



**Notice is hereby given that the  
Annual General Meeting of**

**Trinity Credit Union Limited**

**will be held on Tuesday 13th December 2016 in the offices of**

**Trinity Credit Union**

**Newbrook Road, Donaghmede, Dublin 13  
at 7.30 p.m.**


**TRINITY CREDIT UNION LIMITED**

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3. Appointment of Tellers
4. Report of Directors
5. Consideration of Accounts
6. Report of Auditor
7. Declaration of Dividend plus Interest Rebate
8. Report of Supervisory Committee
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## Directors and Other Information

|                                  |   |
|----------------------------------|---|
| <b>Directors</b>                 | <p>Michael Doolan<br/>(Appointed on 23 February 2016) (Chairperson)<br/>           Ida Nolan (Vice-chairperson)<br/>           Noeleen Fuller (Secretary)<br/>           Thomas Quail (Resigned on 25 October 2016)<br/>           Patrick Harvey (Resigned on 26 April 2016)<br/>           Rory O'Connor<br/>           Marion Clarke (Appointed on 25 October 2016)<br/>           Gene Boyd<br/>           Adrienne M. Conroy (Resigned on 26 January 2016)<br/>           Ann Gannon (Appointed on 31 May 2016)<br/>           Billy O'Toole<br/>           George Byrne</p> |
| <b>Board Oversight Committee</b> | <p>Val Bergin (Chairperson)<br/>           Sheila Hoey<br/>           Michael Doolan (Resigned on 26 January 2016)<br/>           Patrick Harvey (Appointed on 31 May 2016)</p>   |
| <b>Manager</b>                   | Andrea Levins   |
| <b>Internal Auditor</b>          | McInerney Saunders  |
| <b>Registered Number</b>         | 395CU   |
| <b>Registered Office</b>         | Newbrook Road, Dublin 13.   |
| <b>Independent Auditor</b>       | FMB, 4 Ormond Quay Upper, Dublin 7, D07 PF53  |
| <b>Bankers</b>                   | <p>Permanent TSB, 12/13 Lower O'Connell Street, Dublin 17<br/>           Bank of Ireland, Northern Cross, Malahide Road, Dublin 1</p>   |
| <b>Solicitors</b>                | <p>Active Legal Limited<br/>           Suite 10, Parklands Office Park, Bray., Co. Wicklow</p>  |

## Notice of Elections

Elections will be held to fill 3 vacancies on the Board of Directors, 1 vacancy on the Board Oversight Committee and the position of Auditor.

Nominations for the positions of Directors and Supervisors must be in writing and signed by a proposer and seconder (who must be members of the Credit Union) and also by the person nominated so as to indicate his/her consent.

The nominee must be a member of the Credit Union and have reached age 18. Nomination forms are available at the Credit Union office.


**TRINITY CREDIT UNION LIMITED**

## Directors Report

### *For the year ended 30th September 2016*

The directors present their report and audited financial statements for the year ended 30 September 2016.

#### **Principal Activity and Review of Business**

On review of the credit union's financial results the following key performance indicators were identified:

|                                      | <b>2016</b> | <b>2015</b> |
|--------------------------------------|-------------|-------------|
| Members Savings movement %           | +6.85%      | +5.20%      |
| Gross Loan movement %                | +7.78%      | -1.79%      |
| Regulatory Reserve % of total assets | 10.50%      | 10.94%      |

The credit union continued to attract additional members' savings during the financial year with member shares having increased from the prior year. Lending activity is continuing to increase strongly with growth of 7.78% in the gross loan book in the financial year indicative of strong loan demand. The credit union continues to maintain regulatory reserves in excess of the regulatory minimum of 10%.

#### **Results for the year and State of Affairs at 30 September 2016**

The income and expenditure account and the balance sheet for the year ended 30 September 2016 are set out on pages 12 and 13.

#### **Principal Risks and Uncertainties**

The credit union, as with many other financial institutions, continues to face uncertainties arising from the general economic conditions. The board are actively monitoring the effects of these conditions on the daily operations of the credit union.

The principal areas currently requiring risk management include:

– **Credit risk:** The risk of financial loss arising from a borrower, issuer, guarantor or counterparty that may fail to meet its obligations in accordance with agreed terms. In order to manage this risk the Board approves the Credit Unions lending policy and all changes to it. 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. The Board approves the Credit Union's Credit Control policy which monitors the procedures for the collection of loans in arrears and also the basis for impairment on loans.

– **Liquidity risk:** The risk that a credit union will not be able to fund its current and future expected and unexpected cash outflows as they fall due without incurring significant losses. This may occur even where the credit union is solvent. The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its obligations as they fall due. The objective of the liquidity policy is to smooth the timing between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

– **Capital risk:** Capital is required to act as a cushion to absorb losses arising from business operations and to allow a credit union to remain solvent under challenging conditions. Capital risk arises mainly as a result of the quality or quantity of capital available, the sensitivity of the credit union exposures to external shocks, the level of capital planning and the capital management process. Capital risk could potentially impair a credit union's ability to meet its obligations in an adverse situation. The board manage this risk by ensuring that sufficient reserves are set aside each year to absorb any potential losses.

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– **Operational risk:** The risk of loss (financial or otherwise) resulting from inadequate or failed internal processes or systems of the credit union; any failure by persons connected with the credit union; legal risk (including exposure to fines, penalties or damages as well as associated legal costs); or external events; but does not include reputational risk. Examples of operational risks include hardware or software failures, inadequate business continuity plans, misuse of confidential information, data entry errors and natural disasters.

– **Interest rate risk:** The interest rate risk arises from differences between the interest rate exposures on loans and investments receivable, as offset by the cost of capital, which is typically that of distributions to members' payable in the form of dividends and interest rebates. The credit union 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.

– **Strategy/business model risk:** This refers to the risk which credit unions face if they cannot compete effectively or operate a viable business model. Strategy/business model risk also includes the inherent risk in the credit union's strategy. The board have developed and approved a detailed strategic plan to formulate the short term direction of the credit union operations.

### Dividends

The directors recommend payment of a dividend of €31,611.00 (0.125%) for the year, (2015 – 0.25%) and an interest rebate of €31,263.00 (5.00%) for the year. (2015 – 0.00%)

### Internal Audit Function

In accordance with Section 76K of the Credit Union Act, 1997 (as amended) the board have appointed an internal audit function to provide for independent internal oversight and to evaluate and improve the effectiveness of the credit union's risk management, internal controls and governance process.

### 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 Newbrook Road, Dublin 13.

**Approved by the Board on: 16th November 2016**

**Michael Doolan**  
*Member of the Board  
of Directors*

**Ida Nolan**  
*Member of the Board  
of Directors*


**TRINITY CREDIT UNION LIMITED**

## Statement of Directors' Responsibilities

*For the year ended 30th September 2016*

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 the affairs of the credit union and of the income and expenditure of the credit union for that year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and 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 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.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the Credit Union's auditor in connection with preparing the auditor's report) of which the Credit Union's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Credit Union's auditor is aware of that information.

**On behalf of the Credit Union: 16th November 2016**

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**Michael Doolan**  
*Member of the Board  
 of Directors*

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**Ida Nolan**  
*Member of the Board  
 of Directors*

## Statement of Board Oversight Committee's Responsibilities

*For the year ended 30th 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 IVA and any regulations made for the purposes of Part IV or Part IVA of the Credit Union Act, 1997 (as amended) and any other matter prescribed by the Bank in respect of which they are to have regard to in relation to the board.

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**Val Bergin**  
*Member of Board Oversight Committee*



## Independent Auditor's Report to the members of Trinity Credit Union Limited

We have audited the financial statements of Trinity Credit Union Limited for the year ended 30 September 2016 which comprise of the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is Irish Law and Accounting Standards issued by the Financial Reporting Council and promulgated by the Chartered Accountants Ireland (Generally Accepted Accounting Practice in 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 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.

### Respective responsibilities of the Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements, giving a true and fair view. 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 (APB's) Ethical Standards for Auditors.

### Scope of the Audit of 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 apparent material misstatements or inconsistencies, we consider the implications for our audit report.

### Opinion on Financial Statements

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 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland;
- have been properly prepared in accordance with the requirements of the Credit Union Act, 1997 (as amended).

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

- 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.
- The financial statements are in agreement with the accounting records.

**Kevin Morris**  
for and on behalf of FMB,  
Chartered Accountants,  
Registered Auditor

**4 Ormond Quay Upper, Dublin 7**  
**D07 PF53**



## Accounting Policies

*For the year ended 30th September 2016*

### Statement of Compliance

The financial statements of the credit union for the year year ended 30 September 2016 have been prepared on the going concern basis and in accordance with generally accepted accounting principles in Ireland and Irish statute comprising the Credit Union Act 1997 (as amended) and in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council, as promulgated by Chartered Accountants Ireland.

### Basis of Preparation

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the credit union's financial statements.

#### 1. First-time Adoption of FRS 102

These are Trinity Credit Union Limited's first financial statements to comply with FRS 102. The date of transition to FRS 102 is 1 October 2014.

The transition to FRS 102 has resulted in a number of accounting policy changes compared to those applied previously. Note 26 to the financial statements describes the differences between the reserves and surplus presented previously and the amounts as restated to comply with the accounting policies adopted in accordance with FRS 102 for the reporting period ended 30 September 2015 (ie comparative information) as well as the retained reserves presented in the opening Balance Sheet (ie at 1st October 2014). It also describes all the required changes in accounting policies made on first-time adoption of FRS 102.

#### 2. Going Concern

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

- is generating annual surpluses with the exception of last year due to premises impairment;
- is maintaining appropriate levels of liquidity in excess of minimum legislative requirements; and
- has reserve levels which are significantly above the minimum requirements of the Central Bank.

#### 3. Income Recognition

Income 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. Income 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 loans to members is recognised using the effective interest method and is calculated and accrued on a daily basis.

##### *Investment Income*

The Credit Union uses the effective interest method to recognise investment income.

##### *Other Income*

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



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**4. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and loans and advances to banks (i.e. cash deposited with banks) with maturity of less than or equal to three months.

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

***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.

***Held to Maturity Investments***

Investments designated on initial recognition as held-to-maturity are investments that the credit union intends, and is able to, hold to maturity. These are carried at amortised cost using the effective interest method. The fair value of some investment products will change during their life, but they will have a fixed maturity value at some future date. When designated as held-to-maturity, any change in the fair value during the term of the investment is ignored, with the credit union only accounting for interest received. Gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. Investments intended to be held for an undefined period are not included in this classification

***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. In accordance with the direction of the Central Bank the amounts are shown as current assets and are not subject to impairment reviews.

**6. 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.

**7. Tangible Fixed Assets**

Tangible fixed assets comprises items of property, plant and equipment, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.



Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value, on a straight line basis over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

|                     |   |                   |
|---------------------|---|-------------------|
| Premises            | – | 2% Straight Line  |
| Fixtures & fittings | – | 10% Straight Line |
| Office equipment    | – | 20% Straight Line |

Gains or losses arising on the disposal of an asset are determined as the difference between the sale proceeds and the carrying value of the asset, and are recognised in the Income and Expenditure account.

At each reporting end date, the Credit Union reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell 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 the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income and Expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure account.

## 8. Employee Benefits

### *Pension Costs*

The credit union operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the credit union in an independently administered fund. The pension charge represents contributions payable by the credit union to the scheme.

### *Other Employee Benefits*

The costs of short-term employee benefits, including holiday pay, are recognised as a liability and as an expense (unless those costs are required to be recognised as part of the cost of fixed assets) over the period they are earned.

## 9. Impairment of Members Loans

The credit union assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. 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, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

Bad debts/impairment losses are recognised in the Income and Expenditure Account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

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**10. Financial liabilities – members' shares and deposits**

Members' shareholdings 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 the nominal amount.

**11. Dividends and Other Returns to Members**

Dividends are made from current year's surplus or a dividend reserve set aside for that purpose. The Board's proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union.

The rate of dividend and loan interest rebate recommended by the Board will reflect:

- the risk profile of the Credit Union, particularly in its loan and investment portfolios;
- the Board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend and loan interest rebate expectations;

all dominated by prudence and the need to sustain the long-term welfare of the Credit Union.

For this reason the Board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements.

Final dividends and other returns to members are accounted for as a liability after they are approved by the members in general meeting.

**12. Taxation**

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

**13. Reserves**

Retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to members. The retained earnings 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.

***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% 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. This reserve is similar in nature and replaces the Statutory Reserve which was a requirement of previous legislation.

***Operational Risk Reserve***

Section 45(5)(a) of the 1997 Act 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 calculation of the operational risk reserve based on indicative guidance issued by the Central Bank



TRINITY CREDIT UNION LIMITED

## Income and Expenditure Account

*For the year ended 30th September 2016*

|   | Schedule | 2016<br>€ | 2015<br>€ |
|---|----------|-----------|-----------|
| <b>INCOME</b>   |          |           |           |
| Interest on loans                                     | 1        | 625,268   | 610,456   |
| Other interest payable and similar charges            |          | –         | (411,024) |
| Other interest income and similar income              | 2        | 225,986   | 295,782   |
| <b>NET INTEREST INCOME</b>                            |          | 851,254   | 495,214   |
| Other income  | 3        | 30,225    | 41,957    |
| Other gains   | 4        | –         | –         |
| <b>TOTAL INCOME</b>                                   |          | 881,479   | 537,171   |
| <b>EXPENDITURE</b>                                    |          |           |           |
| Salaries  |          | 335,586   | 353,293   |
| Other management expenses                             | 5        | 386,314   | 457,705   |
| Depreciation  |          | 52,527    | 61,811    |
| Other losses  | 6        | 34,797    | 19,955    |
| Bad debts provision                                   |          | (61,999)  | (102,022) |
| Bad debts recovered                                   |          | (46,847)  | (50,572)  |
| Bad debts written off                                 |          | 39,253    | 43,233    |
| <b>TOTAL EXPENDITURE</b>                              |          | 739,631   | 783,403   |
| <b>EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR</b> |          | 141,848   | (246,232) |

On behalf of the Credit Union: 16th November 2016

\_\_\_\_\_  
Michael Doolan  
Member of Board  
of Directors

\_\_\_\_\_  
Val Bergin  
Member of the  
Board Oversight Committee

\_\_\_\_\_  
Andrea Levins  
Manager

*The accompanying notes form part of these financial statements*

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## Balance Sheet

*as at 30th September 2016*

|  | Note | 2016<br>€         | 2015<br>€         |
|--|------|-------------------|-------------------|
| <b>ASSETS</b>                                      |      |                   |                   |
| Cash and cash equivalents                          | 6    | 8,431,445         | 6,227,460         |
| Investments  | 7    | 13,633,428        | 14,595,095        |
| Loans  | 8    | 7,691,170         | 7,136,125         |
| Less provision for bad debts                       | 10   | (342,154)         | (404,153)         |
| Tangible fixed assets                              | 11   | 958,489           | 999,739           |
| Debtors, prepayments and accrued income            | 12   | 140,620           | 177,866           |
| <b>TOTAL ASSETS</b>                                |      | <b>30,512,998</b> | <b>28,732,132</b> |
| <b>LIABILITIES</b>                                 |      |                   |                   |
| Members' shares                                    | 13   | 24,792,425        | 22,968,858        |
| Members' deposits                                  | 14   | 1,177,059         | 1,336,527         |
| Members' draw account                              |      | 53,360            | 53,890            |
| Other liabilities, creditors, accruals and charges | 15   | 77,957            | 47,321            |
| <b>TOTAL LIABILITIES</b>                           |      | <b>26,100,801</b> | <b>24,406,596</b> |
| <b>RESERVES</b>                                    |      |                   |                   |
| Regulatory reserve                                 | 17   | 3,203,002         | 3,143,126         |
| Operational risk reserve                           | 17   | 100,000           | —                 |
| Other reserves                                     |      |                   |                   |
| - Realised reserves                                | 17   | 1,080,731         | 1,153,946         |
| - Unrealised reserves                              | 17   | 28,464            | 28,464            |
| <b>TOTAL RESERVES</b>                              |      | <b>4,412,197</b>  | <b>4,325,536</b>  |
|  |      | <b>30,512,998</b> | <b>28,732,132</b> |

On behalf of the Credit Union: 16th November 2016

Michael Doolan  
Member of Board  
of Directors

Val Bergin  
Member of the  
Board Oversight Committee

Andrea Levins  
Manager

*The accompanying notes form part of these financial statements*



TRINITY CREDIT UNION LIMITED

## Statement of Changes in Retained Earnings

*For the year ended 30th September 2016*

|   | Note | 2016<br>€             | 2015<br>€             |
|---|------|-----------------------|-----------------------|
| Opening Balance at 1 October                |      | 360,925               | 969,446               |
| <b>Excess of income over expenditure</b>    |      | <u>141,848</u>        | <u>(246,232)</u>      |
|   |      | <u>502,773</u>        | <u>723,214</u>        |
| Less: Transfer to regulatory reserve        | 17   | (59,876)              | (106,106)             |
| Transfer to dividend reserve                | 17   | –                     | 58,926                |
| Transfer to bad debt reserve                | 17   | –                     | (207,167)             |
| Dividend paid                               | 18   | <u>(55,187)</u>       | <u>(107,942)</u>      |
| <b>Total:</b>                               |      | <u>(115,063)</u>      | <u>(362,289)</u>      |
| <b>Closing Balance at 30 September 2016</b> |      | <u><u>387,710</u></u> | <u><u>360,925</u></u> |

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## Cash Flow Statement

*For the year ended 30th September 2016*

|   | Note      | 2016<br>€               | 2015<br>€               |
|---|-----------|-------------------------|-------------------------|
| Opening cash and cash equivalents           | 6,227,460 | 10,568,908              |                         |
| <b>Cash flows from operating activities</b> |           |                         |                         |
| Loans repaid                                |           | 4,712,609               | 5,058,551               |
| Loans granted                               |           | (5,306,907)             | (4,971,914)             |
| Loan interest received                      |           | 622,929                 | 608,841                 |
| Investments interest received               |           | 263,624                 | 160,058                 |
| Bad debts recovered                         |           | 46,847                  | 50,572                  |
| Dividends paid                              |           | (55,187)                | (107,942)               |
| Operating expenses                          |           | (756,697)               | (830,953)               |
| Net cash flows from operating activities    |           | <u>(472,782)</u>        | <u>(32,787)</u>         |
| <b>Cash flows from investing activities</b> |           |                         |                         |
| Fixed assets purchased                      |           | (11,277)                | (23,629)                |
| Net cash flow from investments              |           | <u>961,667</u>          | <u>(5,642,725)</u>      |
| Net cash flows from investing activities    |           | <u>950,390</u>          | <u>(5,666,354)</u>      |
| <b>Cash flows from financing activities</b> |           |                         |                         |
| Members' shares received                    |           | 9,528,438               | 8,891,389               |
| Members' deposits received                  |           | 1,092,482               | 1,461,860               |
| Members' shares withdrawn                   |           | (7,704,871)             | (7,850,734)             |
| Members' deposits withdrawn                 |           | (1,251,950)             | (1,300,698)             |
| Net cash flows from financing activities    |           | <u>1,664,099</u>        | <u>1,201,817</u>        |
| <b>Other</b>                                |           |                         |                         |
| Other receipts                              |           | 30,225                  | 41,957                  |
| Decrease/(Increase) in prepayments          |           | 1,947                   | 138,658                 |
| (Increase)/Decrease in other liabilities    |           | 30,106                  | (24,739)                |
|   |           | <u>62,278</u>           | <u>155,876</u>          |
| <b>Closing cash and cash equivalents</b>    | <b>6</b>  | <u><u>8,431,445</u></u> | <u><u>6,227,460</u></u> |



TRINITY CREDIT UNION LIMITED

## Notes to the Financial Statements

*For the year ended 30th September 2016*

### 1. General Information

Trinity Credit Union Limited is a credit union incorporated under the Credit Union Act 1997 (as amended) in the Republic of Ireland. Trinity Credit Union Limited is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The financial statements have been presented in Euro (€) which is also the functional currency of the credit union.

### 2. Use of Estimates and Judgements

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

#### ***Bad debts/Impairment losses on loans to members***

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policies on pages 8–11 of the financial statements. 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.

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 as identified by the credit union. 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 currently operates which impact on current lending activity and loan underwriting. 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.



## ANNUAL REPORT &amp; ACCOUNTS 2016



## Notes to the Financial Statements (contd.)

For the year ended 30th September 2016

### 3. Employees

#### Number of employees

The average monthly numbers of employees during the year were:

|                                      | 2016<br>Number | 2015<br>Number |
|--------------------------------------|----------------|----------------|
| Management, Administration & Tellers | 8              | 9              |
|                                      | 8              | 9              |

#### Employment costs

|                      | 2016<br>€ | 2015<br>€ |
|----------------------|-----------|-----------|
| Wages and salaries   | 303,686   | 319,456   |
| Social welfare costs | 31,900    | 33,837    |
| Pension costs        | 8,809     | 7,097     |
|                      | 344,395   | 360,390   |

#### 3.1. Key Management Personnel Compensation

The Directors of Trinity Credit Union Limited are all unpaid volunteers. The key management team for Trinity Credit Union Limited would include the directors, the credit union manager and other senior staff. The number of key management for the financial year to 30 September 2016 amount to 13 (2015 – 13).

|   | 2016<br>€ | 2015<br>€ |
|---|-----------|-----------|
| Short term employee benefits paid to key management | 236,640   | 244,538   |
| Payments to defined contribution pension schemes    | 8,265     | 8,745     |
|   | 244,905   | 253,283   |

### 4. Pension Costs

Pension costs amounted to €8,809 (2015 – €7,097).

### 5. Analysis of Investment Income

|                             | 2016<br>€ | 2015<br>€ |
|-----------------------------|-----------|-----------|
| Received during the year    | 127,900   | 160,822   |
| Receivable within 12 months | 98,086    | 134,960   |
| Other investment income     | –         | –         |
|                             | 225,986   | 295,782   |

### 6. Cash & Cash Equivalents

|                        | 2016<br>€ | 2015<br>€ |
|------------------------|-----------|-----------|
| Cash and bank balances | 3,202,932 | 2,583,943 |
| Short term deposits    | 5,228,513 | 3,643,517 |
|                        | 8,431,445 | 6,227,460 |

Short term deposits are deposits with maturity of less than or equal to three months. All other deposits are included in Investments in the Balance sheet and disclosed in note 7.



## Notes to the Financial Statements (contd.)

For the year ended 30th September 2016

| 7. Investments                              | 2016<br>€         | 2015<br>€         |
|---|-------------------|-------------------|
| Investments are classified as follows:      |                   |                   |
| Fixed term deposits maturing after 3 months | 11,321,478        | 12,279,622        |
| Deposit Protection Account                  | 172,902           | 149,874           |
| Perpetual bonds                             | 104,000           | 138,797           |
| Government bonds                            | 524,739           | 531,643           |
| Investment bonds                            | 1,510,309         | 1,495,159         |
|   | <u>13,633,428</u> | <u>14,595,095</u> |
| 8. Loans to Members                         | 2016<br>€         | 2015<br>€         |
| Opening Balance at 1 October                | 7,136,125         | 7,265,995         |
| Loans granted                               | 5,306,907         | 4,971,914         |
| Loans repaid                                | (4,712,609)       | (5,058,551)       |
| Loans written off                           | (39,253)          | (43,233)          |
| Gross Loan Balance at 30 September          | <u>7,691,170</u>  | <u>7,136,125</u>  |
| <i>Impairment allowances</i>                |                   |                   |
| Individual loans                            | (261,127)         | (317,540)         |
| Groups of loans                             | (81,027)          | (86,613)          |
| Loan provision                              | <u>(342,154)</u>  | <u>(404,153)</u>  |
| Net loans as at 30 September                | <u>7,349,016</u>  | <u>6,731,972</u>  |

### 9. Credit Risk Disclosures

Trinity Credit Union Limited does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There are maximum amounts set down by the Central Bank in terms of what amount a member can borrow from the Credit Union.

The carrying amount of the loans to members represents maximum exposure to credit risk. The following table 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.

## ANNUAL REPORT &amp; ACCOUNTS 2016



## Notes to the Financial Statements (contd.)

For the year ended 30th September 2016

### 9. Credit Risk Disclosures (contd.)

|                                     | 2016                    |                       | 2015                    |                       |
|-------------------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
|                                     | €                       | %                     | €                       | %                     |
| <b>Gross Loans Not Impaired</b>     | <u>6,852,280</u>        | <u>89.09%</u>         | <u>6,195,168</u>        | <u>86.81%</u>         |
| <b>Gross Loans Impaired</b>         |                         |                       |                         |                       |
| Up to 9 weeks past due              | 498,909                 | 6.49%                 | 735,860                 | 10.31%                |
| Between 10 and 18 weeks past due    | 65,206                  | 0.85%                 | 12,700                  | 0.18%                 |
| Between 19 and 26 weeks past due    | 20,430                  | 0.27%                 | 11,357                  | 0.16%                 |
| Between 27 and 39 weeks past due    | 38,896                  | 0.51%                 | 10,284                  | 0.14%                 |
| Between 40 and 52 weeks past due    | 51,029                  | 0.66%                 | 9,099                   | 0.13%                 |
| 53 or more weeks past due           | 164,420                 | 2.13%                 | 161,657                 | 2.27%                 |
|                                     | <u>838,890</u>          | <u>10.91%</u>         | <u>940,957</u>          | <u>13.19%</u>         |
| <b>Total Gross Loans</b>            | <u><u>7,691,170</u></u> | <u><u>100.00%</u></u> | <u><u>7,136,125</u></u> | <u><u>100.00%</u></u> |
| <b>Impairment Allowance</b>         |                         |                       |                         |                       |
| Individual loans                    | (261,127)               |                       | (317,540)               |                       |
| Groups of loans                     | (81,027)                |                       | (86,613)                |                       |
| Loan provision                      | <u>(342,154)</u>        |                       | <u>(404,153)</u>        |                       |
| <b>Net loans as at 30 September</b> | <u><u>7,349,016</u></u> |                       | <u><u>6,731,972</u></u> |                       |

### 10. Loan Provision Account for Impairment Losses

|   | 2016                  | 2015                  |
|---|-----------------------|-----------------------|
|   | €                     | €                     |
| Opening balance 1 October                                       | 404,153               | 506,175               |
| Net movement during the year                                    | (22,746)              | (58,789)              |
| Decrease as a result of loan write offs previously provided for | <u>(39,253)</u>       | <u>(43,233)</u>       |
| Closing provision balance 30 September                          | <u><u>342,154</u></u> | <u><u>404,153</u></u> |

### 11. Tangible Fixed Assets

|                        | Premises         | Office equipment | Fixtures & fittings | Total            |
|------------------------|------------------|------------------|---------------------|------------------|
|                        | €                | €                | €                   | €                |
| <b>Cost</b>            |                  |                  |                     |                  |
| At 1 October 2015      | 1,439,055        | 378,742          | 184,096             | 2,001,893        |
| Additions              | –                | 11,007           | 270                 | 11,277           |
| At 30 September 2016   | <u>1,439,055</u> | <u>389,749</u>   | <u>184,366</u>      | <u>2,013,170</u> |
| <b>Depreciation</b>    |                  |                  |                     |                  |
| At 1 October 2015      | 508,960          | 331,001          | 162,193             | 1,002,154        |
| Charge for the year    | 28,781           | 19,702           | 4,044               | 52,527           |
| At 30 September 2016   | <u>537,741</u>   | <u>350,703</u>   | <u>166,237</u>      | <u>1,054,681</u> |
| <b>Net book values</b> |                  |                  |                     |                  |
| At 30 September 2016   | <u>901,314</u>   | <u>39,046</u>    | <u>18,129</u>       | <u>958,489</u>   |
| At 30 September 2015   | <u>930,095</u>   | <u>47,741</u>    | <u>21,903</u>       | <u>999,739</u>   |



## Notes to the Financial Statements (contd.)

For the year ended 30th September 2016

### 11. Tangible Fixed Assets (contd.)

An independent valuation of the credit union's premises was carried out by Craddock Auctioneers on 16 June 2016. In accordance with Financial Reporting Standard 11 "Impairment of Fixed Assets" the directors have carried out a value in use calculation at the year end, applying a discount factor of 4.25%, and this concluded that no further impairment is required in the financial statements.

### 12. Prepayments and Accrued Income

|                                 | 2016           | 2015           |
|---------------------------------|----------------|----------------|
|                                 | €              | €              |
| Prepayments                     | 27,387         | 29,334         |
| Accrued income                  | 98,086         | 135,724        |
| Member Loan interest receivable | 15,147         | 12,808         |
|                                 | <u>140,620</u> | <u>177,866</u> |

### 13. Members' Shares

|                                 | 2016              | 2015              |
|---------------------------------|-------------------|-------------------|
| €                               | €                 |                   |
| Opening Balance at 1 October    | 22,968,858        | 21,928,203        |
| Shares paid in                  | 9,528,438         | 8,891,389         |
| Shares withdrawn                | (7,704,871)       | (7,850,734)       |
| Closing Balance at 30 September | <u>24,792,425</u> | <u>22,968,858</u> |

Members' shares are repayable on demand except for shares attached to loans. The breakdown of the shares between attached and unattached is as follows:

|                   | €                 | €                 |
|-------------------|-------------------|-------------------|
| Unattached Shares | 19,753,042        | 18,215,840        |
| Attached Shares   | 5,039,383         | 4,753,018         |
|                   | <u>24,792,425</u> | <u>22,968,858</u> |

### 14. Members' Deposits

|                                 | 2016             | 2015             |
|---------------------------------|------------------|------------------|
|                                 | €                | €                |
| Opening Balance at 1 October    | 1,336,527        | 1,175,365        |
| Deposits paid in                | 1,092,482        | 1,461,860        |
| Deposits withdrawn              | (1,251,950)      | (1,300,698)      |
| Closing Balance at 30 September | <u>1,177,059</u> | <u>1,336,527</u> |

Members' deposit accounts have the following maturity

|                      |                  |                  |
|----------------------|------------------|------------------|
| Less than 1 year     | 1,177,059        | 1,336,527        |
| One to two years     | —                | —                |
| Two to five years    | —                | —                |
| More than five years | —                | —                |
| Total Term Deposits  | <u>1,177,059</u> | <u>1,336,527</u> |

## ANNUAL REPORT &amp; ACCOUNTS 2016



## Notes to the Financial Statements (contd.)

For the year ended 30th September 2016

| 15. Other Liabilities and Charges | 2016          | 2015          |
|-----------------------------------|---------------|---------------|
|                                   | €             | €             |
| PAYE/PRSI                         | 7,297         | 8,102         |
| Accruals                          | 70,660        | 39,219        |
|                                   | <u>77,957</u> | <u>47,321</u> |

### 16. Additional Financial Instruments Disclosures

#### 1. Financial risk management

Trinity Credit Union Limited manages its members' shares and loans to members so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from Trinity 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 Trinity Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves lending policy, and all changes to it. 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 that the likelihood of repayment has changed

**Liquidity risk:** The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. 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.

**Market risk:** Market risk is generally comprised of interest rate risk, currency risk and other price risk. Trinity 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.

**Interest rate risk:** The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable on investments and members' loans when deciding on the dividend rate payable on shares and on any loan interest rebate.

#### 2. Interest rate risk disclosures

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

|                  | 2016             |                          | 2015             |                          |
|------------------|------------------|--------------------------|------------------|--------------------------|
|                  | Amount<br>€      | Average<br>Interest Rate | Amount<br>€      | Average<br>Interest Rate |
| Financial Assets |                  |                          |                  |                          |
| Loans to members | <u>7,691,170</u> | <u>8.66%</u>             | <u>7,136,125</u> | <u>8.66%</u>             |

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.

#### 3. Liquidity risk disclosures

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans and members' deposits which have a fixed maturity date.

#### 4. Fair value of financial instruments

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



## Notes to the Financial Statements (contd.)

For the year ended 30th September 2016

### 17. Total Reserves

|                                  | Balance<br>01/10/15<br>€ | Dividend and<br>loan interest<br>rebate paid<br>€ | Appropriation<br>of current<br>year surplus<br>€ | Transfers<br>between<br>reserves<br>€ | Balance<br>30/09/16<br>€ |
|----------------------------------|--------------------------|---|--|---------------------------------------|--------------------------|
| Total Regulatory Reserve         | 3,143,126                |   | 59,876   | –                                     | 3,203,002                |
| Operational Risk Reserve         | –                        |   | –  | 100,000                               | 100,000                  |
| <b>Other Realised Reserves</b>   |                          |   |  |                                       |                          |
| Undistributed Surplus            | 360,925                  | (55,187)  | 81,972   | –                                     | 387,710                  |
| General reserve                  | 433,769                  |   | –  | (100,000)                             | 333,769                  |
| Bad debts reserve                | 207,167                  |   | –  | –                                     | 207,167                  |
| Dividend reserve                 | 152,085                  |   | –  | –                                     | 152,085                  |
| <b>Total realised reserves</b>   | <u>4,297,072</u>         | <u>(55,187)</u>                                   | <u>141,848</u>                                   | <u>–</u>                              | <u>4,383,733</u>         |
| <b>Unrealised Reserves</b>       |                          |   |  |                                       |                          |
| Special reserve                  | <u>28,464</u>            |   | –  | –                                     | <u>28,464</u>            |
| <b>Total unrealised reserves</b> | <u>28,464</u>            |   | –  | –                                     | <u>28,464</u>            |
| <b>Total reserves</b>            | <u>4,325,536</u>         | <u>(55,187)</u>                                   | <u>141,848</u>                                   | <u>–</u>                              | <u>4,412,197</u>         |

The Credit Union is required to maintain a Regulatory Reserve that supports the credit union's operations, provides a base for future growth and protects against the risk of unforeseen losses. The credit union needs to maintain sufficient reserves to ensure continuity and to protect members' savings. The Central Bank expects that credit unions whose total regulatory reserves are currently in excess of 10 per cent of total assets will continue to maintain reserves at existing levels on the basis that these continue to reflect the board of directors' assessment of the appropriate level of reserves for the credit union.

The balance on the regulatory reserve represents 10.50% of total assets as at 30 September 2016 (10.94% as at 30 September 2015 )

#### Note on operational risk reserve

The balance on the operational risk reserve represents 0.33% of total assets as at 30 September 2016.

The special reserve represents the share balances of members no longer active in the credit union. They are held in special reserve until such time as they are claimed or can be legally taken to general reserve.

## ANNUAL REPORT &amp; ACCOUNTS 2016



## Notes to the Financial Statements (contd.)

For the year ended 30th September 2016

### 18. Dividends, Loan Interest Rebate and Other Returns to Members

The directors recommend the following distributions:

|                      | 2016   |        | 2015   |        |
|----------------------|--------|--------|--------|--------|
|                      | Rate % | €      | Rate % | €      |
| Dividend on shares   | 0.12%  | 31,611 | 0.25%  | 55,187 |
| Loan interest rebate | 5.00%  | 31,263 | —%     | —      |
| Interest on CUCash   | 0.12%  | 1,369  | 0.25%  | 3,102  |

In accordance with FRS102 “Events after the End of the Reporting Period”, dividends and returns to members are accounted for in the financial statements after they are approved by the members in general meeting.

The returns to members paid in the current and prior year periods were as follows:

|                               | 2016   | 2015    |
|-------------------------------|--------|---------|
|                               | €      | €       |
| Dividend paid during the year | 55,187 | 107,942 |
| Dividend rate                 | 0.25%  | 0.5%    |

### 19. Rate of Interest Charged on Members’ Loans

The credit union currently offers loans at the current interest rates:

|                |       |
|----------------|-------|
| Regular Loan   | 9.95% |
| One Year Loan  | 7.50% |
| Covered Loan   | 5.50% |
| Community Loan | 3.75% |

### 20. Rate of Interest Paid on Members’ Deposits

Interest on CUCash accounts is paid in December each year at a rate of 0.125%.

### 21. Post Balance Sheet Events

There are no material events after the Balance Sheet date to disclose.

### 22. Contingent Liabilities

All interest accrued in term deposit investments, government and investment bonds and other term accounts in authorised institutions are guaranteed only if held to maturity. In an unlikely event of early encashment there may exist early settlement penalties and or capital losses. The board of directors have confirmed that all such investments are to be held until their respective maturity dates.

### 23. Capital Commitments

There were no capital commitments either contracted for or approved by the Board at the year end.

### 24. Insurance Against Fraud

The credit union has insurance against fraud in the amount of €2,600,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).



## Notes to the Financial Statements (contd.)

For the year ended 30th September 2016

### 25. Related Party Transactions

The credit union has identified the following transactions which are required to be disclosed under the terms of FRS102 'Related Party Disclosures'

The following details relate to officers and related party accounts with the credit union. Related parties include the board of directors and the management team of the Credit Union, their family members or any business in which a director or management team member had a significant shareholding.

|   | No. of<br>loans | 2016<br>€ | 2015<br>€ |
|---|-----------------|-----------|-----------|
| Total savings held by related parties   |                 | 152,000   | 89,299    |
| Total loans outstanding by related parties                                      | 11              | 90,279    | 60,179    |
| % of gross loan book  |                 | 1.17%     | 0.84%     |
| Loans advanced to related parties during the year                               | 10              | 59,380    |           |
| Total provisions for loans outstanding to related parties at year end           | —               |           |           |
| Total provision charge during the year for loans outstanding to related parties | —               |           |           |

### 26. Reconciliation of Transition to FRS 102

These are Trinity Credit Union Limited's first financial statements to comply with FRS 102. The date of transition to FRS 102 is 1 October 2014.

The reconciliations below highlight the key impact on the surplus for the financial year and on the reserves of the Credit Union.

#### Income and Expenditure Account

| <i>Reconciliation of surplus from previous Irish Accounting Standards to FRS 102</i> | 30 Sep '15<br>€  |
|--|------------------|
| Deficit as previously reported   | (99,469)         |
| General loan provision not allowed under FRS 102                                     | (148,378)        |
| Interest on members' loans using effective interest method                           | 1,615            |
| <b>Deficit in accordance with FRS 102</b>  | <b>(246,232)</b> |

#### Balance Sheet – Opening Reserves

| <i>Reconciliation of Credit Union's opening reserves from previous Irish accounting standards to FRS 102</i> | 30 Sep '16<br>€  | 30 Sep '15<br>€  |
|--|------------------|------------------|
| Opening reserves as previously reported  | 4,167,281        | 4,374,692        |
| Adjustment with respect to a review of loan provisioning methodology under FRS 102                           | 145,447          | 293,825          |
| Interest on members' loans using effective interest method   | 12,808           | 11,193           |
| <b>Opening reserves in accordance with FRS 102</b>   | <b>4,325,536</b> | <b>4,679,710</b> |





## Notes to the Financial Statements (contd.)

*For the year ended 30th September 2016*

### 26. Reconciliation of Transition to FRS 102 (contd.)

The adjustments are explained as follows:-

#### General Loan Provision

The credit union has undertaken a detailed review of its bad debt provisioning methodology as part of the transition to the new accounting framework FRS 102. As part of this review, credit union management have considered the results of internal and external loan book review procedures undertaken in the financial periods to 30 September 2014, 30 September 2015 and 30 September 2016 as well as historical and current loan impairment trends in these three periods. Following this review, unallocated general provisions of €293,825 were identified in the overall loan provisions at 30 September 2014 which do not satisfy the criteria as set down in Section 11 of FRS 102 in relation to objective evidence of impairment. On this basis it is considered appropriate that these unallocated provisions should not be recognised in the financial statements as prepared under FRS 102. A review of provisions at 30 September 2015 resulted in a reduction of €250,400 in overall provisions, however as many of these reductions are reflected in the period ended 30 September 2014, an increase in provision of €148,378 is required.

#### Interest on Members' Loans

On transition to FRS 102, the credit union has reviewed and updated its accounting policy with respect to the recognition of interest income from member loans to ensure compliance with the standard. The accounting policy adopted states that interest on loans to members is recognised using the effective interest method and is calculated and accrued on a daily basis. The board of directors consider that it is appropriate to reflect a similar accounting policy in the financial statements to 30 September 2014 and 30 September 2015 respectively and this has resulted in the inclusion of accrued interest income of €11,193 and €12,808 being recognised in the respective financial years. The accrued loan interest income reflected in the FRS 102 transitional adjustments has been recognised on members loans identified as not being impaired at the respective financial year ends.

### 27. Authorisation and Approval of Financial Statements

The board of directors authorised and approved these financial statements for issue on 16th November 2016.


**TRINITY CREDIT UNION LIMITED**

## Additional Information

*(not forming part of the statutory audited Financial Statements)  
for the year ended 30 September 2016*

### Schedule 1. Interest on Loans

|  | 2016           | 2015           |
|--|----------------|----------------|
|  | €              | €              |
| Loan interest received                   | 622,929        | 608,841        |
| Loan interest receivable                 | 2,339          | 1,615          |
| Total per Income and Expenditure Account | <u>625,268</u> | <u>610,456</u> |

### Schedule 2. Other Interest Income and Similar Income

|  | 2016           | 2015           |
|--|----------------|----------------|
|  | €              | €              |
| Investment income                        | <u>225,986</u> | <u>295,782</u> |
| Total per Income and Expenditure Account | <u>225,986</u> | <u>295,782</u> |

### Schedule 3. Other Income

|  | 2016          | 2015          |
|--|---------------|---------------|
|  | €             | €             |
| Entrance fees                            | 269           | 254           |
| E.C.C.U. rebate                          | 21,795        | 35,477        |
| Foreign exchange income                  | 4,777         | 4,407         |
| Other income                             | <u>3,384</u>  | <u>1,819</u>  |
| Total per Income and Expenditure Account | <u>30,225</u> | <u>41,957</u> |

### Schedule 4. Other Gains

|  | 2016     | 2015     |
|--|----------|----------|
|  | €        | €        |
| Total per Income and Expenditure Account | <u>—</u> | <u>—</u> |

**ANNUAL REPORT & ACCOUNTS 2016****Additional Information**

*(not forming part of the statutory audited Financial Statements)  
for the year ended 30 September 2016*

**Schedule 5. Other Management Expenses**

|   | <b>2016</b>    | <b>2015</b>    |
|---|----------------|----------------|
|   | €              | €              |
| Staff pensions                                  | 8,809          | 7,097          |
| E.C.C.U. Insurance                              | 123,820        | 110,298        |
| Members' CU cash interest                       | 1,369          | 3,102          |
| Rates   | 7,509          | 10,607         |
| General insurance                               | 7,797          | 10,041         |
| Light and heat                                  | 6,282          | 7,836          |
| Repairs and maintenance                         | 14,743         | 15,900         |
| Security  | 15,484         | 21,071         |
| Printing, postage and telephone                 | 13,840         | 23,804         |
| Computer costs                                  | 33,695         | 28,514         |
| Convention and seminar expenses                 | 12,165         | 13,027         |
| Travel and subsistence                          | 6,265          | 6,948          |
| Debt collection and other professional costs    | 12,342         | 37,495         |
| Internal audit                                  | 12,954         | 8,579          |
| Consultancy and regulatory fees                 | 27,420         | 42,267         |
| Audit   | 18,043         | 15,888         |
| Bank charges                                    | 16,649         | 17,524         |
| Death Benefit Insurance                         | 1,000          | 5,000          |
| General expenses                                | 4,863          | 11,071         |
| Cash short                                      | 67             | 1,373          |
| Affiliation & registration fees                 | 18,433         | 30,698         |
| Promotion, training, education and donations    | 15,861         | 22,661         |
| Amortisation of bond premium                    | 6,904          | 6,904          |
| <b>Total per Income and Expenditure Account</b> | <b>386,314</b> | <b>457,705</b> |

**Schedule 6. Other Losses**

|   | <b>2016</b>   | <b>2015</b>   |
|---|---------------|---------------|
|   | €             | €             |
| Provision for loss/(gain) on investments        | 34,797        | 19,955        |
| <b>Total per Income and Expenditure Account</b> | <b>34,797</b> | <b>19,955</b> |

# COLOURING COMPETITION

Merry Christmas from  
Trinity Credit Union  
Donaghmede

Name \_\_\_\_\_

Age: \_\_\_\_\_

Membership Number: \_\_\_\_\_

Contact Telephone Number: \_\_\_\_\_

