



Abbeyfeale

Credit Union Limited

Notice of AGM 2016

Notice of The
Annual General Meeting of
Abbeyfeale Credit Union Limited,
to be held in the
Fr Casey's GAA club house, Abbeyfeale
on Monday 19th December @ 8.00pm



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ENTER OUR FREE DRAW



Fantastic Prizes to be won!

Answer the following question:

What year did Abbeyfeale Credit Union Limited commence business ??

Answer: _____

Name: _____

Account No: _____

Entries may be placed in the Draw Box in the Credit Union office before 4.00pm on Monday 19th December or entries will be accepted on the night of the AGM.

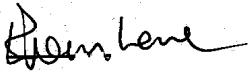
Important Notice

**Life Savings Insurance Cover
on Shares will reduce from
€7,700 to €3,000 from 1/07/2016**

NOTICE OF ELECTIONS

Elections will be held to fill the following vacancies:

- 4 vacancies on the Board of Directors.
- 2 vacancies on the Board Oversight Committee.
- The Position of Auditor.



Eileen Lane
Hon. Secretary

NB: PASSBOOK REQUIRED TO ENSURE ADMISSION TO MEETING

NOTICE OF MOTION - AMENDMENT TO RULES

Rule 13 (2)

That this annual general meeting agrees to amend Rule 13(2) of The Standard Rules of Credit Unions (ROI) 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 other 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.

ORDER OF BUSINESS

1. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons.
2. Ascertainment that a quorum is present.
3. Adoption of Standing Orders.
4. Reading and approval (or correction) of the minutes of the last Annual General Meeting.
5. Report of the Board of Directors.
6. Consideration of accounts.
7. Report of the Auditors.
8. Report of the Board Oversight Committee.
9. Declaration of dividend and interest rebate.
10. Report of the Credit Committee.
11. Report of the Credit Control Committee.
12. Report of the Membership Committee.
13. Report of the Nominating Committee.
14. Appointment of Tellers.
15. Election of Auditor.
16. Election to fill vacancies on the Board Oversight Committee.
17. Election to fill vacancies on the Board of Directors.
18. Notice of Motion - Amendment to Rules
19. Any other business.
20. Announcement of election results.
21. Adjournment or close of meeting.

DIRECTORS AND OTHER INFORMATION

Directors	Michael Lane (Chairperson) John Collins (Vice Chairperson) Eileen Lane (Secretary) Ciarán Fitzgibbon Patrick Leahy Agnes Wrenne Gobnait Murphy Billy Quirke Louise Shanahan
Board Oversight Committee Members	Deirdre Moloney Barbara O'Sullivan Carl Nash
Manager	Peter Murphy
Credit Union Number	357CU
Business Address	Bridge Street, Abbeyfeale, Co. Limerick.
Auditors	Byrne Partners, Chartered Accountants and Registered Auditors, Gortboy, Newcastle West, Co. Limerick.
Bankers	Bank of Ireland The Square, Abbeyfeale, Co. Limerick.
Solicitors	Pierce & Fitzgibbon Solicitors Market Street, Listowel, Co. Kerry.

DIRECTORS' REPORT

for the year ended 30 September 2016

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

Objects

The objects of the Credit Union are the acceptance of members' shares/savings and lending to members in accordance with legislation and criteria determined by the League of Credit Unions and the Credit Union itself.

Principal Risks and Uncertainties

The purpose of our credit union is to allow members save together and lend to each other at a fair and reasonable rate of interest.

The principal risks and challenges facing this credit union are loan default; not lending sufficient proportion of funds so that too much of the credit union's resources are tied up in investment products; poor performance of investments; the risk that we will not have sufficient cash resources to meet day to day running costs and repay member savings when demanded (liquidity risk). These risks are managed by the credit union board so as to achieve an acceptable balance of growth and security for member's resources.

Directors and Board Oversight Committee Members

The current directors and board oversight committee members are as set out on page 16.

Business Review

Both the level of business and the year-end financial position were satisfactory.

Future Developments

The directors expect to develop the Credit Union's current activities and they are confident of its ability to operate successfully in the future.

Accounting Records

The Directors believe that they comply with the requirements of the Credit Union Act 1997 to 2012 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 Bridge Street, Abbeyfeale, Co. Limerick.

Post Balance Sheet Events

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

Auditors

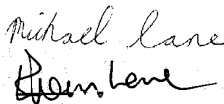
The auditors, Byrne Partners, have indicated their willingness to continue in office in accordance with Section 115 of the Credit Union Act 1997 (as amended).

On behalf of the Credit Union board

Director: Michael Lane

Secretary: Eileen Lane

Date: 1 November 2016



Handwritten signatures of Michael Lane and Eileen Lane.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Credit Union Acts, 1997 to 2012 (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 year. In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;

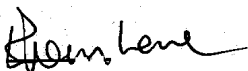
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and enable them to ensure that the financial statements comply with the Credit Union Acts, 1997 to 2012 (as amended). They are also responsible 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 board

Secretary: Eileen Lane



Director: Michael Lane



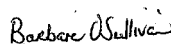
Date: 1 November 2016

STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

The Credit Union Acts, 1997 to 2012 (as amended) require 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.

On behalf of the Board Oversight Committee

Board Oversight Committee: Barbara O'Sullivan



Date: 1 November 2016

INDEPENDENT AUDITOR'S REPORT

to the Members of Abbeyfeale Credit Union Limited

We have audited the financial statements of Abbeyfeale Credit Union Limited for the year ended 30 September 2016 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Accounting Policies and the 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 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 directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give 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 Practice 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 Directors' 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 report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Credit Union at 30 September 2016 and of its Income and Expenditure Account for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared so as to conform with the requirements of the Credit Union Acts, 1997 to 2012 (as amended).

Other matters prescribed by the Credit Union Acts, 1997 to 2012 (as amended)

- We have obtained all the information and explanations which 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.



Colin P. Byrne
for and on behalf of
BYRNE PARTNERS,

Chartered Accountants and Registered Auditors,
Gortboy,
Newcastle West,
Co. Limerick.

Date: 1 November 2016

INCOME AND EXPENDITURE ACCOUNT

for the year ended 30 September 2016

	Notes	2016 €	2015 €
Income			
Interest on members' loans		366,287	324,464
Investment income	1	<u>215,809</u>	<u>291,205</u>
Net interest income		582,096	615,669
Other income	Schedule 1	<u>26,481</u>	<u>21,157</u>
Total income		<u>608,577</u>	<u>636,826</u>
Expenditure			
Salaries and other wage costs		127,124	130,317
Other management expenses	Schedule 2	271,959	267,591
Depreciation charge on fixed assets	5	23,061	23,228
Provision for bad and doubtful debts	2	3,048	(23,170)
Loans written off	2	4,362	2,029
Bad debts recovered		<u>(7,896)</u>	<u>(11,451)</u>
Total expenditure		<u>421,658</u>	<u>388,544</u>
Excess of income over expenditure		186,919	248,282
Opening undistributed surplus reserve		<u>860,171</u>	<u>949,933</u>
		<u>1,047,090</u>	<u>1,198,215</u>
Transfer (to) / from reserves			
Regulatory reserve		-	(25,000)
Additional regulatory reserve		-	(240,000)
Dividend reserve		<u>-</u>	<u>100,000</u>
Total transfers		-	(165,000)
Closing undistributed surplus reserve		<u>1,047,090</u>	<u>1,033,215</u>

There were no recognised gains or losses other than the income and expenditure for the above two financial years.

On behalf of the Credit Union

Manager: Peter Murphy

Director: Michael Lane

Board Oversight Committee: Barbara O'Sullivan

Date: 1 November 2016

Peter Murphy
Michael Lane
Barbara O'Sullivan

BALANCE SHEET

as at 30 September 2016

	Notes	2016 €	2015 €
Assets			
Cash and cash equivalents		412,720	265,351
Deposits and investments	3	16,159,813	15,894,349
Loans to members	4	4,870,126	4,056,844
Provision for bad and doubtful debts	4	(305,127)	(302,079)
		<u>21,137,532</u>	<u>19,914,465</u>
Other Assets			
Tangible assets	5	532,775	555,836
Prepayments and other debtors		18,781	18,432
Accrued income		14,637	14,271
		<u>566,193</u>	<u>588,539</u>
Total Assets		<u>21,703,725</u>	<u>20,503,004</u>
Liabilities			
Members' shares		18,260,992	17,194,240
Trade creditors and accruals		33,223	29,593
		<u>18,294,215</u>	<u>17,223,833</u>
Total Liabilities		<u>18,294,215</u>	<u>17,223,833</u>
Net Assets		<u>3,409,510</u>	<u>3,279,171</u>
Members' Resources			
Regulatory reserve		1,767,000	1,749,000
Additional regulatory reserve		620,000	570,000
		<u>2,387,000</u>	<u>2,319,000</u>
Dividend reserve		100,000	100,000
Operational risk reserve		150,000	-
General reserves		772,510	860,171
		<u>2,309,510</u>	<u>1,979,171</u>
Total Members' Resources		<u>3,409,510</u>	<u>3,279,171</u>

On behalf of the Credit Union

On behalf of the Credit Union

Manager: Peter Murphy

Director: Michael Lane

Board Oversight Committee: Barbara O'Sullivan

Date: 1 November 2016

Peter Murphy
Michael Lane
Barbara O'Sullivan

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2016

	Regulatory reserve	Additional regulatory reserve	Dividend reserve	Operational risk reserve	General reserve	Total
	€	€	€	€	€	€
At 1 October 2014	1,724,000	330,000	200,000	-	949,933	3,203,933
Distribution in year	-	-	-	-	(165,725)	(165,725)
Surplus allocation in year	25,000	240,000	(100,000)	-	-	165,000
Other movement in reserves	-	-	-	-	75,963	75,963
At 30 September 2015	1,749,000	570,000	100,000	-	860,171	3,279,171
At 1 October 2015	1,749,000	570,000	100,000	-	860,171	3,279,171
Distribution in year	-	-	-	-	(56,580)	(56,580)
Other movement in reserves	18,000	50,000	-	150,000	(31,081)	186,919
At 30 September 2016	1,767,000	620,000	100,000	150,000	772,510	3,409,510

CASH FLOW STATEMENT

for the year ended 30 September 2016

	Notes	2016 €	2015 €
Reconciliation of operating surplus to net cash inflow from operating activities			
Operating surplus		186,919	248,282
Depreciation	5	23,061	23,228
Provision for bad and doubtful debts	2	3,048	(23,170)
Loans written off		4,362	2,029
Net cash inflow from trading activities		217,390	250,369
New loans to members		(3,127,893)	(2,327,577)
Repayment of members' loans		2,310,249	2,094,400
Net movement in members' loans	4	(817,644)	(233,177)
New shares by members		10,641,117	10,206,641
Repayment of shares		(9,574,365)	(8,513,344)
Net movement in members' shares and deposits		1,066,752	1,693,297
Net movement in other assets		(715)	(5,852)
Net movement in other creditors		3,630	4,353
Net cash generated from operating activities		469,413	1,708,990
Cash flows from investing activities			
Net movement in investments	3	(265,464)	(1,648,431)
Cash flows from financing activities			
Dividends and interest rebate paid		(56,580)	(165,725)
Net increase/(decrease) in cash and cash equivalents		147,369	(105,166)
Cash and cash equivalents at 1st October 2015		265,351	370,517
Cash and cash equivalents at 30th September 2016		412,720	265,351

ACCOUNTING POLICIES

for the year ended 30 September 2016

Statement of compliance

These financial statements have been prepared in accordance with FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland). The financial statements are prepared on the historical cost basis. These are the company's first set of financial statements prepared in accordance with FRS 102. The transition to FRS 102 has resulted in a small number of accounting policy changes compared to those applied previously (see note 6 for an explanation of these changes).

Basis of preparation

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

Revenue recognition

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

(i) **Interest on members' loans**

Interest on Members' Loans was recognised when payment was received as specified in Section 110 (1) (C) (i) of the Credit Union Acts 1997 to 2012, (i.e. on a cash basis). This is not in accordance with accounting practice generally, but is consistent with normal historical practice for Irish credit unions. FRS 102 and accounting practice generally would require that interest be recognised using the effective interest method and accrued on a daily basis. The effective interest basis used at year end shows additional income earned in the year but physically received after year end amounting to €14,637 (2015: €14,271) has been included in the financial statements.

(ii) **Investment income**

Investment income is recognised when received or irrevocably receivable. Investments are recognised at cost less any permanent diminution in capital value but ignoring any increase in capital value or encashment value until realised in the form of cash or cash equivalents.

First-time adoption of FRS 102

These are Abbeyfeale 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 small number of accounting policy changes compared to those applied previously. Note 6 to the financial statements describes the differences between the retained earnings and surplus (or deficit) presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ended at 30 September 2015 (i.e. comparative information), as well as the retained earnings presented in the opening balance sheet (i.e. at 1 October 2014). It also describes all the required changes in accounting policies made on first-time adoption of FRS 102.

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.

Dividend and Loan Interest Rebate Policy

The Board of Directors will review the need, annually at least, for the maintenance of a Dividend Reserve. In addition, the Board of Directors will review annually at financial year end, the scope for the payment of a dividend/loan interest rebate to members. The Board of Directors will take into account all relevant internal and external factors including the financial position of the credit union,

relevant strategic objectives of the credit union and market forces such as interest rates being paid by other institutions. At all times, the Board of Directors of the credit union must ensure that the payment or otherwise of a dividend/loan interest rebate is in the best interests of the credit union's financial position.

Where Abbeyfeale Credit Union Limited complies with the 10% minimum regulatory reserve requirement as specified in aforementioned, but has recorded a deficit in its annual accounts and is proposing to pay a dividend and/or a loan interest rebate, the credit union must inform the Central Bank in writing at least 3 weeks before it gives notice of its Annual General Meeting, as required under section 80(3) of the Act.

Tangible fixed assets and depreciation

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

Land and buildings freehold	-	2% Straight line
Fixtures, fittings and equipment	-	12.5% Straight line
Computer equipment	-	20% Straight line

Investments

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

Fixed-term deposit accounts

These are valued at the deposit amount plus any accrued interest and interest income is recognised in the income statement on an accruals (time) basis.

Bank bonds

The Credit Union fully intends holding the Bank bonds to maturity where the nominal value of the bond will be paid back to the Credit Union. Income on Bank bonds is recognised in the income statement when it is received or irrevocably receivable.

Central Bank: MRR and DGS

Central bank MRA & DGS are stated in the balance sheet at the lower of the nominal guaranteed value or historical cost. Dividend or other income is recognised in the income statement when it is received or irrevocably receivable.

Government bonds

The Credit Union fully intends holding the government bonds to maturity where the nominal value of the bond will be paid back to the Credit Union. Income on government bonds is recognised in the income statement when it is received or irrevocably receivable.

Pensions

The Credit Union operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Credit Union. Annual contributions payable to the defined contribution pension scheme are charged to the Income and Expenditure Account in the period to which they relate.

Bad and Doubtful Debts

Allowances for impaired loans represent reserves and/or provisions made during the year less amounts utilised or realised charged against the surplus for the year. Amounts are created after a detailed review of individual loans and groups of loans. Allowances are established by reviewing the credit worthiness of individual borrowers and the value of collateral underlying the loan. General allowances are measured based on Resolution 49 of the Irish League of Credit Unions. Bad debts in the Credit Union are recognised when there is a reasonable doubt that the full amount of principal will not be collected, or the financial capacity of the borrower has deteriorated such that the recovery of the whole or part of an outstanding loan advanced is in doubt. In all cases where it is impractical to estimate the recoverable amount the carrying amount is reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

1. INCOME FROM INVESTMENTS

	2016 €	2015 €
Investment income received	<u>215,809</u>	<u>291,205</u>

Investment Income is accounted for differently depending on how the different investments are designated at the outset and based on meeting certain criteria. The credit union uses the following accounting methods:

Investments

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 collectability. This effectively spreads out the return on such investments over time, but does take account immediately of any impairment in the value of the investment.

Central Bank Deposits

Credit Unions are obliged to maintain certain deposits with the Central Bank. These deposits are technically assets of the credit union but to which the credit union has restricted access. The funds on deposit with the Central Bank attract nominal interest and will not ordinarily be returned to the credit union while it is a going concern. In accordance with the direction of the Central Bank the amounts are shown as current assets and are not subject to impairment reviews.

2. BAD AND DOUBTFUL DEBTS

	2016 €	2015 €
Provision for bad and doubtful debts	3,048	(23,170)
Loans written off	<u>4,362</u>	<u>2,029</u>
	<u>7,410</u>	<u>(21,141)</u>

3. INVESTMENTS

	2016 €	2015 €
Fixed-term deposit accounts	14,145,712	13,886,943
Bank bonds	504,570	504,799
Central Bank: MRR and DGS	101,028	76,392
Government bonds	<u>1,408,503</u>	<u>1,426,215</u>
	<u>16,159,813</u>	<u>15,894,349</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2016

4. MEMBERS' LOANS

	2016	2015
	€	€
Loans to members	4,870,126	4,056,844
Provision for bad and doubtful debts	<u>(305,127)</u>	<u>(302,079)</u>
	<u>4,564,999</u>	<u>3,754,765</u>
Movement in members' loans	2016	2015
	€	€
Opening balance	4,056,844	3,825,696
Cash movement in year	817,644	233,177
Loans written off	<u>(4,362)</u>	<u>(2,029)</u>
Closing balance	<u>4,870,126</u>	<u>4,056,844</u>
Movement in provision for doubtful debts	2016	2015
	€	€
Opening provision	302,079	325,249
Movement in year	<u>3,048</u>	<u>(23,170)</u>
Closing provision	<u>305,127</u>	<u>302,079</u>

5. TANGIBLE FIXED ASSETS

	Land and buildings freehold €	Fixtures, fittings and equipment €	Computer equipment €	Total €
Cost				
At 1 October 2015	723,828	61,096	82,375	867,299
Additions	-	-	-	-
At 30 September 2016	<u>723,828</u>	<u>61,096</u>	<u>82,375</u>	<u>867,299</u>
Depreciation				
At 1 October 2015	193,749	61,096	56,618	311,463
Charge for the year	14,477	-	8,584	23,061
At 30 September 2016	<u>208,226</u>	<u>61,096</u>	<u>65,202</u>	<u>334,524</u>
Net book value				
At 30 September 2016	<u>515,602</u>	<u>-</u>	<u>17,173</u>	<u>532,775</u>
At 30 September 2015	<u>530,079</u>	<u>-</u>	<u>25,757</u>	<u>555,836</u>

The Board has investigated the need to carry out an impairment review on the freehold property. The Board has obtained valuations which indicate that the current market value is less than the carrying cost and as a result of which the Board has considered whether or not to reflect the impairment in the financial statements. A value in use calculation on the property was completed at the year end. The net present value of future cash flows is in excess of the carrying value of the premises. On that basis, no impairment arises.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

6. TRANSITION TO FRS 102

Abbeyfeale Credit Union Limited has adopted FRS 102 for the first time in these financial statements for the year ended 30th September 2016. The reconciliations below highlight the key impacts on both the surplus for the financial year and the retained earnings.

Reconciliation of Surplus from Previous GAAP to FRS 102

	2015	2014
	€	€
Surplus/(deficit) as previously reported	239,517	309,639
Surplus/(deficit) under FRS 102	248,282	604,879

Transitional Adjustments Required

Investments	(16,236)	108,049
Bad debt provision	23,170	174,751
Accrued interest income	1,831	12,440

Reconciliation of Retained Earnings from Previous GAAP to FRS 102

	2015	2014
	€	€
Retained Earnings as previously reported	548,844	647,371
Retained Earnings under FRS 102	860,171	949,933

Transitional Adjustments Required

Investments	(16,236)	108,049
Bad debt provision	23,170	174,751
Accrued interest income	1,831	12,440

The adjustments are:

A. Bad debt reserve

FRS 102 does not allow general provisions for bad debts. FRS 102 does allow an Incurred But Not Reported (IBNR) bad debt provision which is similar to a general provision but calculated differently. IBNR is based on underlying evidence such as past experience of bad debts or linked to delinquency rather than a calculation based on worst case scenario and prudence.

B. Investments

Investments accounted for under the old "cost model" rules have been restated to amortised cost/held to maturity/fair value resulting in an adjustment applied retrospectively to both the income recognised from these investments and in their carrying amount.

C. Loan interest accrual

Credit Unions historically accounted for interest income on a cash receipts basis. The 2012 Act introduced specific requirements and FRS 102 also requires that income be accounted for on an accrual basis. Interest earned as at 30th of September 2016 but not received till after September is now accounted for as Income in September. The correction is retrospective.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2016

7. DIVIDENDS AND LOAN INTEREST REBATE

The following distributions were made during the year:

	2016 %	2016 €	2015 %	2015 €
Dividends on shares	0.25	40,558	1.00	150,022
Loan interest rebate	5.00	16,022	5.00	15,703
		<u>56,580</u>		<u>165,725</u>

The above dividends refer to those paid out in those years from the surplus earned in previous years.

8. PROPOSED DIVIDENDS AND LOAN INTEREST REBATE

The proposed distribution is as follows:

	2016 %	2016 €	2015 %	2015 €
Dividends on shares	0.15	26,537	0.25	40,558
Loan interest rebate	-	-	5.00	16,022
		<u>26,537</u>		<u>56,580</u>

9. PENSION SCHEME

Payments to the scheme are charged to the Income and Expenditure Account in the year to which they relate. The pension cost for the year was €3,953 (2015: €0). There is one pension scheme being operated, a defined contribution scheme operated by Irish Life.

10. RELATED PARTY TRANSACTIONS

Directors, supervisors and staff (i.e. officers) of the Credit Union during the financial year ended 30 September 2016 operated share and loan accounts with the Credit Union. All loans advanced to directors, supervisors and staff are approved in accordance with Section 36(4) Credit Union Act, 1997 (as amended). The following transactions and balances existed with members who were officers during the financial year ended 30 September 2016:

	€
New loans advanced to officers	5,000
Loan balances relating to officers	82,781
Total share and deposit balances relating to officers	171,223

Other related parties are those related directly to board or staff members and hold €132,742 in shares and owe €123,619 in loans at the year end.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

11. RATES OF INTEREST CHARGED ON MEMBERS' LOANS

Standard Rate	9.0%(APR 9.4%)
Motor Loan	7.9%(APR 8.2%)
1 Year Loan	7.5%(APR 7.8%)
Student Loan	6.0%(APR 6.2%)
Secured Loans	5.5%(APR 5.6%)
Commercial Loans	9.0%(APR 9.4%)
Promotional Car Loan Campaign	6.0%(APR 6.2%)

12. CAPITAL COMMITMENTS

The Credit Union had no material capital commitments at the year-ended 30 September 2016.

13. POST-BALANCE SHEET EVENTS

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

14. CASH AND CASH EQUIVALENTS

	2016 €	2015 €
Cash and bank balances	412,720	265,351

15. KEY MANAGEMENT REMUNERATION

The Directors of Abbeyfeale Credit Union Limited are all unpaid volunteers. The key management team for the credit union would include the credit union manager, a senior staff member and the credit controller. They are assisted in their duties by the financial and compliance officers.

	2016 €	2015 €
Short term employee benefits paid	103,641	107,010

16. CREDIT RISK DISCLOSURES

Abbeyfeale 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 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)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2016

- 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 Abbeyfeale Credit Union Limited's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired/bad it is expected that the amounts repayable will be received in full.

	2016 €	2015 €
Total Loans Not Impaired	4,311,083	3,422,370
Impaired Loans: Not Past Due	258,666	335,479
Impaired Loans: Up to 9 Weeks Past Due	156,274	99,150
Impaired Loans: 10-18 Weeks Past Due	46,363	51,292
Impaired Loans: 19 - 26 Weeks Past Due	4,342	20,592
Impaired Loans: 27 - 39 Weeks Past Due	19,850	18,374
Impaired Loans: 40 - 52 Weeks Past Due	22,082	15,834
Impaired Loans: 53 or More Weeks Past Due	51,466	93,753
	<u>4,870,126</u>	<u>4,056,844</u>

17. 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 Abbeyfeale Credit Union Limited's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

Bad debts/Impairment losses on loans to members

Abbeyfeale Credit Union Limited carries out a detailed loan book review at the end of each quarter to assess the adequacy of the provision.

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 1 November 2016.

SCHEDULE 1 - OTHER INCOME ANALYSIS

for the year ended 30 September 2016

	2016 €	2015 €
Other Income		
Commissions	5,745	4,655
E.C.C.U. claims experience refund fees	19,990	13,331
Miscellaneous income	746	3,171
	<u>26,481</u>	<u>21,157</u>

SCHEDULE 2 - ANALYSIS OF OTHER MANAGEMENT EXPENSES

for the year ended 30 September 2016

	2016 €	2015 €
Expenditure		
Training and seminars	7,192	4,618
Rates payable	2,394	2,614
General insurance	6,852	6,677
Share and loan insurance	71,357	81,410
Security and cash transit	716	716
Light and heat	4,493	4,834
Repairs and renewals	4,775	3,958
Computer and equipment maintenance	30,085	25,511
Printing and stationery	7,415	6,181
Promotion and advertising	9,096	6,319
Telephone and postage	3,495	4,269
AGM expenses	5,825	5,520
Chapter expenses	2,560	-
Travelling and subsistence	3,157	6,599
Legal and professional	19,592	18,578
Compliance and internal audit fees	26,029	18,932
Audit fees	7,442	7,442
Financial Services Ombudsman	522	463
Bank interest and charges	9,406	8,541
CUSOP charges	12,269	8,681
Miscellaneous expenses	4,271	9,465
Donations and sponsorship	3,068	3,370
Affiliation fees/SPS	11,964	16,331
Central Bank levies	15,456	14,308
Regulation levy	2,528	2,254
	<u>271,959</u>	<u>267,591</u>

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&

Happy New Year



Unbeatable offers on...

Car Loans

Home Improvement Loans

Multi-Purpose Loans

Student Loans



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Credit Union Limited

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Web: www.abbeyfealecu.ie

Abbeyfeale Credit Union Ltd is regulated by the Central Bank of Ireland. Loans are subject to approval. Terms & Conditions apply. If you do not meet repayments on your loan your account will go into arrears. This may affect your credit rating which may limit your ability to access credit in the future.