would like to thank the Board of Directors and the staff of Unity Credit Union for their willing help and assistance throughout the year.

**Alan Brislane (Chairperson), Paula Mackey, Patsy Moynihan**

## Agenda Item 16 - Report of Audit Committee

Under the provisions of the Credit Union Acts 1997–2012 Credit Unions must establish an internal audit function to provide independent internal oversight of the Credit Union. The Board decided to outsource this function to M.O.E.T Accountants, Castletroy, Limerick, in 2014.

The role of the Audit Committee is to:

1. Review the performance of the Internal Audit Function and the External Auditor.
2. Act as intermediary between the Internal Audit Function and the Board.
3. Act as intermediary between the External Auditor and the Board.
4. Ensure effective internal audit over: governance, compliance, risk management and internal controls, which will result in a stronger and more secure credit union.

In March 2016, it was agreed by the Audit Committee and the Internal Auditors (M.O.E.T. Accountants), that we change the working year for this function to a calendar year (January – December) in order to more easily facilitate the year end procedures which normally intensify between October and December.

In March 2016, M.O.E.T Accountants drew up an Internal Audit Plan for the year ending 31st December 2016 and this plan was agreed by the Audit Committee and the Board of Directors. Since October 2015, the Audit Committee has met with the Internal Auditors on five occasions to discuss the preparation of the Internal Audit Plan and its subsequent implementation and monitoring.

The composition of the Audit Committee was changed in July 2016, after the successful completion of the Transfer of Engagements from Castleconnell/Ahane Credit Union and St. Lelia's Credit Union. The Audit Committee met with our External Auditor, Denise O'Connell, Grant Thornton, on 7th November 2016, and she took us through the draft annual accounts for Unity Credit Union for the year ending 30th September 2016.

Based on these meetings and the various checks carried out during the year, the Audit Committee is pleased to report that they have found everything in order.

**Niall South (Chairman), Mary Kerley, John Collopy,**

## Agenda Item 17 - Report of Credit Committee

The Credit Committee is appointed by the Board to consider loan applications from members. We consider each loan application on its own merits and make our decision in line with our lending policy and regulatory requirements.

This year we issued a total of 2,783 (2015: 2,372) new loans amounting to €8,202,892 (2015: €5,935,412). The increase in these figures reflects the enlarged credit union following the mergers in June.

The main deciding factor for a loan application is the member's ability to repay the loan. To help us assess this properly we need to obtain a full financial picture of the applicant, which includes all income and outgoings. We would advise members considering applying for a loan to plan ahead and submit their loan application in plenty of time to allow for all necessary checks to take place. Ultimately, we have to try to find a balance for all loan application decisions between the best interest of both the needs of the individual member and the Credit Union overall.

We are available to meet with members, if necessary, most Thursdays at lunch-time between 1.00pm and 2.30pm but members should be aware that a decision on their loan application will not be made until all required information is provided.

As a credit committee we are pleased that the transfers to Unity Credit Union has gone well and committee members are working well together.

The committee would like to thank the manager and the staff for their co-operation and assistance throughout the year.

## Agenda Item 18 - Report of Credit Control Committee

The Credit Control Committee is appointed by the Board of Directors annually and its purpose is to ensure that borrowers repay their loans in accordance with the conditions of their loan agreements. In addition, where this is not the case, to ensure that appropriate action is taken. We operate in accordance with Unity Credit Union's written Credit Control policy.

The committee met on a regular basis, at a minimum once a month, and reviewed problem loans with the Credit Controller. As part of this review, we considered the most appropriate recovery action to adopt given the individual circumstances of each case examined. We reviewed and discussed regulatory issues as they arose, for example data protection, specifically as it relates to credit control, together with regulatory requirements where, for instance, it is necessary to engage an outside party to assist in the credit control function, as an example, tracing agents. This year we saw the merger of Athlunkard Street, Ballynanty and Castleconnell Branches and all delinquent accounts have been successfully amalgamated and are dealt with in a uniform manner as outlined in Unity Credit Union's Credit Control Policy.

We submitted written reports to Board meetings to ensure that the Board was fully aware of the situation with regard to loans in arrears and any regulatory issues as they arose.

We are pleased to report that the majority of our members are honouring their loan commitments in full. However, we understand that circumstances can change for any of us and some members will encounter difficulties in repaying their loans. We would strongly urge any member in this position to contact the Credit Control staff who will work with them in a supportive, non-judgemental manner in an effort to agree a sustainable and realistic repayment plan. We can assure any member experiencing difficulty with their repayments that their situation will be treated sympathetically and in strict confidence.

Again this year the Personal Insolvency Service has had very little impact on our operation but we will continue to monitor the situation. As previously mentioned, we would strongly recommend any member in financial difficulty to contact the Credit Union and discuss the possibility of making an agreement directly with us.

During the year we had to write off €152,432 (€346,255 last year) of loans. As explained in previous years "write off" is an accounting term for the loan no longer being a live account. This does not mean the debt is gone and we continue to pursue these outstanding amounts by all the means at our disposal. We recovered €171,320 (€92,486 last year) of previously written off loans this year.

We would like to acknowledge the outstanding work of our Credit Controller Rosanne, assisted by Sarah and Muireann.

**Deirdre Clancy (Chairperson), Sarah McNamara Wrenn, Breda Fitzgerald, Muireann Nee**

## Agenda Item 19 - Declaration of election results

The Chairperson will declare the results of the elections.

## Agenda Item 20 - Other business

The Chairperson will invite members to raise any other business they wish to have discussed.

## Agenda Item 21 - Close of Meeting

The Chairperson will formally close the meeting.

## OPENING HOURS

	Athlunkard Street	Castleconnell	Ballynanty
Monday	10.00 am – 5.00 pm.	10.00 am – 4.30 pm	10.00 am – 12.00 noon
Tuesday	10.00 am – 5.00 pm.	10.00 am – 4.30 pm	10.00 am – 12.00 noon
Wednesday	Closed (Staff available by appointment)	10.00 am – 4.30 pm	Closed
Thursday	10.30 am – 5.00 pm.	10.00 am – 4.30 pm	10.00 am – 12.30 pm 5.00 pm – 7.30 pm
Friday	10.00 am – 7.30 pm.	10.00 am – 7.00 pm	10.00 am – 12.30 pm 3.00 pm – 7.30 pm
Saturday	10.00 am – 5.00 pm.	Closed	Closed

## CHRISTMAS BUSINESS HOURS 2016

	Athlunkard Street	Castleconnell	Ballynanty
Friday 23rd December 2016	10.00 am – 5.00 pm	10.00 am – 5.00 pm	10.00 am – 12.30 pm 2.00 pm – 5.00 pm
Saturday 24th December 2016	Closed	Closed	Closed
Monday 26th December 2016	Closed	Closed	Closed
Tuesday 27th December 2016	Closed	Closed	Closed
Wednesday 28th December 2016	Closed	10.00 am – 4.00 pm	Closed
Thursday 29th December 2016	10.30 am – 4.00 pm	10.00 am – 4.00 pm	10.00 am – 12.30 pm 2.00 pm – 4.00 pm
Friday 30th December 2016	10.00 am – 4.00 pm	10.00 am – 4.00 pm	10.00 am – 12.30 pm 2.00 pm – 4.00 pm
Saturday 31st December 2016	Closed	Closed	Closed
Monday 2nd January 2017	Closed	Closed	Closed
Tuesday 3rd January 2017	Normal opening hours resume.	Normal opening hours resume.	Normal opening hours resume.

Please call to the office during opening hours or phone us at (061) 410422 if you have any matter you wish to discuss with us.

Our website address is: [www.unitycreditunion.ie](http://www.unitycreditunion.ie)

