



ANNUAL REPORT 2017 & AGM NOTIFICATION

24th of January 2018



Let's Progress Together

Progressive Credit Union Ltd. is regulated by the Central Bank of Ireland

Progressive Credit Union Limited

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Notice of Meeting

Dear Member

Notice is hereby given that the Annual General Meeting of Progressive Credit Union will take place on 24th January 2018 at 8.00pm in The Bracken Court Hotel, Balbriggan, Co Dublin.

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

We will have cash raffles for members present at the meeting and our AGM Car Draw.

JILL KIERNAN
Secretary

Order of Business

- Ascertainment that a quorum is present
- Adoption of Standing Orders
- Reading and Approval (or correction) of Minutes of 2016 Annual General Meeting
- Report of the Board of Directors
- Presentation of Financial Statements
- Report of the Auditor
- Declaration of Dividend
- Motions
- Appointment of Tellers
- Report of the Nominations Committee
- Balloting
- Report of the Board Oversight Committee
- Report of the Risk Committee
- Report of the Audit Committee
- Prize Draw and Car Draw
- Announcement of Election Results
- Any other business
- Adjournment of meeting

Progressive Credit Union Limited

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Visit www.progressivecu.ie to subscribe through the online banking service.

An advertisement for the Progressive CU mobile banking app. It features a young man on the left and a young woman on the right, both smiling and pointing towards the center. The center contains a graphic of a smartphone displaying the app's interface. Below the phone, the text reads: "Progressive CU mobile banking app", "Download now on:", "GET IT ON Google play", "Available on the App Store", and "or visit: www.progressivecu.ie". At the bottom, it says "Controlling your funds & payments has never been easier" and "Progressive Credit Union Ltd. is regulated by the Central Bank of Ireland".

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Controlling your funds & payments has never been easier

Progressive Credit Union Ltd. is regulated by the Central Bank of Ireland

Year in Review

It gives us great pleasure to present to you our Annual Report and Financial Statements for the year ended 30 September 2017.

Our surplus for the year was €2.3 million and total assets now stand at €163.9 million. Our total reserves stand at €21.7 million which is well in excess of the minimum regulatory requirement. Your credit union remains a safe place to save, is financially strong and well positioned to meet any challenges that lie ahead.

We are proposing to pay a 0.1% dividend on member's savings following the AGM. This is an excellent return for 'demand' or 'on-call' savings, especially in the current economic environment and the very low interest rates that Banks and other financial intuitions are offering.

At our last AGM, you voted to extend our common bond to the parishes of Rush and Lusk. This enabled us to provide a financial service to the locality of Rush and Lusk with the opening of PCU's seventh branch on Sandy Road, Rush in February 2017. This branch is now fully integrated into the PCU's network and we warmly welcome all of our new members from Rush and Lusk.

We received permission from the Central Bank to provide Member Personal Current Account Services to our members and at our last AGM you voted in favour of the resolution required to offer this service. We have been working during the year with PAYAC Services CLG to enable us to launch this service to members in 2018. Throughout 2017 they have done extensive work with the Central Bank, I.T. providers, debit card providers and other Credit Unions. All of this is bringing us closer to introducing our long-awaited personal current account and Debit Card. We appreciate your patience to date but we are confident that we will bring you a cutting edge Credit Union payment system.

Last year we transferred €150,000 to a Community and Social Responsibility Reserve to fund sponsorship applications for social, cultural, educational and charitable purposes from members of the credit union. As nearly all of these funds were utilised within the community during the year and as we now have a larger common bond we propose to transfer a further €200,000 this year.

Our Loan Book is €45.4 million at 30 September 2017, an increase of 39% on the previous year.

Progressive Credit Union is actively lending and very much open for business. We will continue to develop our range of Loan Products and are keen to lend, offering approval in principle on loans up to €100,000 in 24 hours. We promise to keep the paperwork to a minimum and provide a fast decision on all loan application. We offer a range of loan types to suite all of our members borrowing needs.

Over the financial year 93% of all loan applications were approved to the value of €28.8 million, with an average loan value of €3,765. It is also very encouraging to see that the vast majority of our members are also honouring their loan repayment commitments and repaying their loans as agreed. Arrears on loans are low and well under control.

Our investment portfolio currently stands at €115.8 million, our largest asset.

2017 was a challenging year for credit union investments in general. For the first time in history credit union deposits have been exposed to negative rates of return which essentially means that certain banks are charging us to hold deposits with them. We have been working hard with our investment advisors to minimise the impact of this development on our balance sheet and we are satisfied that the situation is being managed as best as possible within the parameters of regulatory requirements.

Despite this the investment portfolio generated income of €2.8 million in the financial year ending 30 September 2017 which is a result of active portfolio management by the investment committee and Board. This represents a solid return against a backdrop of a persistently adverse investment environment.

Progressive Credit Union Limited

Year in Review

Over the financial year 4,582 members have joined Progressive Credit Union. This is a 180% growth on our previous financial year. Total membership is now at 46,623 and total member savings are €142.5 million.

The Credit Union's marketing function and activities have grown considerably over the past 12 months in line with the growth of our common bond. Our members are at the heart of what drives marketing objectives. The key objectives this year has been to continue to develop services in response to our members changing needs with a particular focus on making it easier for our members to do business with the credit union by offering more online, email and mobile services to our already established in-branch services.

- Enhancing our services by introducing new products like our new Switcher Loan and Smart Saver Accounts.
- Continuing to drive community engagement through social media, online forums, community events, and sponsorship.
- Improving communication through or print and e-magazines, covering topical subjects to answer your questions.

Key highlights

- Providing finance options for membership with four golf clubs on our common bond
- Collaborating with some local garages to offer a finance alternative
- Increasing our interaction with the wider school network across our common bond and reactivating a new school CU in one of these secondary schools and also providing information to students through talks.
- Playing more of a role within our sponsorships to local groups offering our experience on certain projects to encourage the personal growth of local youth
- Developing our online advertising on Social media to benefit from the substantial growth of online followers.
- Improving our advertising and messaging to provide concise and clear messaging

Over the year we have explored new channels of communication with members and the locality alike using video, social media and other forms of digital communications. In our efforts to reduce paper usage in the long term, these efforts have resulted in a 68% increase in Facebook followers since November 2016 and over 2,000 members signing up for online banking services

Through our market research and membership surveys we will continue to monitor the uptake of services, member feedback and requirements to continue to offer, the perfect balance of personal attention and modern convenience.

We would like to thank every member of the PCU Team, the Board of Directors, Staff and Management and the members of the Board Oversight Committee and all of our Committee Volunteers who have given generously of their time, energy and experience so willingly. Finally we wish to thank you our loyal members for your support and trust throughout the year.

FINIAN KILTY
CHAIRMAN

SEAN STAUNTON
CEO



Progressive Credit Union

Balbriggan – Baldoyle – Donabate – Glasnevin – Rush – Skerries – Swords – River Valley

Join the Team and know by choosing PCU you're an active member of your community

Over 2017 PCU's Community Reserve Fund Gave back over €150,000 to the local community



Tel: 01 8411 348

Email: info@progressivecu.ie Web: www.progressivecu.ie



Progressive Credit Union

Balbriggan – Baldoyle – Donabate – Glasnevin – Rush – Skerries – Swords Rivervalley



Offering you the perfect balance of services, through modern technology and a personal member service



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Motions for AGM

Motion 1

That this annual general meeting agrees to amend Rule 12 of The Standard Rules of Credit Unions (ROI) to read as follows:

Each application for membership must be in writing or other electronic means and must be approved in the manner set forth in rule 13.

Motion 2

That this annual general meeting agrees to amend Rule 13(1) of The Standard Rules of Credit Unions (ROI) to read as follows:

His or her application for membership shall have been approved by the affirmative vote of a majority of the board of directors or pre-approved by a duly appointed and authorised membership officer and subsequently approved by a membership committee present at a meeting at which the application is considered;

Motion 3

That this annual general meeting agrees to amend Rule 19 of The Standard Rules of Credit Unions (ROI) to read as follows:

The credit union may deal with shares and deposit accounts as hereinafter provided when there has been no member initiated transaction on the account for a period of three years and when no reply has been received within thirty days from the member to a notice sent, by ordinary post, to him at his last known address, of intent by the credit union to close the account(s). Such share and deposit accounts shall then be transferred to the reserve account. Dividends and interest shall continue to be payable on such accounts.

A notice shall be sent as outlined above if the amount held in the account is more than €100. This shall not apply if there is a standing instruction on the account not to issue any correspondence, or if the credit union had previously been unable to contact the account holder.

Motion 4

That this annual general meeting agrees to amend Rule 81(2) of The Standard Rules of Credit Unions (ROI) to read as follows:

Complete records of all activities of the committee shall be prepared and maintained.

Motion 5

That this annual general meeting agrees to amend Rule 82 (b) of The Standard Rules of Credit Unions (ROI) to read as follows:

submit a written report to the board of directors at least once in every month.

Director's Report

For the financial year ended 30 September 2017

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

Principal activities

The principal activities of the credit union involve the acceptance of members' shares and lending to members in accordance with legislation and the credit union policies.

Authorisation

The credit union is authorised as follows:

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

Business review

The directors are satisfied with the results for the year and the year-end financial position of the credit union. The directors expect to develop and expand the credit union's current activities and they are confident of its ability to continue to operate successfully in the future.

Dividends

The surplus for the financial year is set out in the income and expenditure account on page 14. The directors are proposing a dividend in respect of the year ended 30 September 2017 of €129,972 (0.10%) (2016: €94,537 (0.10%)).

Principal risks and uncertainties

The principal risks and uncertainties faced by the credit union are:

Credit risk

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss.

Lack of loan demand

Lending is the principal activity of the credit union and the credit union is reliant on lending for generating income to cover costs and generate a surplus.

Market risk

Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates.

Liquidity risk

Liquidity risk is the risk that the credit union will not have sufficient cash resources to meet day to day running costs and repay members' savings when demanded.

Directors' report (continued)

For the financial year ended 30 September 2017

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems of the credit union, any failure by persons connected with the credit union or from external events.

These risks are managed by the board of directors as follows:

Credit risk

In order to manage this risk, the board of directors regularly reviews and approves the credit union's lending policy. 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.

Lack of Loan Demand

The credit union provide lending products to its members and promote these products through various marketing initiatives.

Market Risk

The board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

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.

Operational Risk

The operational risk of the credit union is managed through the employment of suitably qualified staff to ensure appropriate processes, procedures and systems are implemented and are further supported with a robust reporting structure.

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 Harper House, 43-45 Dublin Street, Balbriggan, Co. Dublin.

Events after the end of the financial year

There have been no significant events affecting the credit union since the year end.

Auditors

In accordance with Section 115 of the Credit Union Act, 1997 (as amended), the auditors Grant Thornton offer themselves for re-election.

This report was approved by the board on 13 November 2017 and signed on its behalf by:

FINIAN KILTY

Chairperson of the board of directors

13 November 2017

CIARAN MCLOUGHLIN

Member of the board of directors

Directors' responsibilities statement

For the financial year ended 30 September 2017

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. The directors are also responsible for preparing the other information included in the annual report. The Credit Union Act, 1997 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the credit union and of the income and expenditure of the credit union for that period.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reason for any material departure from those standards; and
- 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 ensuring that the credit union keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the credit union, enable at any time the assets, liabilities, financial position and income and expenditure of the credit union to be determined with reasonable accuracy, enable them to ensure that the financial statements comply with the Credit Union Act 1997 (as amended) and enable the financial statements to be audited. 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.

This statement was approved by the board on 13 November 2017 and signed on its behalf by:

FINIAN KILTY

Chairperson of the board of directors

13 November 2017

CIARAN MCLOUGHLIN

Member of the board of directors

Board oversight committee's responsibilities statement

For the financial year ended 30 September 2017

The Credit Union Act, 1997 (as amended) requires the appointment of a board oversight committee to assess whether the board of directors has operated in accordance with part iv, part iv (a) and any regulations made for the purposes of part iv or part iv (a) of the Credit Union Act, 1997 (as amended) and any other matter prescribed by the Central Bank of Ireland in respect of which they are to have regard to in relation to the board of directors.

This statement was approved by the board oversight committee on 13 November 2017 and signed on its behalf by:

MIRIAM KINANE

Chairperson of the Board Oversight Committee

13 November 2017

Independent auditors' report to the members of Progressive Credit Union Limited

Opinion

We have audited the financial statements of Progressive Credit Union Limited, which comprise the income and expenditure account, the statement of comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2017, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law including the Credit Union Act, 1997 (as amended) and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Practice in Ireland).

In our opinion, Progressive Credit Union Limited's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the credit union's affairs as at 30 September 2017 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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 the ISAs (Ireland) require us to report to you where:

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

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. 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.

Independent auditors' report to the members of Progressive Credit Union Limited

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 on the other information, 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.

Matters on which we are required to report 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, to the best of our knowledge and belief, 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 of the credit union;
- the financial statements contain all primary statements, notes and significant accounting policies required to be included in accordance with section 111(1)(c) of the Act.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the auditor for the audit of the financial statements

The auditors' 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 auditors' report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditors' report to the members of Progressive Credit Union Limited

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgement and maintain professional scepticism throughout the audit. The auditor will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the credit union's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the credit union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

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

This report is made solely to the credit union's members, as a body, in accordance with section 120 of the Credit Union Act, 1997 (as amended). Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Denise O'Connell FCA
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Audit Firm
Mill House, Henry Street, Limerick

Date: 13 November 2017

Income and expenditure account

For the financial year ended 30 September 2017

	Schedule	2017 €	2016 €
Income			
Interest on members' loans		3,510,543	2,250,175
Members' deposit and other interest expense and similar charges		(2,976)	(22,430)
Other interest and similar income	1	2,808,843	1,755,345
Net interest income		6,316,410	3,983,090
Other income	2	831,280	118,359
Total income		7,147,690	4,101,449
Expenditure			
Employment costs		2,004,703	1,509,298
Other management expenses	3	2,582,375	1,771,565
Depreciation		316,540	209,496
Net impairment losses/(gains) on loans to members (note 5)		(73,369)	(1,130,977)
Total expenditure		4,830,249	2,359,382
Surplus for the financial year		2,317,441	1,742,067

The financial statements were approved and authorised for issue by the board on 13 November 2017 and signed on behalf of the credit union by:

FINIAN KILTY
Member of the board of directors

MIRIAM KINANE
Member of the board oversight committee

SEAN STAUNTON
CEO

13 November 2017

Statement of comprehensive income

For the financial year ended 30 September 2017

	2017 €	2016 €
Excess of income over expenditure for the year	2,317,441	1,742,067
Other comprehensive income	-	-
Total comprehensive income for the year	2,317,441	1,742,067

FINIAN KILTY
Member of the board of directors

MIRIAM KINANE
Member of the board oversight committee

SEAN STAUNTON
CEO

13 November 2017

The notes on pages 18 to 32 form part of these financial statements.

Balance sheet

As at 30 September 2017

	Notes	2017 €	2016 €
Assets			
Cash and balances at bank	6	1,079,647	1,489,016
Deposits and investments – cash equivalents	7	25,247,050	23,692,194
Deposits and investments – other	7	90,600,639	82,349,422
Loans to members	8	45,443,556	32,752,960
Provision for bad debts	9	(3,708,697)	(2,467,445)
Tangible fixed assets	10	4,984,213	4,345,250
Debtors, prepayment and accrued income	11	219,710	147,690
Total assets		163,866,118	142,309,087
Liabilities			
Members' shares	12	138,075,862	118,029,415
Members' deposits	12	3,439,615	4,187,061
Other liabilities, creditors, accruals and charges	13	639,292	451,808
Other provisions	14	39,344	21,749
Total liabilities		142,194,113	122,690,033
Reserves			
Regulatory reserve	16	18,028,922	16,008,922
Operational risk reserve	16	1,095,893	1,022,374
Other reserves			
- Realised reserves	16	2,360,685	2,429,067
- Unrealised reserves	16	186,505	158,691
Total reserves		21,672,005	19,619,054
Total liabilities and reserves		163,866,118	142,309,087

The financial statements were approved and authorised for issue by the board on 13 November 2017 and signed on behalf of the credit union by:

FINIAN KILTY
Member of the board of
directors

MIRIAM KINANE
Member of the board oversight
committee

SEAN STAUNTON
CEO

13 November 2017

The notes on pages 18 to 32 form part of these financial statements.

Statement of changes in reserves

For the financial year ended 30 September 2017

	Regulatory reserve €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Total €
As at 1 October 2015	10,785,877	-	3,269,129	85,680	14,140,686
Surplus for the financial year	-	-	1,694,026	48,041	1,742,067
Dividend paid	-	-	(183,158)	-	(183,158)
Payments from reserves	-	-	(94,465)	-	(94,465)
Transfer of engagements	4,223,045	-	(234,091)	24,970	4,013,924
Transfer between reserves	1,000,000	1,022,374	(2,022,374)	-	-
As at 1 October 2016	16,008,922	1,022,374	2,429,067	158,691	19,619,054
Surplus for the financial year	1,520,000	-	643,785	153,656	2,317,441
Dividend paid	-	-	(112,631)	-	(112,631)
Payments from reserves	-	-	(151,859)	-	(151,859)
Transfer between reserves	500,000	73,519	(447,677)	(125,842)	-
As at 30 September 2017	18,028,922	1,095,893	2,360,685	186,505	21,672,005

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2017 was 11.00% (2016: 11.25%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2017 was 0.67% (2016: 0.72%).

The notes on pages 18 to 32 form part of these financial statements.

Statement of cash flows

For the financial year ended 30 September 2017

	Notes	2017 €	2016 €
Opening cash and cash equivalents		25,181,210	15,567,638
Cash flows from operating activities			
Loans repaid	8	22,510,571	14,858,331
Loans granted	8	(28,976,520)	(17,858,351)
Interest on members' loans		3,510,543	2,250,175
Members' deposits and other interest expense and similar charges		(2,976)	(22,430)
Other interest income and similar income		2,808,843	1,755,345
Bad debts recovered		666,371	528,555
Dividend paid		(112,631)	(183,158)
Operating expenses		(4,587,078)	(3,280,863)
Other receipts		831,280	118,359
Other disbursements		(151,859)	(94,465)
Movement in other assets and liabilities		133,059	(360,167)
Net cash flows from operating activities		(3,370,397)	(2,288,669)
Cash flows from investing activities			
Cash and investments introduced from transfer of engagements		-	30,107,785
Purchase of loan book		(5,576,397)	-
Fixed assets (purchases)/disposals		(955,503)	(345,724)
Net cash flow from other investing activities		(8,251,217)	(24,906,409)
Net cash flows from investing activities		(14,783,117)	4,855,652
Cash flows from financing activities			
Members' savings received		84,865,223	53,244,574
Members' savings withdrawn		(65,566,222)	(46,197,985)
Net cash flow from financing activities		19,299,001	7,046,589
Net increase in cash and cash equivalents		1,145,487	9,613,572
Closing cash and cash equivalents	6	26,326,697	25,181,210

The notes on pages 18 to 32 form part of these financial statements.

Notes to the financial statements

For the financial year ended 30 September 2017

1. Legal and regulatory framework

Progressive 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 Harper House, 43-45 Dublin Street, Balbriggan, Co. Dublin.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Statement of compliance

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

2.3 Going concern

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

2.4 Income

Interest on members' loans

Interest on members' loans is recognised on an accruals basis using the effective interest method.

Deposit and investment income

Investment income is recognised on an accruals basis using the effective interest method.

Other income

Other income is recognised on an accruals basis.

2.5 Investments

The specific investment products held by the credit union are accounted for as follows:

Held at amortised cost

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

Notes to the financial statements (continued)

For the financial year ended 30 September 2017

2. Accounting policies (continued)

Central Bank Deposits

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

Investments at Fair Value

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

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

2.6 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Premises	2.46% straight line per annum
Furniture, fittings and equipment	20% straight line per annum
Computer equipment	33.33% straight line per annum

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

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

Notes to the financial statements (continued)

For the financial year ended 30 September 2017

2. Accounting policies (continued)

2.7 Impairment of tangible fixed assets

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

2.8 Taxation

The credit union is not subject to income tax or corporation tax on its activities.

2.9 Cash and cash equivalents

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

2.10 Financial assets – loans to members

Loans 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.

2.11 Bad debts provision

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

Any bad debts/impairment losses are recognised in the income and expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the income and expenditure account.

2.12 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2017

2. Accounting policies (continued)

2.13 Financial liabilities – members' shares and member's deposits

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

2.14 Members deposits

Interest on members' deposits is recognised on an accruals basis using the effective interest method.

2.15 Holiday pay

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

2.16 Pension costs

The Credit Union operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the credit union pays fixed contributions into a separate entity. Once the contributions have been paid the credit union has no further payment obligations.

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

2.17 Other payables

Short term other liabilities, creditors, accruals and charges are measured at the transaction price.

2.18 Derecognition of financial liabilities

Financial liabilities are derecognised when the obligations of the credit union specified in the contract are discharged, cancelled or expired.

2.19 Distribution policy

Dividends are made from the current year's surplus or reserves set aside for that purpose. The board's proposed dividend to members each year is based on the distribution policy of the credit union.

The rate of dividend recommended by the board will reflect:

- the risk profile of the credit union, particularly in its loan and investments portfolios;
- the board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend 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. The credit union accounts for dividends when members ratify such payments at the Annual General Meeting.

2.20 Regulatory Reserve

The Credit Union Act, 1997 (Regulatory Requirements) Regulations 2017 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2017

2. Accounting policies (continued)

2.21 Operational Risk Reserve

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

The definition of operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. The Directors have considered the requirements of the Act and have considered an approach to the calculation of the operational risk reserve. Progressive Credit Union Limited uses the Basic Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the operational risk reserve. Therefore Progressive Credit Union Limited will hold an operational risk reserve which will at a minimum equal 15% of the average positive gross income for the previous three years. For any year in which there was a deficit, this will be excluded from the calculation. An additional amount has been included in the operational risk reserve for the Member Personal Current Account Service ("MPCAS") in line with the guidance issued by the Central Bank of Ireland.

2.22 Other Reserves

Other reserves are the accumulated surpluses to date and reserves arising on the transfer of engagements that have not been declared as dividends returnable to members. The other reserves are subdivided into realised and unrealised. The credit union has a community and social responsibility reserve to be used by the credit union for social, cultural and charitable purposes in accordance with section 44 of the Credit Union Act, 1997 (as amended) and this is included in realised reserves. In accordance with the Central Bank Guidance Note for Credit Unions on Matters Relating to Accounting for Investments and Distribution Policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as "unrealised" and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. Interest on loans receivable at the balance sheet date is also classified as "unrealised" and is not distributable. All other income is classified as "realised".

Notes to the financial statements (continued)

For the financial year ended 30 September 2017

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

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

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

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the financial year end was €4,984,213 (2016: €4,345,250).

Bad debts provision

Progressive Credit Union Limited's accounting policy for impairment of loans is set out in the accounting policy in note 2.11. 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. The provision for bad debts in the financial statements was €3,708,697 (2016: €2,467,445) representing 8.16% (2016: 7.53%) of the total gross loan book.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have considered an approach to the calculation of the operational risk reserve. Progressive Credit Union Limited uses the basic indicator approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the minimum operational risk reserve. For any year in which there was a deficit, this will be excluded from the calculation. An additional amount has been included in the operational risk reserve for the Member Personal Current Account Service ("MPCAS") in line with the guidance issued by the Central Bank of Ireland. The operational risk reserve of the credit union at 30 September 2017 was €1,095,893 (2016: €1,022,374).

Adoption of going concern basis for financial statements preparation

The directors have prepared projections and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the credit union's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the credit union was unable to continue as a going concern.

Notes to the financial statements (continued)

For the financial year ended 30 September 2017

4. Key management personnel compensation

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

	2017	2016
	€	€
Short term employee benefits paid to key management	571,537	454,243
Payments to pension schemes	56,202	40,982
Total key management personnel compensation	627,739	495,225

5. Net impairment losses/(gains) on loans to members

	2017	2016
	€	€
Bad debts recovered	(510,144)	(414,406)
Impairment of loan interest reclassified as bad debt recoveries	(156,227)	(114,149)
Movement in loan provisions for the year	110,179	(991,350)
Loans written off	482,823	388,928
Net impairment losses/(gains) on loans to members	(73,369)	(1,130,977)

6. Cash and cash equivalents

	2017	2016
	€	€
Cash and balances at bank	1,079,647	1,489,016
Deposits & investments (note 7)	115,847,689	106,041,616
Less: Deposit & investment amounts maturing after three months	(90,600,639)	(82,349,422)
Total cash and cash equivalents	26,326,697	25,181,210

7. Deposits and investments

	2017	2016
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	25,147,050	23,592,194
Other	100,000	100,000
Total deposits and investments – cash equivalents	25,247,050	23,692,194
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	51,312,921	44,818,438
Irish and EEA state securities	12,615,404	14,757,911
Bank bonds	25,411,837	21,545,836
Central Bank deposits	1,260,477	1,227,237
Total deposits and investments – other	90,600,639	82,349,422
Total deposits and investments	115,847,689	106,041,616

Notes to the financial statements (continued)

For the financial year ended 30 September 2017

8. Financial assets – loans to members

	2017 €	2016 €
As at 1 October	32,752,960	21,438,641
Loans arising on transfer of engagement	-	8,703,227
Loans arising on purchase of loan book	6,707,470	-
Loans granted during the year	28,976,520	17,858,351
Loans repaid during the year	(22,510,571)	(14,858,331)
Gross loans and advances	45,926,379	33,141,888
Bad debts		
Loans written off during the year	(482,823)	(388,928)
As at 30 September	45,443,556	32,752,960

9. Provision for bad debts

	2017 €	2016 €
As at 1 October	2,467,445	2,097,014
Provision arising on transfer of engagements	-	1,361,780
Provision arising on loans purchased	1,131,073	-
Net movement in bad debts provision during the year	110,179	(991,349)
As at 30 September	3,708,697	2,467,445

The provision for bad debts is analysed as follows:

	2017 €	2016 €
Individually significant loans	200,696	112,874
Grouped assessed loans	3,508,001	2,354,571
Provision for bad debts	3,708,697	2,467,445

Notes to the financial statements (continued)

For the financial year ended 30 September 2017

10. Tangible fixed assets

	Premises €	Construction in progress €	Furniture, fittings and equipment €	Computer equipment €	Total €
COST					
1 October 2016	6,419,189	147,954	331,115	420,670	7,318,928
Reclassification	147,954	(147,954)	-	-	-
Additions	1,269,815	-	289,774	113,237	1,672,826
Disposals	(770,000)	-	(88,726)	(262,846)	(1,121,572)
At 30 September 2017	7,066,958	-	532,163	271,061	7,870,182
DEPRECIATION					
1 October 2016	2,572,110	-	138,303	263,265	2,973,678
Charge for year	121,625	-	98,235	96,680	316,540
Disposals	(52,677)	-	(88,726)	(262,846)	(404,249)
At 30 September 2017	2,641,058	-	147,812	97,099	2,885,969
NET BOOK VALUE					
30 September 2017	4,425,900	-	384,351	173,962	4,984,213
30 September 2016	3,847,079	147,954	192,812	157,405	4,345,250

11. Prepayments and accrued income

	2017 €	2016 €
Prepayments	75,834	54,186
Other debtors and receivables	29,730	12,747
Loan interest receivable	114,146	80,757
	219,710	147,690

Notes to the financial statements (continued)

For the financial year ended 30 September 2017

12. Members' savings

	2017	2016
	€	€
As at 1 October	122,216,476	80,778,935
Members' savings arising from transfer of engagements	-	34,390,952
Received during the year	84,865,223	53,244,574
Withdrawn during the year	(65,566,222)	(46,197,985)
As at 30 September	141,515,477	122,216,476

Member Savings are analysed as follows:

Members' shares	138,075,862	118,029,415
Members' deposits	3,439,615	4,187,061
Total member savings	141,515,477	122,216,476

13. Other liabilities, creditors, accruals and charges

	2017	2016
	€	€
Other creditors and accruals	552,559	334,051
Members' draw balance	40,915	63,150
Revenue - PAYE/PRSI	45,818	53,604
Revenue - DIRT	-	1,003
	639,292	451,808

14. Other provisions

	2017	2016
	€	€
Holiday pay accrual		
At 1 October	21,749	13,906
Charged to the income and expenditure account	17,595	7,843
At 30 September	39,344	21,749

Notes to the financial statements (continued)

For the financial year ended 30 September 2017

15. Financial instruments

15a. Financial instruments – amortised cost

Financial assets	2017	2016
	€	€
Financial assets measured at amortised cost	148,525,785	128,422,429
Financial liabilities	2017	2016
	€	€
Financial liabilities measured at amortised cost	142,194,113	122,690,033

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

Financial liabilities measured at amortised cost comprise member savings, creditors and accruals and provisions.

15b. Financial instruments – fair value measurements

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

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

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

At 30 September 2017	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in Authorised Credit Institutions	10,220,641		10,220,641	
Bank bonds	3,554,196		3,554,196	
Other	100,000	-	100,000	-
Total	13,874,837	-	13,874,837	-
At 30 September 2016	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in Authorised Credit Institutions	8,019,499		8,019,499	
Bank bonds	3,754,411	-	3,754,411	-
Other	100,000	-	100,000	-
Total	11,873,910	-	11,873,910	-

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2017 (2016: €Nil).

Notes to the financial statements (continued)

For the financial year ended 30 September 2017

16. Reserves

	Balance 01/10/16 €	Payment of divi- dend €	Payments from reserves	Appropriation of current year surplus €	Transfers between reserves €	Balance 30/09/17 €
Regulatory reserve	16,008,922	-	-	1,520,000	500,000	18,028,922
Operational risk reserve	1,022,374	-	-	73,519	-	1,095,893
Other reserves						
Realised						
Undistributed surplus	3,041,570	-	-	240,294	(1,256,489)	2,025,375
Reserves arising on transfer of engagements	(864,237)	-	-	-	864,237	-
Special reserve: proposed dividend	94,537	(112,631)	-	129,972	18,094	129,972
Community and social responsibility reserve	157,197	-	(151,859)	200,000	-	205,338
Total realised reserves	2,429,067	(112,631)	(151,859)	570,266	(374,158)	2,360,685
Unrealised						
Interest on loans reserve	80,757	-	-	114,146	(80,757)	114,146
Investment income reserve	77,934	-	-	39,510	(45,085)	72,359
Total unrealised reserves	158,691	-	-	153,656	(125,842)	186,505
Total reserves	19,619,054	(112,631)	(151,859)	2,317,441	-	21,672,005

Notes to the financial statements (continued)

For the financial year ended 30 September 2017

17. Credit risk disclosures

The credit union complies with Section 12 of the Credit Union Act, 1997 (Regulatory Requirements) Regulations 2017. This regulation:

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

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

	2017		2016	
	€	%	€	%
LOANS NOT IMPAIRED				
Total loans not impaired, not past due	37,430,066	82.37%	27,039,620	82.56%
IMPAIRED LOANS:				
Not past due	1,547,532	3.41%	1,092,297	3.33%
Up to 9 weeks past due	3,717,378	8.18%	2,572,344	7.85%
Between 10 and 18 weeks past due	589,518	1.30%	414,148	1.26%
Between 19 and 26 weeks past due	414,625	0.91%	195,526	0.60%
Between 27 and 39 weeks past due	464,445	1.02%	239,626	0.73%
Between 40 and 52 weeks past due	423,066	0.92%	188,853	0.58%
53 or more weeks past due	856,926	1.89%	1,010,546	3.09%
Total impaired loans	8,013,490	17.63%	5,713,340	17.44%
TOTAL LOANS	45,443,556		32,752,960	

18. Related party transactions

	2017		2016	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	22	130,550	22	130,000
Total loans outstanding to related parties at the year end	28	280,922	28	294,843
Total provision for loans outstanding to related parties		12,631		11,183

The related party loans stated above comprise of loans to members of the board of directors, the management team and members of the family of a member of the board of directors and the management team of Progressive Credit Union Limited.

Total loans outstanding to related parties represents 0.62% of the total loans outstanding at 30 September 2017 (2016: 0.90%).

Notes to the financial statements (continued)

For the financial year ended 30 September 2017

19. Additional financial instruments disclosures

19a. Financial risk management

Progressive 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 Progressive 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 the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves Progressive Credit Union Limited's lending policy. 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.

Market risk: Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates. The board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

Liquidity risk: Liquidity risk is the risk that the credit union will not have sufficient cash resources to meet day to day running costs and repay members' savings when demanded. 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.

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

19b. Liquidity risk disclosures

All of Progressive Credit Union Limited's financial liabilities are repayable on demand with the exception of certain term deposit accounts and pledged shares. The credit union retains, at all times, liquid assets amounting to a minimum of 20% of unattached savings.

19c. Interest rate risk disclosures

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

	2017		2016	
	€	Average interest rate %	€	Average interest rate %
Gross loans to members	45,443,556	9.14%	32,752,960	9.46%

The dividend payable is at the discretion of the directors and is therefore not a financial liability of the credit union until declared and approved at the AGM.

Notes to the financial statements

For the financial year ended 30 September 2017

20. Dividends

The following distributions were made during the year:

	2017		2016	
	%	€	%	€
Dividend on shares	0.10	112,631	0.25	183,158

The directors are proposing a dividend in respect of the year ended 30 September 2017 of €129,972 (0.10%) (2016: €94,537 (0.10%)) subject to agreement by the membership at the AGM.

21. Events after the end of the financial year

There have been no significant events affecting the credit union since the year end.

22. Insurance against fraud

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

23. Capital commitments

There were no capital commitments at 30 September 2017.

24. Contingent liabilities

There is a contingent liability included in the letter of authority held by Bank of Ireland with regard to a VISA Business Card 12/2008 in the sum of €22,500 and Electronic Funds Transfer in the sum of €40,000.

25. Comparative information

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

Schedules to the income and expenditure account

For the financial year ended 30 September 2017

The following Schedules do not form part of the statutory financial statements which are the subject of the Independent Auditors' Report on pages 11 to 13.

SCHEDULE 1 – OTHER INTEREST INCOME AND SIMILAR INCOME

	2017	2016
	€	€
Investment income received/receivable within 1 year	1,803,541	1,728,696
Gains on sale of investments	965,792	-
Investment income receivable outside of 1 year	39,510	26,649
Total per income and expenditure account	2,808,843	1,755,345

SCHEDULE 2 – OTHER INCOME

	2017	2016
	€	€
ECCU refund	73,206	61,419
Commission and fees	29,592	23,093
ReBo rebate	-	33,847
Rental income	25,000	-
ILCU capital contribution	529,000	-
Profit on disposal of fixed assets	174,482	-
Total per income and expenditure account	831,280	118,359

Schedules to the income and expenditure account (continued)

For the financial year ended 30 September 2017

SCHEDULE 3 – OTHER MANAGEMENT EXPENSES

	2017	2016
	€	€
Affiliation fees	59,827	50,479
Savings protection scheme	37,242	37,447
Education and training	33,001	26,362
Rent and rates	68,723	57,621
General insurance	58,638	40,864
LPLS insurance	430,792	348,265
AGM and convention expenses	53,060	21,654
Light and heat	42,703	35,041
Risk, internal audit and compliance	78,560	70,464
Office cleaning	26,749	24,836
Repairs and maintenance	126,154	46,385
Printing and stationery	73,083	45,212
Advertising and marketing	99,038	92,456
Postage	46,113	20,448
Telephone	25,384	19,223
Computer maintenance	269,427	164,815
Legal and professional fees	259,549	155,986
Audit fee	39,975	39,975
Bank charges	91,916	100,078
General expenses	131,764	107,308
Regulatory levies	322,587	76,529
Restructuring and rationalisation costs	38,329	190,117
50th anniversary	29,761	-
Product development	140,000	-
Total per income and expenditure account	2,582,375	1,771,565

AML Requirements

Identification Requirements

In order to comply with legislation to combat money laundering and terrorist financing, Progressive Credit Union is obliged to verify and maintain up to date proof of both your identity and your current permanent address whilst you are an active account holder.

Perhaps you may have received a letter requesting this documentation or a member of staff has advised you that your account documentation requires updating. If so, please assist the credit union in fulfilling its legal obligations by providing your information in branch at your earliest convenience. You are required to provide the original of one Photo ID and one Proof of Address as outlined below.

Suitable Proof of Photographic Identification:

- Current Valid signed Passport
- Passport Card
- Current Valid EU Driving License– must contain photograph (Irish Learner Permit accepted)

Suitable Proof of Address:

Documents must be issued to you at our your home address within the past 3 months

- Utility Bill e.g. telephone, mobile, gas, electricity, heating, oil, waste collection, etc.
- Correspondence from a Regulated Financial Institution operating in the Republic of Ireland (Insurance / Assurance Co., Bank, Building Society, Credit Union, Credit Card Company)
- Correspondence from a Government Department / Body

Note

The name on your photographic identification (e.g. name on your passport) must exactly match the name on your proof of address.

Failure to provide requested identification and Proof of Address may lead to the suspension of some Progressive Credit Union services on your account.

Important Loan Information

Provision of PPSN

Please be advised Progressive Credit Union is currently required to maintain a copy of your PPSN as required under the Return of Payments (Banks, Building Societies, Credit Unions and Savings Banks) Regulations 2008 and Irish Common Reporting Standards Regulation as of 1st January 2016.

In line with the introduction of the new national Central Credit Register database Progressive Credit Union is obliged to obtain and report data relating to all loan applicants whereby the outstanding loan balance will exceed €500. The Central Credit Register processes data to create and maintain an accurate and up-to-date credit report for each borrower.

In order for Progressive Credit Union to fulfil its regulatory obligations it **must** obtain proof of a member's PPSN for every loan application exceeding €500 irrespective of Member Share balance.

Progressive Credit Union acknowledges and respects the sensitive nature of your PPS information and have put strong controls in place to ensure all member information provided is appropriately protected.

PCU could be the KEY to your next car!!!



Borrow	Term	APR	Repayment	Cost
€15,000	Over 5 years	8.06% APR	260 weekly repayments of €69.60	€3,093.45 (Total repaid: €18,096)

- Wide range of loan options
- Quick decision
- Interest calculated on a reducing balance
- Free life cover *(Subject to T&C'a)
- 93% of all loans were approved in 2017

Tel: 01 8411 348

Email: info@progressivecu.ie Web: www.progressivecu.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 to access credit in the future Progressive Credit Union Limited is regulated by the Central Bank of Ireland.

PCU Members Car Draw

Jan 17	Noreen Style
Mar 17	Paul Rankin
Mar 17	Brian Farrell
Apr 17	Bernardadette and James Harford
May 17	John Smith
Jun 17	Marie Graham
Jul 17	Barbara Bourke
Aug 17	Gerard Jordan
Sep 17	Siobhan O Rourke and Patrick Murphy
Oct 17	Kathleen Rooney
Oct 17	Elaine Ronan
Nov 17	Mary and John Smith
Nov 17	Liam Foley



BE IN WITH THE CHANCE TO WIN A NEW OPEL CORSA

**Remember you can join the Monthly Car Draw for only
€5.50 every 2 months**

Progressive Credit Union Ltd is regulated by the Central Bank of Ireland



Make it Happen with PCU



DONABATE



SKERRIES

**Operate your
account from
any of your
new branches**



RUSH



BALBRIGGAN



VICTORY - GLASNEVIN



SWORDS
RIVERVALLEY



BALDOYLE

Local, Secure, Strong

CONTACT DETAILS:

Tel: 01 8411 348 Fax: 01 8413 865

Email: info@progressivecu.ie Web: www.progressivecu.ie

Registered Office: Harper House, 43-45 Dublin Street, Balbriggan, Co. Dublin.

Reg: CU226