



ANNUAL REPORT 2018 & AGM NOTIFICATION

Tuesday 11th of December 2018

Carnegie Court Hotel, North St, Townparks,
Swords, Co. Dublin

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

Progressive Credit Union

Member Death Benefit Insurance Programme



€3,500 towards your funeral costs
For only €1.00 per week

TERMS AND CONDITIONS APPLY

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 Tuesday 11 December 2018 at 8.00pm in The Carnegie Court Hotel, North Street, Swords, Co Dublin.

Elections will be held to fill three 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.

JILL KIERNAN
Secretary

Order of Business

- Ascertainment that a quorum is present
- Adoption of Standing Orders
- Reading and Approval (or correction) of Minutes of 2017 Annual General Meeting
- Motion and Special Resolutions
- Report of the Board of Directors
- Presentation of Financial Statements
- Report of the Auditor
- Declaration of Dividend
- Appointment of Tellers
- Report of the Nominations Committee
- Balloting
- Report of the Board Oversight Committee
- Report of the Internal Audit Committee
- Report of the Risk Committee
- Car Draw Report
- Prize Draw
- Announcement of Election Results
- Any other business
- Adjournment of meeting

Year in Review

It gives us great pleasure to present to you our Annual Report and Financial Statements for the year ended 30 September 2018.

Our surplus for the year was €2.7 million and total assets now stand at €180.1 million. Our total reserves stand at €24.05 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 lay 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 other financial institutions are offering. This dividend will be paid net of DIRT if applicable and we will not deduct any affiliation fees.

In addition to the dividend Progressive Credit Union also made a financial return to members by transferring €200,000 to a Community and Social Responsibility Reserve to fund sponsorship applications for social, cultural, educational and charitable purposes from members of the credit union. We propose to transfer a further €200,000 this year.

Our Loan Book is €48.3 million at 30 September 2018, an increase of 6% 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 applications. We offer a range of loan types to suit all of our members borrowing needs.

Over the financial year we approved €30.3 million in loan applications, with an average loan value of €4,016. 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.

You may have read in the media that Central Bank has called for feedback on a report it has published outlining potential changes to the lending framework for credit unions. Progressive Credit Union welcome these potential changes as it will allow us to actively partake in the mortgage market.

Our investment portfolio currently stands at €128 million. Despite a low and sometimes negative interest rate environment the investment portfolio generated income of €2.1 million in the financial year ending 30 September 2018 which is a result of active portfolio management by the investment committee and Board.

Over the financial year 2,516 members have joined Progressive Credit Union. Total membership is now at 49,162 and total member savings are €155 million.

One of the great benefits of membership of Progressive Credit Union is FREE Loan Protection and Life Savings Insurance cover. You can borrow from us with the knowledge that your dependents will not be obliged to repay any outstanding loan balance subject to certain terms and conditions. The Board of Directors made the difficult decision to reduce the limit on savings insurance over the last number of years to save costs to ensure the long term viability of your credit union into the future. The maximum life savings insurance benefit payable that a member may be entitled to is €3,000. This limit was chosen in an effort to be fair to all members as 76% of our members would have savings of €3,000 or less.

Progressive Credit Union Limited

However we are cognisant of the fact that some members require additional life insurance cover. With this in mind we are delighted to launch our Member Death Benefit Insurance product. Your family can receive €3,500 towards funeral expenses at a cost of €52 per annum. All new members are eligible to join the scheme once they join before their 71st Birthday. For a limited time only existing members over the age of 71 can join the scheme once they joined Progressive Credit Union before the age of 71. For your convenience we have enclosed an application form for you to complete and return to us in the Freepost envelope. Please ensure that you complete the application form and pay your €52 before 31 December 2018 to join. This scheme will auto-renew so please ensure that you have sufficient funds in your mDBI Account to cover this on renewal date.

We have been working during the year with PAYAC Services CLG to enable us to launch Member Personal Current Account Services service to members. We appreciate your patience to date with this and we are confident that we will bring you a cutting edge Credit Union payment system in 2019.

Progressive Credit Union Limited is a strong, safe secure credit union. To ensure that we remain this way we believe that we need to achieve top tier status and that organic growth together with transfer of engagements and mergers are the best way of realising this at this point in time.

Clontarf Credit Union Limited and East Wall Credit Union Limited approached Progressive Credit Union Limited to assess the possibility of a transfer of engagements. We have made significant progress with our discussions and we believe that the proposed transfer of engagements will create a stronger more resilient credit union and this is supported by the financial projections.

We are recommending that our members vote in favour of the proposed special resolutions to accept the transfer of engagements of Clontarf Credit Union Limited and East Wall Credit Union Limited.

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

WELCOME LOAN

REDUCED RATE FOR FIRST TIME BORROWERS

6.99%

7.24 % APR



Borrow	Term	APR	Repayment	Cost / Total Paid
€10,000	260 weeks (5 Years)	7.24% Annual Percentage Rate	260 weekly repayments of €45.58	€1,848.65 / €11,848.65

Applies to loans €10,000 and over

CONTACT OUR LENDING TEAM TO ENQUIRE

TEL: 01 8411 348

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



When you are a member of PCU you are also helping us give back to the Local Community. During 2018 over €157,000 was given back to local schools, groups and charities.

TOGETHER WE'RE BETTER

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

Motion / Resolutions for AGM

Motion 1

That this Annual General Meeting amends the Standard Rules for Credit Unions (Republic of Ireland) by the deletion of Rule 109(8).

Rule 109(8)

Subject to the Act and any regulations made thereunder, the forms used by the credit union shall contain as a minimum the information as set out in the forms contained in the Appendices to these rules which forms may be amended from time to time by the Irish League of Credit Unions.

Special Resolution 1

This Annual General Meeting of Progressive Credit Union Limited hereby resolves to undertake the Transfer of Engagements of Clontarf Credit Union Limited to Progressive Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

Special Resolution 2

This Annual General Meeting of Progressive Credit Union Limited hereby resolves to undertake the Transfer of Engagements of East Wall Credit Union Limited to Progressive Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

Standing Orders

1. VOTING

Each member shall be entitled to one vote irrespective of his/her shareholding, in accordance with section 82(2) of the Credit Union Act, 1997 (as amended)

2. ELECTION PROCEDURE

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

Standing Orders (continued)

3. MOTIONS

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

4. MISCELLANEOUS

- The chair of the board of directors shall be the chair of any general meeting, except where he is not available, in which case it shall be the vice-chair, except where he is not available, in which case the board shall decide amongst themselves who shall act as chair of any general meeting.
- The chair may at his discretion, extend the privilege of the floor to any person who is not a member.
- Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the chair.
- The chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
- No member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the board of directors.
- Any matter to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.

5. SUSPENSION OF STANDING ORDERS

- Any one of these Orders or all of these Standing Orders may be suspended on a motion to this effect receiving a two-thirds majority of those present and entitled to vote.

6. ALTERATION OF STANDING ORDERS

- Standing Orders may be amended or altered at a general meeting and only if a motion to this effect has received a two-thirds majority of those present and voting.

7. ADJOURNMENTS

- Adjournments of the AGM shall take place only in accordance with section 81(1) of the Credit Union Act, 1997 (as amended).

Director's Report

For the financial year ended 30 September 2018

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2018.

Principal activity

The principal activity of the business continues to be the operation of a credit union.

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 the European Union (Payment Services) Regulations 2018 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 15. The directors are proposing a dividend in respect of the year ended 30 September 2018 of €145,629 (0.10%) (2017: €129,972 (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.

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.

Directors' report (continued)

For the financial year ended 30 September 2018

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 29 October 2018 and signed on its behalf by:

FINIAN KILTY

Chairperson of the board of directors

JILL KIERNAN

Member of the board of directors

29 OCTOBER 2018

Directors' responsibilities statement

For the financial year ended 30 September 2018

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 29 October 2018 and signed on its behalf by:

FINIAN KILTY

Chairperson of the board of directors

29 October 2018

JILL KIERNAN

Member of the board of directors

Board oversight committee's responsibilities statement

For the financial year ended 30 September 2018

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 29 October 2018 and signed on its behalf by:

MIRIAM KINANE

CHAIRPERSON OF THE BOARD OVERSIGHT COMMITTEE

29 OCTOBER 2018

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 2018, 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 2018 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 (continued)

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 auditor's 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 (continued)

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

29 October 2018

Income and expenditure account

For the financial year ended 30 September 2018

		2018	2017
	Schedule	€	€
Income			
Interest on members' loans		4,109,378	3,510,543
Members' deposit and other interest expense and similar charges		-	(2,976)
Other interest and similar income	1	2,117,283	2,808,843
Net interest income		6,226,661	6,316,410
Other income	2	305,075	831,280
Total income		6,531,736	7,147,690
Expenditure			
Employment costs		2,244,444	2,004,703
Other management expenses	3	2,307,618	2,582,375
Depreciation		343,576	316,540
Net impairment losses/(gains) on loans to members (note 5)		(1,025,390)	(73,369)
Total expenditure		3,870,248	4,830,249
Surplus for the financial year		2,661,488	2,317,441

The financial statements were approved and authorised for issue by the board on 29 November 2018 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

29 October 2018

Statement of comprehensive income

For the financial year ended 30 September 2018

	2018	2017
	€	€
Surplus for the financial year	2,661,488	2,317,441
Other comprehensive income	-	-
Total comprehensive income for the year	2,661,488	2,317,441

The financial statements were approved and authorised for issue by the board on 29 November 2018 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

29 October 2018

The notes on pages 19 to 34 form part of these financial statements.

Balance sheet

As at 30 September 2018

	Notes	2018 €	2017 €
Assets			
Cash and balances at bank		959,543	1,079,647
Deposits and investments – cash equivalents	7	24,780,517	25,247,050
Deposits and investments – other	7	103,579,541	90,600,639
Loans to members	8	48,303,686	45,443,556
Provision for bad debts	9	(2,672,745)	(3,708,697)
Tangible fixed assets	10	4,908,478	4,984,213
Debtors, prepayment and accrued income	11	222,845	219,710
Total assets		180,081,865	163,866,118
Liabilities			
Members' shares	12	152,289,276	138,075,862
Members' deposits	12	2,715,179	3,439,615
Other liabilities, creditors, accruals and charges	13	982,739	639,292
Other provisions	14	47,746	39,344
Total liabilities		156,034,940	142,194,113
Reserves			
Regulatory reserve	16	19,828,922	18,028,922
Operational risk reserve	16	1,302,335	1,095,893
Other reserves			
- Realised reserves	16	2,769,534	2,360,685
- Unrealised reserves	16	146,134	186,505
Total reserves		24,046,925	21,672,005
Total liabilities and reserves		180,081,865	163,866,118

The financial statements were approved and authorised for issue by the board on 29 October 2018 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

29 October 2018

The notes on pages 19 to 34 form part of these financial statements.

Statement of changes in reserves

For the financial year ended 30 September 2018

	Regulatory reserve	Operational risk reserve	Realised reserves	Unrealised reserves	Total
	€	€	€	€	€
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
Dividends 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 1 October 2017	18,028,922	1,095,893	2,360,685	186,505	21,672,005
Surplus for the financial year	1,800,000	206,442	623,058	31,988	2,661,488
Dividends paid	-	-	(129,431)	-	(129,431)
Payments from reserves	-	-	(157,137)	-	(157,137)
Transfer between reserves	-	-	72,359	(72,359)	-
As at 30 September 2018	19,828,922	1,302,335	2,769,534	146,134	24,046,925

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2018 was 11.01% (2017: 11.00%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2018 was 0.72% (2017: 0.67%).

The notes on pages 19 to 34 form part of these financial statements.

Statement of cash flows

For the financial year ended 30 September 2018

	Notes	2018 €	2017 €
Opening cash and cash equivalents		26,326,697	25,181,210
Cash flows from operating activities			
Loans repaid	8	24,338,258	22,510,571
Loans granted	8	(27,915,609)	(28,976,520)
Interest on members' loans		4,109,378	3,510,543
Members' deposits and other interest expense and similar charges		-	(2,976)
Other interest income and similar income		2,117,283	2,808,843
Bad debts recovered and recoveries		706,659	666,371
Dividend paid		(129,431)	(112,631)
Operating expenses		(4,552,062)	(4,587,078)
Other receipts		305,075	831,280
Other disbursements		(157,137)	(151,859)
Movement in other assets and liabilities		348,714	133,059
Net cash flows from operating activities		(828,872)	(3,370,397)
Cash flows from investing activities			
Purchase of loan book		-	(5,576,397)
Fixed assets (purchases)/disposals		(267,841)	(955,503)
Net cash flow from other investing activities		(12,978,902)	(8,251,217)
Net cash flows from investing activities		(13,246,743)	(14,783,117)
Cash flows from financing activities			
Members' savings received		86,528,545	84,865,223
Members' savings withdrawn		(73,039,567)	(65,566,222)
Net cash flow from financing activities		13,488,978	19,299,001
Net (decrease)/increase in cash and cash equivalents		(586,637)	1,145,487
Closing cash and cash equivalents	6	25,740,060	26,326,697

The notes on pages 19 to 34 form part of these financial statements.

Notes to the financial statements

For the financial year ended 30 September 2018

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 2018

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% and 10% 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 2018

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 Operating leases

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

2.9 Taxation

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

2.10 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.

2.11 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.

2.12 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2018

2. Accounting policies (continued)

2.13 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.

2.14 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 initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

2.15 Members deposits

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

2.16 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.

2.17 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.

2.18 Other payables

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

2.19 Derecognition of financial liabilities

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

2.20 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.

Notes to the financial statements (continued)

For the financial year ended 30 September 2018

2. Accounting policies (continued)

2.21 Regulatory Reserve

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

2.22 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.

2.23 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 2018

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 year end was €4,908,478 (2017: €4,984,213).

Provision for bad debts

Progressive Credit Union Limited's accounting policy for impairment of loans is set out in the accounting policy in note 2.12. 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 at the year end was €2,672,745 (2017: €3,708,697) representing 5.53% (2017: 8.16%) 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 developed 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. 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 the year end was €1,302,335 (2017: €1,095,893).

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.

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2018

4. Key management personnel compensation

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

	2018	2017
	€	€
Short term employee benefits paid to key management	632,367	571,537
Payments to pension schemes	60,647	56,202
Total key management personnel compensation	693,014	627,739

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

	2018	2017
	€	€
Bad debts recovered	(586,062)	(510,144)
Impairment of loan interest reclassified as bad debt recoveries	(120,597)	(156,227)
Movement in bad debt provision during the year	(1,035,952)	110,179
Loans written off	717,221	482,823
Net impairment losses/(gains) on loans to members	(1,025,390)	(73,369)

6. Cash and cash equivalents

	2018	2017
	€	€
Cash and balances at bank	959,543	1,079,647
Deposits & investments (note 7)	128,360,058	115,847,689
Less: Deposit & investment amounts maturing after three months	(103,579,541)	(90,600,639)
Total cash and cash equivalents	25,740,060	26,326,697

7. Deposits and investments

	2018	2017
	€	€
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	24,680,517	25,147,050
Other	100,000	100,000
Total deposits and investments – cash equivalents	24,780,517	25,247,050
	-	-
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	72,800,904	51,312,921
Irish and EEA state securities	15,705,676	12,615,404
Bank bonds	2,000,000	21,857,642
Other	11,761,792	3,554,195
Central Bank deposits	1,311,169	1,260,477
Total deposits and investments – other	103,579,541	90,600,639
Total deposits and investments	128,360,058	115,847,689

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2018

8. Financial assets – loans to members

	2018	2017
	€	€
As at 1 October	45,443,556	32,752,960
Loans arising on purchase of loan book	-	6,707,470
Loans granted during the year	27,915,609	28,976,520
Loans repaid during the year	(24,338,258)	(22,510,571)
Gross loans and advances	49,020,907	45,926,379
Bad debts		
Loans written off during the year	(717,221)	(482,823)
As at 30 September	48,303,686	45,443,556

9. Provision for bad debts

	2018	2017
	€	€
As at 1 October	3,708,697	2,467,445
Provision arising on loans purchased	-	1,131,073
Movement in bad debts provision during the year	(1,035,952)	110,179
As at 30 September	2,672,745	3,708,697

The provision for bad debts is analysed as follows:

	2018	2017
	€	€
Grouped assessed loans	2,672,745	3,708,697
Provision for bad debts	2,672,745	3,708,697

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2018

10. Tangible fixed assets

	Premises €	Fixtures, fittings and equipment €	Computer equipment €	Total €
COST				
1 October 2017	7,066,958	532,163	271,061	7,870,182
Additions	-	29,296	238,545	267,841
Disposals	-	(15,050)	(45,086)	(60,136)
At 30 September 2018	7,066,958	546,409	464,520	8,077,887
DEPRECIATION				
1 October 2017	2,641,058	147,812	97,099	2,885,969
Charge for year	129,749	109,536	104,291	343,576
Disposals	-	(15,050)	(45,086)	(60,136)
At 30 September 2018	2,770,807	242,298	156,304	3,169,409
NET BOOK VALUE				
30 September 2018	4,296,151	304,111	308,216	4,908,478
30 September 2017	4,425,900	384,351	173,962	4,984,213

11. Prepayments and accrued income

	2018 €	2017 €
Prepayments	62,919	75,834
Other debtors and receivables	35,678	29,730
Loan interest receivable	124,248	114,146
	222,845	219,710

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2018

12. Members' savings

	2018	2017
	€	€
As at 1 October	141,515,477	122,216,476
Received during the year	86,528,545	84,865,223
Withdrawn during the year	(73,039,567)	(65,566,222)
As at 30 September	155,004,455	141,515,477

Members' Savings are analysed as follows:

Members' shares	152,289,276	138,075,862
Members' deposits	2,715,179	3,439,615
Total members' savings	155,004,455	141,515,477

13. Other liabilities, creditors, accruals and charges

	2018	2017
	€	€
Other creditors and accruals	920,269	552,559
Members' draw balance	16,547	40,915
PAYE/PRSI	45,923	45,818
	982,739	639,292

14. Other provisions

	2018	2017
	€	€
Holiday pay accrual		
At 1 October	39,344	21,749
Charged to the income and expenditure account	8,402	17,595
At 30 September	47,746	39,344

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2018

15. Financial instruments

15a. Financial instruments – amortised cost

Financial assets	2018	2017
	€	€
Financial assets measured at amortised cost	166,497,358	152,932,453
Financial liabilities	2018	2017
	€	€
Financial liabilities measured at amortised cost	156,034,940	142,194,113

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 2018	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in Authorised Credit Institutions	5,507,415	-	5,507,415	-
Bank bonds	2,000,000	-	2,000,000	-
Other	3,654,192	-	3,654,192	-
Total	11,161,607	-	11,161,607	-
At 30 September 2017	Total	Level 1	Level 2	Level 3
	€	€	€	€
Accounts in Authorised Credit Institutions	5,813,974	-	5,813,974	-
Other	3,654,196	-	3,654,196	-
Total	9,468,170	-	9,468,170	-

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2018 (2017: €Nil).

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2018

16. Reserves

	Balance 01/10/17 €	Payment of divi- dends €	Payments from reserves €	Appropriation of current year surplus €	Transfers between reserves €	Balance 30/09/18 €
Regulatory reserve	18,028,922	-	-	1,800,000	-	19,828,922
Operational risk reserve	1,095,893	-	-	206,442	-	1,302,335
Other reserves						
Realised						
General reserve	2,025,375	-	-	177,429	72,900	2,275,704
Special reserve: proposed dividends	129,972	(129,431)	-	145,629	(541)	145,629
Future dividend reserve	-	-	-	100,000	-	100,000
Community and social responsibility reserve	205,338	-	(157,137)	200,000	-	248,201
Total realised reserves	2,360,685	(129,431)	(157,137)	623,058	72,359	2,769,534
Unrealised						
Interest on loans reserve	114,146	-	-	10,102	-	124,248
Investment income reserve	72,359	-	-	21,886	(72,359)	21,886
Total unrealised reserves	186,505	-	-	31,988	(72,359)	146,134
Total reserves	21,672,005	(129,431)	(157,137)	2,661,488	-	24,046,925

Notes to the financial statements (continued)

For the financial year ended 30 September 2018

17. Credit risk disclosures

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

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

The carrying amount of the loans to members represents 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.

	2018		2017	
	€	%	€	%
LOANS NOT IMPAIRED				
Total loans not impaired, not past due	45,197,555	93.57%	37,430,066	82.37%
IMPAIRED LOANS:				
Not past due	885,499	1.84%	1,547,532	3.40%
Up to 9 weeks past due	339,354	0.70%	3,717,378	8.18%
Between 10 and 18 weeks past due	528,515	1.09%	589,518	1.30%
Between 19 and 26 weeks past due	199,422	0.41%	414,625	0.91%
Between 27 and 39 weeks past due	323,242	0.67%	464,445	1.02%
Between 40 and 52 weeks past due	168,922	0.35%	423,066	0.93%
53 or more weeks past due	661,177	1.37%	856,926	1.89%
Total impaired loans	3,106,131	6.43%	8,013,490	17.63%
TOTAL LOANS	48,303,686	100.00%	45,443,556	100.00%

18. Related party transactions

	2018		2017	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	15	138,432	22	130,550
Total loans outstanding to related parties at the year end	21	253,048	28	280,922
Total provision for loans outstanding to related parties		3,009		12,631

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 members of the board of directors and the management team of Progressive Credit Union Limited.

Total loans outstanding to related parties represents 0.52% of the total loans outstanding at 30 September 2018 (2017: 0.62%).

Notes to the financial statements (continued)

For the financial year ended 30 September 2018

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

The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The credit union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in regulatory requirements.

19c. Interest rate risk disclosures

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

	2018		2017	
	€	Average interest rate %	€	Average interest rate %
Gross loans to members	48,303,686	8.93%	45,443,556	9.14%

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.

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2018

20. Dividends

The following distributions were paid during the year:

	2018		2017	
	%	€	%	€
Dividend on shares	0.10%	129,431	0.10%	112,631

The directors propose the following distributions in respect of the year:

	2018		2017	
	%	€	%	€
Dividend on shares	<u>0.10%</u>	<u>145,629</u>	<u>0.10%</u>	<u>129,972</u>

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 2018.

24. Contingent liabilities

24a. 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.

24b. There is a possible contingent liability at 30 September 2018 relating to a HR matter. The outcome of this matter is not known, however the credit union expect that any potential liability, if any, arising therefrom may be covered by its policy of insurance.

24c. In September 2018, the Registry of Credit Unions advised all credit unions of a potential matter in relation to accrued interest outstanding on certain top-up loans which may have led to a potential over-collection of interest. The credit union has commenced a review to ascertain whether any top-up loans made to members might be impacted by these circumstances, and if so, to determine what actions may need to be taken. Consequently it is impracticable at this time to estimate the impact, financial or otherwise, if any, of this matter and whether any net amounts will become payable or not in the future.

Progressive Credit Union Limited

Notes to the financial statements (continued)

For the financial year ended 30 September 2018

25. Leasing commitments

The credit union entered into a three month lease on 17 September 2018 with a break clause of one month's notice after the initial 3 months. At 30 September 2018 the credit union had future minimum lease payments as follows:

	2018	2017
	€	€
Less than 1 year	5,536	-
At 30 September	5,536	-

26. Comparative information

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

27. Approval of financial statements

The board of directors approved these financial statements for issue on 29 October 2018.

Schedules to the income and expenditure account

For the financial year ended 30 September 2018

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditors' report on pages 12 to 14.

SCHEDULE 1 – OTHER INTEREST INCOME AND SIMILAR INCOME

	2018	2017
	€	€
Investment income received/receivable within 1 year	1,603,736	1,803,541
Gains on sale of investments	491,661	965,792
Investment income receivable outside of 1 year	21,886	39,510
Total per income and expenditure account	2,117,283	2,808,843

SCHEDULE 2 – OTHER INCOME

	2018	2017
	€	€
ECCU refund	56,596	73,206
Commission and fees	39,769	29,592
Rental income	27,000	25,000
ILCU capital contribution	181,710	529,000
Profit on disposal of fixed assets	-	174,482
Total per income and expenditure account	305,075	831,280

Progressive Credit Union Limited

Schedules to the income and expenditure account (continued)

For the financial year ended 30 September 2018

SCHEDULE 3 – OTHER MANAGEMENT EXPENSES

	2018	2017
	€	€
Affiliation fees	57,778	59,827
Savings protection scheme	13,178	37,242
Education and training	34,149	33,001
Rent and rates	70,067	68,723
General insurance	67,677	58,638
LP/LS insurance	379,442	430,792
AGM and convention expenses	48,490	53,060
Light and heat	44,690	42,703
Risk, internal audit and compliance	57,745	78,560
Office cleaning	29,878	26,749
Repairs and maintenance	83,491	126,154
Printing and stationery	59,043	73,083
Advertising and marketing	88,090	99,038
Postage	42,003	46,113
Telephone	20,179	25,384
Computer maintenance	322,822	269,427
Legal and professional fees	295,449	259,549
Audit fee	39,975	39,975
Bank charges	92,928	91,916
Office administration and general expenses	163,257	131,764
Regulatory levies	279,909	322,587
Lease payments	2,768	-
Restructuring and rationalisation costs	-	38,329
50th anniversary	-	29,761
Product development	14,610	140,000
Total per income and expenditure account	2,307,618	2,582,375

Nominations Committee Report

Our duties under 56B of the Credit Union Act 1997 included:

- Reviewing and amending the Succession Plan and presenting to the Board for approval
- Reviewing the composition of the Board and identifying any gaps in skillset.

We identified additional training needs. In this regard the committee arranged appropriate training in the areas of Investments, Lending, GDPR and Strategic Planning.

There was one resignation during the year.

As part of the Board renewal plan and to ensure that the high standard of volunteers continues, the committee considered the balance of skills, knowledge and experience on the Board. Emails were issued and ads appeared in Social Media and in local newspapers seeking expressions of interest for either the Board of Directors or the Board Oversight Committee.

We are currently preparing a panel of suitable candidates for nomination to the Board as vacancies arise. If this is something that interests you and you feel that you have the time and commitment to give to the Credit Union, then please send your CV by email to: nominations@pcuboard.ie

This year there are three vacancies for election to the Board of Directors. Two are for three years duration and one for is for two years duration.

Every candidate nominated for appointment as a member of the Board, shall be proposed through the Nomination Committee only.

FRANCIS RYAN – Chair

HARRY KEEGAN

WILLIAM WATSON

Internal Audit Committee Report

It is our pleasure to present the report of the Internal Audit Committee for the past financial year.

The Committee's principal function is to oversee, on behalf of the Board, and of our members, the financial reporting process, the system of internal controls, and all audit related matters of the Credit Union. In particular, this involves:

- Assessing the performance of the Auditor at least annually to establish independence, effectiveness and compliance with the Credit union Act
- Ensuring the internal audit function is independent and has a reporting line and unfettered access to the audit committee
- Reviewing the internal audit charter and internal audit plan on a regular basis
- Reviewing reports from the internal audit function and taking appropriate action in relation to recommendations made by the internal audit function
- Reporting to the Board of Directors
- Reviewing the Credit Union's procedures for detecting fraud and money laundering
- Monitoring the financial reporting process
- Monitoring the effectiveness of the Credit Union's internal audit function
- Monitor the effectiveness of the Credit Union's risk management function
- Reviewing the integrity of the Credit Union's financial statements ensuring that they give a true and fair view

The Committee reviewed and recommended for Board approval, the internal audit work plan for 2017-18, and subsequently carried out a review of the reports, recommendations, and overall performance of the Internal Audit function. Arising from this we considered the effectiveness of the Internal Audit function, and the adequacy of associated resources, experience and expertise. We appointed Moore Stephens during the year to assist the committee to discharge its duties effectively. The results of their audits have been reviewed by the Board and any issues arising have been managed and rectified in a timely manner.

The committee is satisfied that its activities during the year supported the delivery of its responsibilities. In the opinion of the Committee the financial control environment of Progressive Credit Union is robust, and sufficient personnel with appropriate expertise have been employed to ensure compliance with the Credit Union's obligation to keep proper books of account and to provide members with financial statements that are free from material misstatement.

GABRIELLE BEGGS (Chairperson)

HARRY KEEGAN

JILL KIERNAN

Risk Committee Report

The committee were given its terms of reference by the board of directors as set out in the policies and procedures of Progressive Credit Union.

The role of risk officer was being carried out by an in-house RMO, however, in June the person left to take up a position in another financial institution. At that point it was decided to out-source the risk management function. Andrew Donovan was appointed and terms of engagement were signed in June 2018.

The provision of outsourced Risk services is in accordance with regulatory requirements to ensure correct Corporate Governance and ensuring correct Internal Controls are in place to mitigate the major risks facing the Credit Union. This requirement is also in accordance with the detailed provisions of Section 76B and 76C of the Credit Union and Co-operation with Overseas Regulators Act 2012 entitled "Risk Management Officer". It is also in accordance with the Credit Union Handbook.

Throughout the year the Risk Committee met:

- To review the Risk Register to identify whether there were any new risks required to be included.
- To review Red Flare reports to assess whether the Credit Union was operating in line with the risk tolerance levels.
- To review progress on recommendations made in previous reviews.
- To prepare and submit a monthly report to the board of directors.

Throughout the year the Board of Directors has been very supportive to the Risk Committee.

GERALD PRETEAU

FINIAN KILTY

FRANCIS RYAN

Car Draw Report

All members are welcome to join our Car Draw that costs €5.50 every two months. The Car Draw is held every month and any surplus funds are distributed by way of additional draws. During the year sixteen members drove away in new cars. At 30 September there were 6,030 members in the Car Draw.

The Income and Expenditure of the car draw is as follows:-

		€	€
Opening Balance at 1 October 2017			40,915
Income			
Oct 17 to Sep 18	Car Draw Subscriptions		198,396
Expenditure			
Oct 17 to Sep 18	16 Cars	221,960	
	Bank Fees, Printing and Advertising Costs	804	222,764
Closing Balance at 30 September 2018			16,547



The Winners of the Car Draw During the year were as follows:-

October 2017	Kathleen Rooney Elaine Ronan	February 2018	Mary Grimes
November 2017	John and Mary Smith Liam Foley	March 2018	Thomas McCarthy
December 2017	Mary Connorton Siobhan Walsh	April 2018	Colm O'Callaghan
January 2018	Noman & Romicah Jani Deborah Donohoe	May 2018	Paul Sherry
		June 2018	Grazyna Lenarcik
		July 2018	Joyce Cooper
		August 2018	Jennifer Pyne
		September 2018	Richard Costello

Report of the Board Oversight Committee

The functions of the Board Oversight Committee are set out in Part IVA of the Credit Union and Co-operation with Overseas Regulators Act 2012 (CUCORA).

The Board Oversight Committee is not directly involved in the operation of the Credit Union. Its role is to assess whether the Board of Directors has operated in accordance with,

- (a) Part IV and Part IVA of the Credit Union Act, 1997 (as amended) and
- (b) Any other matter prescribed by the Central Bank in relation to the Board of Directors.

The Board Oversight Committee attended every meeting of the Board.

The Committee met the Board of Directors four times during the year and provided them with a written assessment.

During the year we have obtained information and explanations, which, to the best of our knowledge and belief, we consider assures the Board Oversight Committee that the Board of PCU continually strive for & maintain a robust governance structure in order to protect the members assets.

The Committee would like to thank the Board of Directors, the CEO and Staff for the support and co-operation shown to us throughout the year.

Miriam Kinane
Mairead Mac Quail
Terry Redmond

Data Protection

As you all will be aware the General Data Protection Regulation came into effect on the 25 of May 2018. In accordance with these new regulations, Progressive Credit Union has updated all our privacy notices detailing how we process your data. These privacy notices are available to all members. If you would like to view these notices you can request a copy from any of our branches or alternatively you can view these privacy notices on our website, please see link below.

<https://www.progressivecu.ie/privacy-notices>

AML Requirements

Identification Requirements

In order 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.

PCU CAR LOANS



BORROW	TERM	APR	REPAYMENTS	COST /TOTAL REPAID
€15,000	260 WEEKS / 5 YEARS	8.06 %APR ANNUAL PERCENTAGE RATE	260 WEEKLY REPAYMENTS OF €69.60	€3,092.78 / €18,092.78

We are lending for all purposes, contact our lending team to discuss your options

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

Speak to our lending Team

Phone 01-841 1348

*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.

Progressive Credit Union Limited

NOTES

PCU Digital

At PCU we are continuing to develop our communications options so we can reduce cost and waste. We offer email and digital services to keep you informed. If you would like to update your preferred method of correspondence, please complete the form below and return to us in the FREEPOST Envelope.



COMMUNICATIONS

Name _____ Account Number _____
Email _____ Mobile _____

I consent to Progressive Credit Union contacting me for marketing purposes via (tick all that apply)

Phone SMS Email

Signed _____ Date _____

You can opt out of this service at any time by emailing us on info@progressivecu.ie

E-AGM

Name _____ Account Number _____
Email _____ Mobile _____

I wish to receive my future AGM notices electronically.

Signed _____ Date _____



Your Loan Your Way

INBRANCH | ONLINE | MOBILE APP

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**