



Ballyshannon & Killybegs

CREDIT UNION LIMITED

ANNUAL ACCOUNTS 2017

For Year Ended 30th September 2017

You are invited to Annual General Meeting
of Ballyshannon & Killybegs Credit Union Ltd.
which will take place in
Dorrians Hotel, Ballyshannon
on Wednesday 31st January 2018 at 8.00 p.m.
Refreshments and Prizes on the night.

ARD AN RÁTHA
ARDARA

BÉAL ÁTHA SEANAIDH
BALLYSHANNON

NA GLEANNTA
GLENTIES

NA CEALLA BEAGA
KILLYBEGS

PAITEAGÓ
PETTIGO

AGENDA

1. Ascertainment of Quorum
2. Adoption of Standing Orders
3. Minutes of A.G.M
4. Report of Board of Directors
5. Financial Report
6. Report of the Auditor
7. Report of Board Oversight Committee
8. Report of Dividend
9. Report of Credit Committee
10. Report of Credit Control
11. Report of the Membership Committee
12. Report Nominations Committee
13. Appointment of Tellers
14. Election of Auditor
15. Election of Board Oversight Committee
16. Election of Directors
17. Amendment of Rules
18. Other Business
19. Election Results
20. Close of Meeting

VACANCIES

This year we have vacancies for 1 Director and 3 Board Oversight Committee. The Nominations Committee has identified candidates for each vacancy.

NEED A BREAK?

Sure drop in for a holiday loan chat



NEED NEW WHEELS?

Sure drop in for a car loan chat

6% (6.17% APR)

€15,000 CAR LOAN	CAR LOAN/ PERSONAL LOAN	TERM	APR VARIABLE	36 MONTHLY REPAYMENTS	TOTAL AMOUNT PAYABLE
€15,000	BK Credit Union SPECIAL Car Loan	3 years	6.17%	€456.33	€16,394.18
€15,000	Personal Loan Bank of Ireland	3 years	7.5%	€464.90	€16,736.36
€15,000	Personal Loan AIB	3 years	9.0%	€474.55	€17,083.72

Source(s): CCPC. Information correct as at 16/11/2017.

Have you had your Credit ReUnion?

Phone 074 955 4455
or apply online on bkcreditunion.ie



bkcreditunion.ie

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

HELPING YOU, HELPING YOUR COMMUNITY

Directors' Report

for the year ended 30th September 2017

The directors present their report and the audited financial statements for the year ended 30 September 2017.

Principal Risks and Uncertainties

The directors continue to address the key risks and uncertainties that may arise. In light of the current economic climate, we assess the level of risks and manage those risks so as to ensure the continued future of the credit union. Key risks identified are the financial risk of losses on investments and potential bad debts.

Credit Risk

The risk of financial loss arising from a borrower, issuer, guarantor or counter party, which may fail to meet its obligations in accordance with agreed terms.

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.

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 or external events.

Market Risk

Market risk is generally comprised of interest rate risk, currency risk and other price risk. Ballyshannon & Killybegs 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 the Credit Unions operations. The Credit Union considers rates of interest receivable on investments and members loans when deciding the dividend payable on shares and any loan interest rebate.

Business Review

The directors are satisfied with the results for the year and the year end financial position of Ballyshannon Killybegs Credit Union. Income from lending is still an issue for credit unions and investment rates are in decline while savings continue to increase with consequential costs.

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

Post Balance Sheet Events

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

Auditors

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

Approved on behalf of the Credit Union Board

Member of Board of Directors **Thomas McGuinness**

Date: 14 December 2017

Statement of Directors Responsibilities

The Credit Union Acts, 1997 to 2012 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;
- 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 confirm that they have complied with the above requirements in preparing the financial statements.

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 to enable them to ensure that the financial statements are prepared in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland, including the standards issued by the Financial Reporting Council, and in particular FRS102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”. They are 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.

Approved on behalf of the Credit Union Board

Member of Board of Directors **Thomas McGuinness**

Date: 14 December 2017

Statement of Board Oversight Committee's Responsibilities

The Credit Union Acts, 1997 to 2012 require the appointment of a Board Oversight Committee to assess whether the board of directors has operated in accordance with Part IV, Part IV (a) and any regulations made for the purposes of Part IV or Part IV(a) of the Credit Union Act, 1997 (as amended) and any other matter prescribed by the Central Bank in respect of which they are to have regard to, in relation to the board.

Approved on behalf of the Board Oversight Committee

Member of Board Oversight Committee **Fiona Ryan**

Date: 14 December 2017

Independent Auditors' Report

to The Members of Ballyshannon & Killybegs Credit Union Ltd.

Opinion

We have audited the financial statements of Ballyshannon Killybegs Credit Union Limited for the year ended 30 September 2017 which comprise the Income & Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities, and financial position of the Credit Union as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Credit Union Act 1997, as amended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Credit Union in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical

responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which IAASA require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Credit Union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Credit Union Act 1997, as amended

Based solely on the work undertaken in the course of the audit, we report that:

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

RESPECTIVE RESPONSIBILITIES

Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities as set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors' are responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. The description forms part of our Auditor's Report.

The purpose of our audit work and to whom we owe our responsibilities

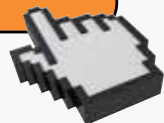
Our report is made solely to the Credit Union's members, as a body, in accordance with section 120 of the Credit Union Act 1997, as amended. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditor's report and 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.

Paul McDevitt FCCA for and on behalf of MCDEVITT & MCGLYNN

Chartered Certified Accountants and Registered Auditors
Ardmore House Main Street Ballyshannon Co. Donegal Ireland

14 December 2017

Visit us at: www.bkcreditunion.ie



Marketing & Business Development Report

Website & Social Media Channels

In July of this year we launched our new website, www.bkcreditunion.ie, offering members a full suite of online services from checking balances in real time, transferring money into other bank accounts, paying bills and all with no fees. On our website you can view Loan Products, calculate loan repayments letting you decide what you can afford to repay with our Loan Calculator and make a Loan Application online. At the end of August we further developed our online services and launched the Mobile App which provides our members with the ability to fully utilise their Credit Union. Register for online access today at www.bkcreditunion.ie/register Our website is updated regularly to keep you up to date and you can also follow us on Facebook, Twitter and Instagram

Branch News, Staff Developments and Opening Hours

In 2017 we extended the opening hours and welcomed new staff in our Branches. We now open Saturday mornings in Killybegs, Ballyshannon, Ardara and Pettigo. We changed the days in Ardara & Glenties to open on Thursday & Friday. We placed new signage placed outside branches in Ardara and Glenties. This is all instrumental in the future development of our Credit Union. We aim to see further growth in our Loan Book, Members and branches in 2018 as we continue to develop and improve service to our members.

Advertising Campaign

In 2017 we availed of sponsorship and advertised on local community radio stations; Ocean FM, i Radio and Owenea FM, to strengthen our position in the community and reinforce our mission statement, “providing our members with affordable finance”. We produced a Myth Buster Campaign on our You Tube Channel, short videos created by local videographer to showcase all the benefits of being a member of the Ballyshannon & Killybegs Credit Union.

Competitions

In June this year we celebrated our 1st Birthday as the merged Ballyshannon & Killybegs Credit Union. We gave away hampers and cash prizes to members in all our branches. Thank you all who entered. We asked national schools from within our Common Bond area to enter in the School Art Competition. We were delighted to get so many entries and hope that this will grow next year. The winners were presented with certificates and cash prizes.

You can stay up to date on all future developments across our branches via our Website, Social Media Channels and Quarterly Newsletter. To Sign Up to our Newsletter, eStatements and eAGM register for online access on www.bkcreditunion.ie/register

SOCIAL MEDIA

FOLLOW US @BKREDITUNION



+2,000
Followers

+83%
Followers



444 Twitter
Followers



+145



SOCIAL MEDIA ACTIVITIES



SOCIAL MEDIA COMPETITIONS

- Birthday Cara Pharmacy Hamper 6K
- Halloween Hamper 13.2K
- Christmas Hamper 14.6K

MESSANGER RESPONSE



Average +9,000 website visits July - Dec 2017
Average +3,000 member logins per month July - Dec 2017



A YEAR OF GROWTH

BKCU



1.9 MILLION
OPERATING
SURPLUS



17.3 MILLION
LOAN BOOKS



49 MILLION
ASSETS



25 MILLION
INVESTMENTS



MEMBERS

JUNIOR
MEMBERS

131

TOTAL
MEMBERSHIP

12,899

NEW
MEMBERS

541



TRANSCATIONS

11% + Loan Book

€13,114 Transacted

& 565 logins (1st Month of Mobile App)



COMMUNITY

€3,900 Donations & Sponsorships
within Local Community

Statement of Changes in Equity

for the year ended 30th September 2017

	Regulatory Reserve €	Operational Risk Reserve €	Distribution Reserve €	Surplus Reserve €	Total €
At 1 October 2015	2,518,000	-	-	1,393,274	3,911,274
Distribution in year	-	-	(239,829)	-	(239,829)
Surplus allocation in year	-	100,000	239,829	-	339,829
Other movement in reserve	2,565,811	-	-	612,537	3,178,348
At 30 September 2016	5,083,811	100,000	-	2,005,811	7,189,622
At 1 October 2016	5,083,811	100,000	-	2,005,811	7,189,622
Distribution in year	-	-	(506,893)	-	(506,893)
Surplus allocation in year	-	-	506,893	-	506,893
Other movement in reserve	250,000	-	-	(25,526)	224,474
At 30 September 2017	5,333,811	100,000	-	1,980,285	7,414,096

The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2017 was 10.84%.

In accordance with section 45 of the Credit Union Act 1997 (as amended) Ballyshannon Killybegs Credit Union Limited put in place an Operational Risk Reserve.

Following the commencement of Section 13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their Statutory Reserve (now known as the Regulatory Reserve) each year has been removed. Notwithstanding this the Board of Ballyshannon Killybegs Credit Union Limited has transferred €250,000 of its current year surplus to its regulatory reserve.

The board of directors and the management team has undertaken a review of the Credit Union's risk register and risk management procedures in order to determine the adequacy of the operational risk reserve. The review consisted of a consideration of each operational risk area, the various control procedures, outsourcing agreements and insurances in place to mitigate the risk and the resultant remaining residual risk. The balance on the operational risk reserve represents 0.20% of the total assets at 30th September 2017.

Statement of Cash Flows

for the year ended 30th September 2017

	2017	2016
	€	€
Opening cash and cash equivalents	4,103,882	2,230,477
Cash flows from operating activities		
Loans repaid	7,448,206	4,543,421
Loans granted	(10,336,675)	(9,907,508)
Loan interest received	1,488,178	901,536
Investment income	399,765	434,103
Other income received	42,611	43,304
Bad debts recovered	22,988	24,257
Dividends paid	(371,381)	(179,912)
Loan interest rebate	(135,512)	(59,917)
Operating expenses	(1,069,214)	(461,696)
Movement in other assets	85,434	(235,652)
Movement in other liabilities	15,261	20,457
Net cash used in operating activities	(2,410,339)	(4,877,607)
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,198)	(623,398)
Net cash flow from other investing activities	1,920,564	(12,846,038)
Net cash generated from/(used in) investing activities	1,913,366	(13,469,436)
Cash flows from financing activities		
Members' shares received	15,286,242	26,570,151
Members' shares withdrawn	(12,467,712)	(6,349,703)
Net cash generated from financing activities	2,818,530	20,220,448
Net increase in cash and cash equivalents	2,321,557	1,873,405
Cash and cash equivalents at end of financial year	6,425,439	4,103,882

Schedules to the Income & Expenditure Account

for the year ended 2017

Schedule 1 - Interest on Loans

	2017	2016
	€	€
Interest on Loans		
Interest on members' loans	1,490,610	881,372
Interest accrued on members loans	(2,432)	20,164
	1,488,178	901,536

Schedule 2 - Investment Income

	2017	2016
	€	€
Investment Income		
Investment income received	115,561	141,663
Investment income receivable within 12 months	284,204	292,440
	399,765	434,103

Schedule 3 - Other Income

	2017	2016
	€	€
Other Income		
Insurance commission	1,248	469
Entrance fees	412	-
Cash over	510	539
Other fees received	20,681	-
E.C.C.U. claims experience refund fees	19,760	42,296
	42,611	43,304

ONLINE TRANSACTIONS, PAY A BILL,
LIVE BALANCES AND MORE

Register for Online Access
and download Mobile App at
bkcreditunion.ie/Register



Schedules to the Income & Expenditure Account

for the year ended 2017

Schedule 4 - Other Management Expenses

	2017	2016
	€	€
Other Management Expenses		
Training and staff expenses	14,598	5,327
Rent and rates payable	23,476	17,730
General insurance	204,173	122,181
Security and cash transit	1,926	638
Light and heat	10,533	2,790
Cleaning and hygiene	647	240
Repairs and renewals	4,383	(2,144)
Computer and equipment maintenance	37,877	35,766
Printing and stationery	6,690	2,537
Promotion and education	6,964	3,156
Telephone and postage	16,692	3,008
AGM expenses	12,744	4,451
Chapter expenses	263	51
Merger expenses	-	(140,340)
Travelling and subsistence	5,198	435
Legal and debt recovery fees	10,372	4,117
Professional and internal audit fees	17,644	(22,214)
Audit fees	17,497	(3,228)
FSA fees	85,052	20,267
Credit agency fees	-	1,155
Investment commission	6,030	3,046
Bank interest and charges	27,782	15,705
Reversal of Impairment on Gov't Bonds	-	27,997
Miscellaneous expenses	5,893	6,582
Cash short	443	325
Subscriptions and donations	14,333	6,250
Affiliation fees	15,822	18,826
	547,032	134,655

Income & Expenditure Account

for the year ended 30th September 2017

Schedule	2017 €	2016 €
Income		
Interest on members' loans	1,488,178	901,536
Investment income	399,765	434,103
Net interest income	1,887,943	1,335,639
Other income	42,611	43,304
Total income	1,930,554	1,378,943
Expenditure		
Salaries and other wage costs	522,182	327,042
Other management expenses	547,032	134,655
Depreciation charge on fixed assets	52,835	85,225
Provision for bad debts	62,688	(421,854)
Loans written off	37,438	19,042
Bad debts recovered	(22,988)	(24,257)
Total expenditure	1,199,187	119,852
Surplus of income over expenditure	731,367	1,259,090
Other comprehensive income	-	-
Total comprehensive income	731,367	1,259,090

The financial statements were approved, and authorised for issue, by the Board on 14 December 2017 and signed on its behalf by;

Manager **John Duffy**

Member of Board Oversight Committee **Fiona Ryan**

Member of Board of Directors **Thomas McGuinness**

Date 14 December 2017

The notes on pages 12 to 22 part of the financial statements

Balance Sheet

for the year ended 30th September 2017

	Notes	2017		2016	
		€	€	€	€
Assets					
Cash and cash equivalents	10		6,425,439		4,103,882
Deposits and investments	11		25,422,366		27,342,930
Loans to members	12		17,367,144		14,516,113
Provision for bad debts	12		(1,306,244)		(1,243,556)
			47,908,705		44,719,369
Other Assets					
Property, plant and equipment	14		920,366		966,003
Prepayments and other debtors	15		47,062		122,026
Accrued income	15		317,554		328,024
Total Assets			49,193,687		46,135,422
Liabilities					
Members' shares			41,669,027		38,850,497
Trade creditors and accruals	16		110,564		95,303
			41,779,591		38,945,800
Members' Resources					
Regulatory Reserve	17	5,333,811		5,083,811	
Operational Risk Reserve	17	100,000		100,000	
		5,433,811		5,183,811	
Surplus Reserve	17	1,980,285		2,005,811	
			7,414,096		7,189,622
Total Liabilities			49,193,687		46,135,422

Approved on behalf of the Credit Union Board

Manager **John Duffy**

Member of Board Oversight Committee **Fiona Ryan**

Member of Board of Directors **Thomas McGuinness**

Date 14 December 2017

Notes to the Financial Statements

for the year ended 30th September 2017

1. LEGAL AND REGULATORY FRAMEWORK

Ballyshannon Killybegs Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the Credit Union is located at Main Street, Killybegs, Co Donegal.

2. ACCOUNTING POLICIES **Basis of preparation**

The financial statements have been prepared in accordance with applicable Irish accounting standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and Irish statute comprising of the Credit Union Act, 1997 (as amended). The financial statements have been prepared on the historical cost basis.

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

The following principle accounting policies have been applied;

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

Going concern

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

Income 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 is recognised on an accruals basis over time irrespective of when the interest is physically received by the credit union. An adjustment is made to the year end amount receivable for any irrecoverable amounts or amounts written off for whatever reason. This is the method required by Generally Accepted Accounting Practice (GAAP) and as prescribed by Section 110(f) of the Credit Union Act, 1997 as inserted by item 98 of Schedule 1 of the Credit Union and Co-Operation with Overseas Regulators Act 2012.

(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.

(iii) Other income

Other income such as commissions' receivable on insurance products arises in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is complete.

Investments

Fixed-term deposit accounts

Term deposits and fixed interest investment bonds with fixed maturity dates are valued at the lower of cost or encashment value and interest is recognised in the income statement when it is received or irrevocably receivable.

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.

Government & Bank Bonds

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.

Commodities and other bonds

Income is recognised once it is "locked in" and irrevocably receivable. The capital value of the bond is tested annually for impairment and impairment losses are taken to the income statement. Impairment gains which reverse a previous impairment loss are taken to the income statement with any gains in excess of the cost of the product ignored until the bond matures.

“

*Helping you,
helping your community*

”

Property, plant and equipment 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	20% Straight line
Computer equipment	33% Straight line

We changed the depreciation rate from reducing balance to straight line to reflect more closely the useful life of the asset.

Cash and cash equivalents

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

3. GOING CONCERN

The directors of Ballyshannon & Killybegs Credit Union believe that it is appropriate to prepare the financial statements on the going concern basis.

4. INCOME FROM INVESTMENTS

	2017	2016
	€	€
Investment income received	115,561	141,663
Investment income receivable within 12 months	284,204	292,440
	399,765	434,103

5. BAD AND DOUBTFUL DEBTS

	2017	2016
	€	€
Provision for bad and doubtful Debts	62,688	(421,854)
Loans written off	37,438	19,042
	100,126	(402,812)

6. RATES OF INTEREST CHARGED ON MEMBERS' LOANS

Secured Loans 6.75%
Non Secured Loans 10.5%
Third Level Student Loans 4%
Special Car Loan 6%

7. KEY MANAGEMENT PERSONNEL

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

	2017	2016
	€	€
Short term employee benefits	125,623	67,961
Payments to pension scheme	14,304	12,339
Total key management personnel compensation	139,927	80,300

8. EMPLOYEES AND REMUNERATION

The average monthly number of employees during the year was:

	2017	2016
	Number	Number
Administration	15	9
Wages and Salaries	479,369	295,890
Pension Costs	42,813	31,152
	522,197	327,051

The staff costs comprise:

	2017	2016
	€	€
Wages and Salaries	479,369	295,890
Pension Costs	42,813	31,152
	522,182	327,042

9. CASH AND CASH EQUIVALENTS

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

	2017	2016
	€	€
Cash and bank balances	6,425,439	2,575,123
Cash equivalents	-	1,528,759
	6,425,439	4,103,882

10. INVESTMENTS

	2017	2016
	€	€
Fixed-term deposit accounts	15,288,197	17,163,635
Government & Bank Bonds	9,853,209	9,906,031
Central Bank Minimum Reserve & Deposit Protection	280,960	273,264
	<u>25,422,366</u>	<u>27,342,930</u>

Deposits and Investments at the current and prior Balance Sheet date are all measured at amortised cost as appropriate.

The market valuation of the Government & Bank Bonds as at 30 September 2017 amounts to €10,279,735. The directors have confirmed that they are satisfied that all fixed term investments will be held to maturity.

11. MEMBER'S LOANS

	2017	2016
	€	€
Loans to members	17,367,144	14,516,113
Provision for bad and doubtful debts	(1,306,244)	(1,243,556)
	<u>16,060,900</u>	<u>13,272,557</u>
Movement in members' loans	2017	2016
	€	€
Opening balance	14,516,113	5,957,551
Cash movement in year	2,888,469	5,364,087
Non-cash movement in year	-	3,213,517
Loans written off	(37,438)	(19,042)
Closing balance	<u>17,367,144</u>	<u>14,516,113</u>
Interest on members' loans	2017	2016
	€	€
Loan interest received	1,488,178	901,536

Movement in provision for doubtful debts	2017	2016
	€	€
Opening provision	1,243,556	710,979
Movement in year	62,688	954,431
Loans written off against provision	-	(421,854)
Closing provision	1,306,244	1,243,556

12. MEMBERS' SHARES

	2017	2016
	€	€
Regular share accounts	34,770,655	32,692,405
Special share accounts	6,898,372	6,157,972
Total	41,669,027	38,850,377

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings freehold	Fixtures, fittings and equipment	Computer equipment	Total
Cost	€	€	€	€
At 1 October 2016	1,084,784	218,816	59,897	1,363,497
Additions	-	2,772	4,426	7,198
At 30 September 2017	1,084,784	221,588	64,323	1,370,695
Depreciation				
At 1 October 2016	168,059	209,669	19,766	397,494
Charge for the year	21,696	9,700	21,439	52,835
At 30 September 2017	189,755	219,369	41,205	450,329
Net book value				
At 30 September 2017	895,029	2,219	23,118	920,366
At 30 September 2016	916,725	9,147	40,131	966,003

14. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2017	2016
	€	€
Prepayments and other debtors	47,062	122,026
Accrued income	317,616	328,024
Total	364,616	450,050

15. OTHER CREDITORS AND ACCRUALS

	2017	2016
	€	€
Accruals	110,564	95,303

16. CREDIT UNION RESERVES

	Regulatory Reserve	Operational Risk Reserve	Distribution Reserve	Surplus Reserve	Total
	€	€	€	€	€
At 1 October 2016	5,083,811	100,000	-	2,005,811	7,189,622
Distribution in year	-	-	(506,893)	-	(506,893)
Surplus allocation in year	-	-	506,893	-	506,893
Other movement in reserves	250,000	-	-	(25,526)	224,474
At 30 September 2017	5,333,811	100,000	-	1,980,285	7,414,096

Regulatory Reserve

Regulatory Reserve The Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 requires Credit unions to establish and maintain a minimum regulatory reserve requirement of at least 10 per cent of the assets of the credit union. This reserve is to be perpetual in nature; freely available to absorb losses; realised financial reserves that are unrestricted and non-distributable. This reserve is similar in nature and replaces the Statutory Reserve which was a requirement of previous legislation.

“ *Tellers to serve you, we actually like serving our members* ”

17. FINANCIAL INSTRUMENTS

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

Credit Risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Ballyshannon Killybegs Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board of Directors approves Ballyshannon Killybegs Credit Union Limited's 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: Ballyshannon Killybegs Credit Union Limited's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

Market Risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. Ballyshannon Killybegs Credit Union Limited conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore Ballyshannon Killybegs Credit Union Limited 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 the Credit Unions operations. The Credit Union considers rates of interest receivable on investments and members' loans when deciding the dividend payable on shares and any loan interest rebate. Average Loan Balance for year ended 30th September 2017: €15,819,248 Average Interest Rate charged for year ended 30th September 2017: 9.41% Liquidity risk disclosures All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans. Capital The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current Regulatory Reserve is in excess of the minimum requirement set down by the Central Bank and stands at 10.84%.

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 or external events.

18. DIVIDENDS AND LOAN INTEREST REBATE

The following distributions were made during the year:

	2017	2017	2016	2016
	%	€	%	€
Dividends on shares	1.00	371,381	1.00	179,912
Loan interest rebate	10.00	135,512	10.00	59,917
		506,893		239,829

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

19. PROPOSED DIVIDENDS AND LOAN INTEREST REBATE

At the year-end the directors have allocated the amount of €249,391 to the Distribution Reserve which may be returned to the members by way of dividend and a loan interest rebate by way of resolution by a majority of the members at the annual general meeting. The proposed distribution is as follows:

	2017	2017	2016	2016
	%	€	%	€
Dividends on shares	0.25	100,361	1.00	371,382
Loan interest rebate	10.00	149,030	10.00	135,313
		249,391		506,695

20. PENSION SCHEME

The Irish League of Credit Unions Republic of Ireland Pension Scheme Ballyshannon & Killybegs Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees. The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for Ballyshannon & Killybegs Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, it accounts for the Scheme as a defined contribution plan, in accordance with FRS 102.

The Pension's Act requires the trustees of the Scheme to assess whether it could meet a certain prescribed standard, known as the Minimum Funding Standard. This assesses whether, if the scheme was wound up on a specified theoretical valuation date, it could satisfy the Funding Standard at that date. Following the Scheme's actuary certifying a Minimum Funding Standard deficit in the Scheme in 2009, Ballyshannon & Killybegs

Credit Union Limited, the ILCU Group and the other credit unions participating in the Scheme entered into a funding agreement with the Scheme that was designed to ensure that, the Scheme could be reasonably expected to satisfy the Minimum Funding Standard by a specified future date (1 March 2019). This funding plan runs up until 2019 and was approved by the Pensions Authority.

In accordance with the requirements of FRS102, the Credit Union has recognised a liability for its outstanding contributions payable under this funding agreement to the extent that they relate to the deficit. Details of this transition adjustment under FRS102 are included in note 7. As part of the above solvency assessment process, the Scheme actuary must carry out a separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent Actuarial Funding Certificate was effective as at 1 March 2015 and it certified that the Scheme satisfied the funding standard. Further, the Actuary was reasonably satisfied that as at 28 February 2015 the scheme can be expected to satisfy the funding standard as specified in Section 44 of the Pensions Act, 1990, at 1 March 2019, being the date specified by the Pensions Authority under Section 49(2) (a) of the Act for the purpose of the existing funding proposal.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 1 March 2014, using the Projected Unit valuation method. The principal actuarial assumption used in the valuation was the investment return would be 1.5% higher than the annual salary increases. The market value of the scheme's assets at 1 March 2014 was €157m. The actuarial valuation disclosed a past service deficit of €27.7m at 1 March 2014 calculated under the Ongoing Actuarial Valuation method. This valuation method assumes that the Scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. This actuarial review recommended that the rate agreed under the funding proposal, 27.7% of pensionable salary, continues to be paid. The cost of risk benefits is paid in addition to this rate giving a total contribution rate of 30% of Pensionable Salary.

21. RELATED PARTY TRANSACTIONS

Directors, supervisors and staff (i.e. officers) of the Credit Union during the financial year ended 30 September 2017 operated share and loan accounts with the Credit Union. All loans advanced to directors, supervisors and staff is 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 2017:

	No. of loans	2017
	€	€
Loans advanced to Related Parties during the year	20	51,800
Total loans outstanding to Related Parties at the year-end	27	175,391
Total provisions for loans outstanding to Related Parties		6,116
Total provision charge during the year for loans outstanding to Related Parties		6,116

22. INSURANCE AGAINST FRAUD

The Credit Union has Insurance against fraud in the amount of €1.3m in compliance with Section 47 of the Credit Union Act 1997.

23. CAPITAL COMMITMENTS

The Credit Union had no material capital commitments at the year-ended 30 September 2017.

24. POST-BALANCE SHEET EVENTS

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

25. CONTINGENT LIABILITIES

Bank of Ireland hold a contingent liability of €100,000 in respect of Business Online and €100,000 in respect of Electronic Fund Transfer.

26. CREDIT RISK DISCLOSURES

Ballyshannon & Killybegs Credit Union offer Home Loans, however the majority of 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.

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

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

	2017	2016
	€	€
Loans Not Impaired	15,038,954	12,106,329
Up to 9 Weeks Past Due	1,389,726	1,604,422
Between 10 and 18 Weeks Past Due	133,884	116,708
Between 19 and 26 Weeks Past Due	67,800	60,242
Between 27 and 39 Weeks Past Due	119,701	59,007
Between 40 and 52 Weeks Past Due	73,854	43,863
53 or More Weeks Past Due	543,225	525,542
	17,367,144	14,516,113

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 December 2017

Schedule 1 - Interest on Loans

	2017	2016
	€	€
Interest on Loans		
Interest on members' loans	1,490,610	881,372
Interest accrued on members loans	(2,432)	20,164
	1,488,178	901,536

Schedule 2 - Investment Income

	2017	2016
	€	€
Investment Income		
Investment income received	115,561	141,663
Investment income receivable within 12 months	284,204	292,440
	399,765	434,103

Schedule 3 - Other Income

	2017	2016
	€	€
Other Income		
Insurance commission	1,248	469
Entrance fees	412	-
Cash over	510	539
Other fees received	20,681	-
E.C.C.U. claims experience refund fees	19,760	42,296
	42,611	43,304

Central Credit Register

Dear Member

We are writing to you about the Central Credit Register, which is being set up by the Central Bank of Ireland under the Credit Reporting Act 2013.

The Central Credit Register is a national database that will, on request, provide:

- a borrower with an individual credit report detailing their credit agreements;
- a lender with comprehensive information to help with credit assessments; and
- the Central Bank with better insights into national trends in the provision of credit.

The Credit Reporting Act 2013 requires us to process your personal and credit information for the Central Credit Register. From 30 June 2017, we will submit personal information to the Central Credit Register that we may already have about you, like:

- your name;
- address;
- date of birth; and
- personal public service number (PPSN) – a very important piece of information for matching.

The Central Credit Register needs this information to make sure it accurately matches your loans, including loans that you may have with other lenders. Producing a full and accurate credit report is one of the main aims of the Central Credit Register. We will also submit credit information each month about your loans, if the loan is for €500 or more. Your loan information will be stored securely on the Central Credit Register where it will be used to create your credit report. The Central Credit Register will not calculate a score or grade for your credit report. Information will be kept on the Central Credit Register for five years after your loan is paid off.

In early 2018, credit reports will become available from the Central Credit Register. Once available, you may request your report at any time and are entitled to one free report each calendar year.

Lenders may only access your credit report:

- when considering an application for a new loan;
- if you ask to change the terms of a loan; or
- if they are reviewing a loan in arrears.

Employers, landlords, or any other person or entity cannot access your credit report without your written consent. You do not need to take any action in response to this letter. We are writing only to inform you that we will shortly begin to send information on your loans to the Central Credit Register.

We invite you to read the attached factsheet. If you have any other question about any of your loans with us, you can contact us at 074 955 4455.

Yours sincerely,
Board of Directors

Central Credit Register Factsheet

Why am I getting this letter?

You are receiving this letter to:

- tell you about your rights under the Credit Reporting Act 2013; and
- let you know that that your personal and credit information, as outlined in the attached letter, will be sent to the Central Credit Register from 30 June 2017.

We do this in line with our duties under data protection law.

What types of loans are included on the Central Credit Register?

Loans included on the Central Credit Register are:

- Credit cards
- Mortgages
- Overdrafts
- Personal loans

Hire Purchase and Personal Contract Plans (PCPs) are not included at this time, but it is intended that they will be included in the future.

When will lenders start sending loan information to the Central Credit Register?

The project is in two phases.

Phase 1 begins on 30 June 2017. From then, organisations like banks, credit unions and any other lenders who provide consumer loans, will start giving details of these loans to the Central Credit Register.

Phase 2 is due to begin in March 2018. From then licensed moneylenders and local authorities will start giving loan details to the Central Credit Register.

During phase 2, details of business loans will also start being reported to the Central Credit Register.

What information will be held on the Central Credit Register?

The Central Credit Register will hold information about loans existing on 30 June 2017 and any new loans after that. From then, lenders will also send the Central Credit

Register monthly updates on the status of loans. This information will include the personal information referred to in the attached letter. The type of credit information that the Central Credit Register will store includes the:

- amount of all loans;
- type of each loan – such as credit card, mortgage, overdraft or personal loan;
- name of each lender;
- outstanding balance;
- number of overdue payments if any; and
- date of next payment.

More details of the full information held on the Central Credit Register can be found on www.centralcreditregister.ie

What about foreign loans?

In the future, you may also have a duty to provide information to your lender about any foreign credit of €5,000 or more. For this to happen, the Central Bank must publish a Regulation.

What are my rights?

When credit reports become available, you will have a right to:

1. request your credit report at any time and the first credit report each calendar year is free;
2. insert a 200-word explanatory statement on your credit report;
3. apply to have your information amended if you believe it is:
 - inaccurate;
 - incomplete; or
 - out of date.

4. make a report to the Central Credit Register if you reasonably believe that someone has, is, or is about to impersonate you.

The Central Bank will publish on www.centralcreditregister.ie the exact date when credit reports will become available.

Where can I get more information about the Central Credit Register?

Website: www.centralcreditregister.ie

Email: consumerinfo@centralcreditregister.ie

LoCall: 1890 100 050

Landline: 01 224 5500



Ballyshannon & Killybegs CREDIT UNION LIMITED

OFFICE OPENING TIMES

BALLYSHANNON:

Monday	10am-1pm, 2pm -5pm
Tuesday	10am-1pm, 2pm-5pm
Wednesday	10am - 1pm
Thursday	10am - 5pm
Friday	10am - 6pm
Saturday	10am - 1pm

KILLYBEGS:

Monday	9.30am-1pm, 2pm -5pm
Tuesday	9.30am-1pm, 2pm -5pm
Wednesday	9.30am - 1pm
Thursday	9.30am - 5pm
Friday	9.30am - 6pm
Saturday	9.30am - 1pm

GLENTIES:

Thursday	9.30am - 1pm, 2pm - 5pm
Friday	9.30am - 1pm, 2pm - 6pm

PETTIGO:

Wednesday	10am - 12.30pm
Thursday	10am - 12.30pm
Friday	10am - 12.30pm
Saturday	10am - 12.30pm

ARDARA:

Thursday	9.30am - 1pm, 2pm - 5pm
Friday	9.30am - 1pm, 2pm - 5pm
Saturday	9.30am - 1pm

CU - SMARTER CHOICE

CREDIT UNIONS ARE SMARTER CHOICE

- Secure savings
 - Competitive loans
 - Personal Insurance
 - Home Insurance
 - Motor Insurance
 - Travel Insurance
-
- Standing order payment facility
 - Electronic Payments Outwards - EFT/
SEPA Transfers
 - Electronic Payments Inwards - Wages,
Pensions,
Farm Payments, Social Welfare, SUSI
Grant Payments

CU ONLINE

Members can avail of a full suite of services, Online Transactions, Pay a Bill, Live Balances, make external and internal account transfers.

Register for your PIN today, go to www.bkcreditunion.ie/Register

Main Street, Killybegs, Co. Donegal
T: 074 955 4455 • E: info@bkcreditunion.ie • W: www.bkcreditunion.ie



*Helping you,
helping your community*

Ballyshannon & Killybegs Credit Union Ltd. is regulated by the Central Bank of Ireland.