



Annual Report 2020

Annual General Meeting

24th February 2021

Online

See details inside

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Public Service Credit Union Limited

St. Stephen's Green House, Earlsfort Terrace, Dublin 2, Do2 PH42
Earl Place Office, Dublin 1, Do1 P7K8

Tel: 01 6622 177 **Fax:** 01 6622 861 **Email:** info@pscu.ie **Web:** www.pscu.ie

Public Service Credit Union Ltd is regulated by the Central Bank of Ireland. Reg No. 455CU.



Notice of Online Annual General Meeting

Dear Member,

Notice is hereby given that the Annual General Meeting of Public Service Credit Union Limited will be held on **Wednesday, 24th February 2021**, commencing at 7pm.

In view of the COVID-19 pandemic and using the recently enacted Finance (Miscellaneous Provisions) Act 2020, the meeting will be held entirely online and by telephone. Check in for registered members will begin at 6pm on 22nd February 2021.

The Registration and Attendance Process

- To join the meeting online on the evening of the AGM, you must register in advance of the AGM by **5.30pm on Friday, 19th February**.
- To register you must use the following link from your internet browser:
<https://pscuagmregistration.eventbrite.ie/>
- When you use this link, you will be brought to a registration page where you must enter **your name, member number (optional), date of birth and the email address to be used for the purposes of the AGM**. Once those details are entered, you can press the button to REGISTER.
- In advance of the AGM, you will receive a notification to the email address you specified when registering. This will contain a link that you can click to join the AGM on 24th February. It will also contain some other information that will be helpful to you while attending the AGM.
- You can also register to attend the AGM by writing to the Secretary of the credit union at 1st Floor, St. Stephen's Green House, Earlsfort Terrace, Dublin 2, Do2 PH42 before Friday, 19th February. The credit union will write to you enclosing the meeting link. If you choose to contact the credit union by email (info@pscu.ie) in order to register for the AGM, you are asked to limit the information in your email to your name and telephone number and not to include your member number, for security reasons.
- A telephone number will be provided to all members who register that you may use to listen to the AGM if you have any connection difficulties. Any member who listens on a telephone line will not be considered part of the formal AGM attendance and will not be able to vote.
- While the AGM starts at 7pm on 24th February, members are asked to join the meeting from 6.30pm to help with the process of verifying members' identities and admitting them to the AGM.

Leo Bollins

Secretary

20th January 2021

Agenda

1. Credit Union Invocation (page 54)
2. Acceptance of Proxies (if any) by the Board of Directors
3. Ascertainment that a quorum is present
4. Adoption of Standing Orders*
5. Approval of the Minutes of the 2019 AGM*
6. Chairman's Address (page 3)
7. Report of the CEO (page 4)
8. Report of the Auditor (page 24)
9. Appointment of Teller
10. Amendments to Rules (page 15)
11. Report of the Board Oversight Committee (page 8)
12. Report of Nomination Committee (page 16)
13. Election of Auditor
14. Election of the Board of Directors
15. Election of the Board Oversight Committee
16. Any Other Business
17. Announcement of Election Results
18. Close of Meeting

*Available to members attending the Online AGM. All required interactions between attendees will be facilitated online

Board of Directors 2020

Don Bailey, Chairman

Leo Bollins, Secretary

Annette Boyle

Ben Byrne

Joe Carey

Brendan Doherty

Larry Dunne

Michael Flannery

John Kehoe

Anne McLaughlin

Noel Waters, Vice Chairman

Agriculture, Food and Marine

Houses of the Oireachtas

Revenue Commissioners (retired)

Dublin Bus (retired)

Transport, Tourism and Sport (retired)

Health

Public Expenditure and Reform

Dublin Bus

Agriculture, Food and Marine (retired)

Revenue Commissioners

Justice (retired)

Board Oversight Committee 2020

Mark Foley, Chairman

Bernie Kennedy, Secretary

Henry Maguire (*resigned August 2020*)

Agriculture, Food and Marine

Revenue Commissioners (retired)

Dublin Bus (retired)

BANKERS - Allied Irish Bank

7-12 Dame Street, Dublin 2, D02 KX20.

AUDITORS - DBCO (Duffy Burke & Co)

Liosbain Business Park, Tuam Road, Galway, H91 V3VH.

SOLICITORS - OCWM Law

Kilmore House, Spencer Dock, Dublin 1, D01 E8R2.

SOLICITORS - Piers & Fitzgibbon

Market Street, Listowel, Co. Kerry, V31 DK38.

INTERNAL AUDITORS - RBK

RBK House, Irishtown, Athlone, Co. Westmeath, N37 XP52.

ONLINE MEETING FACILITATION - Admatic Limited

Castleyard Offices, Dalkey, Co. Dublin.

Chairman's Address

A remote greeting to all and hoping you are well.

As this communication goes to press, the country is in lockdown level 5 under the Public Health Regulations, and currently we are unable to hold or organise a physical Annual General Meeting (AGM). Legislation passed in December has allowed us to organise an online AGM and this has been arranged for 24th February at 7pm.

This past year has brought various levels of personal, family, social, and economic devastation to all. While sadly acknowledging this, I particularly commend those who via their work or those in our communities have come together, often in the spirit of volunteerism, to help those of us who are finding it hard to cope during this time. If possible, please stay or get involved to safely re-empower your own communities.

While abiding by the Public Health Regulations, the PSCU Board, Board Oversight Committee, volunteers, staff, management, and stakeholders have remained working throughout the pandemic to ensure that our credit union and its services to members have continued, to a remarkably high standard, and with extraordinarily little disruption. This has involved some sacrifice, while rapidly and skilfully learning new ways of working and communicating with each other. This effort resulted in only a minuscule reduction in the achievement of our pre-COVID-19 goals while a few were suspended until 2021. This is an outstanding outcome for our staff. We all owe them our overwhelming gratitude.

I would also like to say a special word of thanks to the Board, Board Oversight Committee, volunteers and retired members who have yet again given remarkable volunteer service throughout this most difficult year. Online Board and committee meetings became the norm at the outset of the pandemic and they have given freely of their time and their personal domestic space to support the staff and the credit union in continuing to provide a top class service to the members throughout the year. As Chairman I want to acknowledge that service and commitment.

Like all credit unions, PSCU needs some of its members to be willing to volunteer to join the Board, Board Oversight Committee or other committees from time to time. If you are interested in contributing and particularly if you have skills in finance, audit, strategy, IT or marketing, the credit union would love to hear from you. You can send an email to info@pscui.ie.

PSCU has had a remarkable year in the current circumstances. I am happy to report to you that our governance framework has improved and remains sound. There have been no substantial contra indications reported in our controls that would be concerning. We also received from our statutory external independent auditor a clean opinion on our financial accounts for this year. Our CEO will report more fully on the operational outcomes.

To end on a high point, 2020/ 2021, the year in which we all hope will put this pandemic behind us, will also be the year when the PSCU will begin to issue mortgages to members. This is a historic moment and we are all looking forward to it greatly. As it is such a major departure for the credit union, we will begin with modest numbers of approvals, hopefully leading to this area of loans becoming a significant part of the business in the years ahead. It will be a competitive mortgage product and, entirely in keeping with the ethos

of the credit union movement, it is designed as a service for the members. We hope that it will be strongly supported by members and their families.

I look forward to your participation in the online AGM on 24th February.

Don Bailey

Chairman

20th January 2021

Report of the CEO

I am delighted to report that the year to 30th September 2020 has been a very successful one at the credit union, both in relation to member services and financial results.

The Chairman has mentioned the backdrop of COVID-19 and it is very pleasing that so much has been achieved in such very difficult circumstances. Highlights of the year have included:

- The response of the staff to the pandemic – over 70% of the staff were equipped to work remotely, almost overnight. The flexibility of the credit union staff team and the priority of making sure that member services were uninterrupted was perhaps the most significant highlight of the year.
- The further embrace by PSCU members of online services in relation to payments, loan applications and enquiries.
- Offering the “Helping Hand” loan at a special rate of interest to support members during the pandemic.
- The introduction of current accounts, debit cards and overdrafts in association with thirty-six other credit unions.
- The introduction of a €50,000 cap on savings to help protect the balance sheet of the credit union, particularly in this low interest rate environment.
- The successful integration of Citybus Employees’ Credit Union and the commitment to continuing the proud record of service at the Earl Place office.
- Offering a second series of three-year and five-year, fixed term deposit accounts to members at competitive rates.
- The appointment of more staff in the lending, finance and risk/ compliance units and in the Earl Place office to further develop the strength of the credit union.
- Further energy and resources devoted to enhancing the resilience and security of the IT systems and networks, following a very big spend on refreshing the IT infrastructure the previous year.
- Further development of communication with members including member webinars and monthly ezines.
- Additional cash prizes in the monthly car draw and arrangements for the 12 Draws of Christmas.

The financial highlights of the year were as follows:

- Net income has increased by 18.3% to €6.6M, including a twelve-month contribution from Dublin Bus members compared to one-month last year, but partially off-set by falling investment returns.

- Expenditure, including depreciation, has increased by 17.6% to €3.8M. This includes twelve months of costs in relation to the Dublin Bus membership and office and an increase in the provision for bad and doubtful debts reflecting the pandemic. This gives an expense to net interest income ratio of 58%.
- In common with many credit unions, lending levels reduced significantly in March to May 2020 as a result of COVID-19 but rebounded very strongly after that. The loan book at year end was 2.7% higher than last year.
- Total member savings have increased by 7.9% to €171.2M, including both shares and deposits.
- Reserves have increased by 5.0% to €41.7M, although the reserves to assets ratio has declined slightly from 19.9% of assets to 19.5% of assets, due to the strong savings inflows. The minimum level of reserves set by the Central Bank is 10% of assets, with no allowance yet for risk weighting.

Unfortunately, the credit union will not be able to pay a dividend or loan interest rebate this year despite a strong year in financial terms. As you may have gathered from reports in the media, all credit unions, banks, and insurance companies have been asked not to make any shareholder payments in respect of 2020 in view of the COVID-19 pandemic. The idea is to maintain balance sheets in as strong a position as possible rather than pay dividends. The credit union hopes to re-start dividends and loan interest rebates in respect of 2021, subject to a reasonable financial performance this year.

Looking at the year ahead, the introduction of mortgage lending is expected to be an important milestone, although it will take us some time to build up capacity. Online new member application is another exciting development in prospect. Google Pay, Apple Pay and Fit Pay are expected to be made available to current account holders. Finally, we are not in discussions with any other credit unions regarding further transfers of engagements, but the credit union remains open to considering any opportunities that emerge.

I am pleased to report that the Board of the credit union is putting a proposal to the membership at the AGM to admit wider family groups as members of the credit union. At present, the only family members that can join the credit union are those who are part of the same family and living in the same house as the member. The motion proposes that a member's spouse, parents, siblings, children and grandchildren may join regardless of where they live. Former public servants would also be eligible – this ensures that members who leave the public service remain within the “common bond”. The 2020-member survey showed strong member support for this proposal.

This was my first full financial year with PSCU, having joined the staff in early 2019. I wish to thank the Board of Directors for their assistance and encouragement and to offer an especially big thanks to my colleagues on the staff for all their skill, flexibility and “can-do” attitude during the year.

Finally, the PSCU staff team never lose sight of the fact that the members are the owners of the credit union and that all services and processes are designed around member needs. This has continued to guide the Board and staff during this unusual year.

Paul Ryan
CEO

Report of the Donations and Sponsorship Committee

Donations were made to many charities, organisation and fund-raising events during the year including:

- St. Vincent De Paul
- Chernobyl Project
- Simon Community
- Habitat for Humanity Ireland
- Salvation Army
- Make A Wish
- MS Ireland
- Cuan Mhuire
- Focus Ireland
- CARI
- Cystic Fibrosis Ireland
- Aoife's Clown Doctors
- Debra Ireland
- Australian Bushfire
- Our Lady's Hospital
- Feed the Heroes
- Threshold
- Kenya 2020
- Trocaire
- Do It for Dan
- Darkness into Light
- Barnardos
- Merchants Quay Ireland
- Br. Kevin, Capuchin Day Centre
- Cycle Against Suicide
- RTE Comic Relief
- ILCU Foundation

The “Charity of Choice” for 2019/2020 was the Alzheimer Society of Ireland. PSCU hosted a virtual presentation on 25th September 2020 with representatives from the 19 Alzheimer Society of Ireland branches, their CEO Mr. Pat Mc Loughlin, staff and volunteers. Members of the PSCU Board of Directors, staff and credit union members (some 350 of them) joined the live event for this very special presentation.



Donations and Sponsorship Committee

John Kehoe, Joe Carey and Dave Breslin



Staff members collecting for Charity of the Year 2019 Cystic Fibrosis Ireland.

Seamus P. McEoin Bursary Award Winners

Winners 2019/2020

Congratulations to the six winners of the 2019/2020 Bursary Awards who will receive a total of €6,000 each over the period of their studies. That is a total of €36,000. PSCU hosted a presentation to the lucky winners in the National Concert Hall on 22nd November 2019. The winners were Daniel McDermott, Amy Bernardo, Adam Hunter, Eleanor Rushe, Enda Cashman and Kate Larkin.



Winners of the Seamus P. McEoin Bursary Awards 2019.

Winners 2020/2021

The draw took place for the 2020/2021 Bursary Awards on 4th November 2020 witnessed by a number of Board and Board Oversight Committee members and held on Zoom. The lucky winners were:

- **Mark Keane** from Dublin 3 - Tourism Management
- **Aoife Corcoran** from Offaly - Construction Management & Engineering
- **Joseph Finnegan O'Brien** from Wicklow - Science
- **Hannah Cully** from Kildare - Applied Psychology
- **Gary Martin** from Roscommon - Science in Psychiatric Nursing
- **Sarah Lynch** from Donegal - Business with Specialisms

PSCU hosted a virtual presentation to the lucky winners for 2020/2021 on 1st December 2020.



Winners of the Seamus P. McEoin Bursary Awards 2020.

Report of the Board Oversight Committee

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 and Part IV (a) and any other regulations under the legislation and any other matter prescribed by the Central Bank of Ireland in respect of which they are to have regard to.

The BOC are not involved in the everyday operations of the credit union. The BOC works on behalf of the members of the credit union to ensure the members' interests are looked after and, as such, are independent and separate from the Board of Directors (BOD).

We are obliged to meet the Board four times throughout the year to review the BOD in areas such as the BOD meetings, strategy, and decision-making processes. In this regard we:

- Reviewed the minutes of all Board meetings alongside all committee reports.
- Monitored the ongoing review of the credit unions policies and procedures.
- Met on a monthly basis with at least one BOC member attending each Board meeting.
- Attended various committee meetings throughout the year.

During the year, the BOC attended and participated in training courses relevant to its role to ensure compliance with the fitness and probity requirement as laid out by the Central Bank.

The Board Oversight Committee is satisfied to report that the actions and decisions of the Board of Directors of the Public Service Credit Union (PSCU) are compliant with current legislation and regulation.

Due to personal circumstances, Henry Maguire had to resign from the BOC with immediate effect in August. The BOC thanks Henry for all his work on behalf of the committee.

The BOC would like to acknowledge the work commitment of the Board of Directors throughout this challenging year. As a lot of our meetings were held by Zoom, Directors had to find a quiet place in their homes to attend various meetings. The BOC were also aware of the effort made by the Directors to be available daily to the management team of the credit union. Finally we wish to thank the BOD, CEO, management and staff of PSCU for not only their support and assistance throughout the year as we fulfilled our role but also for their dedication and resilience in ensuring that the credit union maintained its services to the members throughout the pandemic.

Board Oversight Committee

Mark Foley, Bernie Kennedy

Report of the Credit Control Committee

The Credit Control Committee works to ensure that members repay their loans in accordance with the terms of their credit agreements. The committee met twenty six times this financial year and reported to the board each month.

Most members repay their loans on time and we thank them for this. Some member's financial circumstances change, and the credit union is committed to assisting members in financial difficulty with a solution based on the member's circumstances. Members experiencing financial difficulty are encouraged to contact the credit controller to seek assistance at the earliest opportunity.

The credit union was fortunate that the number of members whose loan repayments were affected by COVID-19 was reasonably small. As a result, the impact of the pandemic on overall loan performance has not been material to date.

Members should note that the credit union is obliged to register all loans in excess of €500 with the Central Credit Register, who will hold loan information on file for five years after the completion date. Missed payments may impact on your ability to obtain credit in the future from both the credit union and other financial institutions.

In a minority of cases where members have not engaged with the credit union, the credit union may use solicitors or a debt collection agency to recover outstanding loans. In this regard, the committee is pleased to report a further increase in the recovery of accounts previously charged off.

2018 €75,542 2019 €100,791 2020 €185,718

The committee would like to thank the management team, staff and Board of Directors for their commitment to credit control.

Credit Control Committee

*Gerard Cuddihy, Angelina Cirillo and Anne Gallen
(Convenor – William White, Credit Controller)*

Report of the Audit and Risk Committee

The Credit Union Act requires that a credit union must have a risk management function and an internal audit function in place as part of its overall governance structure. PSCU has a Risk Management and Regulatory team reporting to the Risk Management and Compliance Officer (RM&CO) and has outsourced its Internal Audit Function to Russell Brennan Keane (RBK). Both the RM&CO and the Head of Internal Audit Function have previously been approved by the Central Bank (under the Bank's Fitness and Probity Programme). The Board is strongly committed to a strong governance and compliance environment and has during the year approved the recruitment of extra resources for the Risk Management and Regulatory Function. The Board of Directors has delegated to the Audit and Risk Committee the task of ongoing monitoring of both the Risk Management and the Internal Audit Functions.

The Committee, in co-operation with the management team, agreed a risk management and compliance programme and an internal audit plan with the Internal Audit Function, both of which were approved by the Board of Directors. Progress on the programmes was monitored by both the Audit and Risk Committee and the Internal Audit Function and monthly reports were submitted to the Board for their approval.

During the year, the risk register was updated to reflect the challenges and key risks that might impact on the credit union. The risks were monitored closely, and appropriate mitigating measures put in place. The Internal Audit Function completed five audit reports which were reviewed and signed off by the Committee. The reports covered governance, lending, membership, anti-money laundering (AML), data protection, etc. With the advent of the COVID-19 pandemic, the Committee, working with management team, moved quickly to put in place procedures to ensure the safety of the credit union's staff and to ensure the continuity of services to the members. The Committee requested the Internal Audit Function to report on the procedures undertaken by the credit union to address the COVID-19 pandemic. The COVID-19 report concluded that the credit union had put appropriate procedures in place to maintain services to the members whilst adhering strictly to public health guidance and procedures.

The Committee, in compliance with legislation, has submitted to the Board, annual reports on the Risk Management and Internal Audit Functions. Both reports have been approved by the Board.

The annual compliance statement was submitted to the Central Bank. This confirmed that the PSCU was compliant with credit union legislation.

Audit and Risk Committee

*Noel Waters, Ben Byrne, Brendan Doherty
(Secretary Robert Butler)*

Report of the Membership Committee

Membership continued to grow in 2020 with 1,240 joining during the year or 100 per month on average. This growth is impressive considering the limitations imposed by COVID-19. In this regard, great credit must go to the credit union staff who continued to process applications promptly and to a high standard in difficult circumstances during the year.

It is also encouraging for the credit union to see so many new members joining. Results from the membership survey in 2020 showed an appetite for extending the common bond to include family members who are not resident in the same household - you will have read in the report of the CEO that a motion is due to go to the AGM in relation to this.

While visits to Departments and Offices by the Development Officer, Noel Cocoman, had to be suspended during the year as a result of COVID-19, contact with existing and potential new members was maintained through a large number of webinar presentations which were well received. Noel is happy to continue to make contact of this nature with the agencies concerned until circumstances permit a return to physical presentations at staff meetings, induction courses and seminars. Please don't hesitate to contact Noel at PSCU if you would like him to liaise with your staff on the benefits of joining the credit union.

Membership Committee

*Joe Carey, Phyllis Flynn, Annette Boyle
(Convenor Angelina Cirillo)*

Marie Duffy, Dublin West Branch of Cystic Fibrosis Ireland, receiving a Charity of the Year donation from Don Bailey, Credit Union Chairman, in November 2019.



Report of the Credit Committee

Lending continues to be the key service offered to members of the credit union. Perhaps not surprisingly, loans produce 73% of the credit union's income. Lending must be prudent and in compliance with the regulations set out by the Central Bank with ability to repay and credit worthiness the main considerations in granting a loan.

Once again, lending has grown during a very difficult year defined by COVID-19. In excess of 6,000 new loans were issued to the value of €33.6 million, an increase of 6% on last year. This brings the loan book to €66.8 million.

This strong loan demand is driven by the very good value of loans at Public Service Credit Union and by other benefits including Loan Protection insurance at no direct cost to the member and a history of loan interest rebates whenever possible.

Below is a breakdown of the types and rates of loans issued in the year ended 30th September 2020.

Type of Loan	APR %	Number of Loans	% of Total Loans
Standard	8.68%	3,107	47.7%
Secure	5.01%	1,506	14.7%
Car	7.12%	512	16.7%
Home Improvements	7.12%	271	15.5%
Education	5.01%	142	2.1%
Holiday	6.06%	120	0.7%
Christmas	7.12%	200	0.8%
Helping Hand (COVID-19)	6.06%	284	1.8%

As you can see, Public Service Credit Union has very competitive interest rates with no hidden fees or charges.

The credit union has paid a loan interest rebate back to members most years over the past seven years - the above rates from PSCU do not reflect this rebate. No rebate is proposed in respect of 2020.

The average loan issued during 2019/2020 was €5,470 and in excess of 93% of loans applied for have been approved.

Members can apply for a loan online and almost half of all borrowers are now applying for their loans this way. A document upload facility makes sending payslips and other supporting documents to the credit union much easier than previously. When added to the DocuSign facility for signing credit agreements online, borrowing from the credit union has become very simple.

The following is an example of a €5,000 loan compared to other financial institutions:

Loan **€5,000** Term **5 years** (60 months) Repayment Frequency **Monthly**

Financial Institution	Type of Loan	APR%	Monthly Repayment	Cost of Credit	More than PSCU secure loan
PSCU	Secured	5.01%	€94.13	€647.64	
Bank of Ireland	Personal	8.5%	€101.83	€1,109.63	+€461.99
PSCU	Standard	8.68%	€102.22	€1,133.29	+€485.65
KBC	Personal	9.0%	€102.94	€1,176.49	+€528.85
AIB	Personal	9.0%	€102.94	€1,176.49	+€528.85
An Post Money	Personal	9.5%	€104.06	€1,243.51	+€595.87
An Post Money	Personal	10.5%	€106.30	€1,377.98	+€730.34
Ulster Bank	Personal	10.9%	€107.20	€1,431.92	+€784.28
Avant Card	Personal	11.2%	€107.87	€1,472.44	+€824.80
Chill Money	Personal	12.9%	€111.71	€1,702.90	+€1,055.26
Permanent TSB	Personal	13.0%	€111.94	€1,716.50	+€1,068.86
Permanent TSB	Personal-Variable	14.3%	€114.90	€1,893.74	+€1,246.10

Source: Competition and Consumer Protection Commission webpage 16th October 2020

Finally, a few useful reminders:

Credit Reporting Act 2013

The Act came into force during 2017. The impact for borrowers is as follows.

1. All loans over €500 must be cross referenced and checked to the Central Credit Register (CCR).
2. All loans of €2,000 and over must be registered on the CCR.
3. Members cannot opt out of this requirement unlike the previous ICB credit check arrangements.
4. Members seeking a loan must also supply their PPSN.

Criminal Justice Acts

The credit union will not issue a loan without first having the necessary current anti-money laundering documentation (Proof of ID and proof of Residence/Address) on file. It is in the borrower's interest to supply the documentation prior to seeking a loan to ensure your loan can be dealt with quickly.

We would like to thank the Board, loan officers and all the staff for their assistance during the year.

Credit Committee

*Áine Quigley, Louise Kennedy, Fiona Butler
(Convenor Deborah Gorman, Lending Manager)*



Joe and Dorothy Bowden at AGM 2019.



**Yvonne Banahan, car draw winner in
December 2019**



**Kay Dowling, car draw winner in
September 2020**



Proposed Extension to the Credit Union Common Bond Notice of Motion to Annual General Meeting

Introduction:

The Board of the Credit Union recommends that the common bond of the Credit Union be extended to include more family members (beyond those sharing the one address) and that former public servants be included in the common bond to ease the administrative burden in relation to members who no longer hold the common bond.

Notice is hereby given that the following motion shall be brought to the Annual General Meeting (“AGM”) of Public Service Credit Union Limited (“the credit union”) to be held online on Wednesday, 24th February 2021, at 7.00pm.

Proposer:

 Leo Bollins, Secretary of the credit union on behalf of the Board of the credit union.

Proposal:

That this Annual General Meeting of the members of Public Service Credit Union Limited (the “credit union”) agrees to change rule 11 of the rules of the credit union

from:

Members shall be limited to and consist of the signatories to the application to register the credit union and such other persons having the following common bond: Employees and retired persons of government departments, offices and bodies under their aegis; members of the same household and family members who hold the common bond directly; incorporated bodies whose majority of members hold the common bond as have been duly admitted as members of the credit union in accordance with these rules and comply with such of the rules as relate to membership.

to:

Members shall be limited to and consist of the signatories to the application to register the credit union and such other persons having the following common bond: Persons who derive or have derived their livelihood from government departments, offices, bodies or agencies under their aegis, namely public sector employees, former employees and pensioners and in respect of each of the foregoing, their respective families being their spouses, civil partners, cohabitants, parents, siblings, children and grandchildren regardless of their place of residence and in each case as such persons have been duly admitted as members of the credit union in accordance with these rules and comply with such of the rules as relate to membership; and including incorporated bodies whose majority of members hold the common bond and others included by virtue of Rule 13(2).

Leo Bollins

Secretary

20th January 2021

Report of the Nomination Committee

Board of Directors

The terms of office of Annette Boyle, Brendan Doherty, Joe Carey and John Kehoe expire at this AGM. Brendan Doherty and Joe Carey are offering themselves for re-election.

Therefore, there are four Board vacancies to be filled at the AGM. Having considered the balance of skills, experience and knowledge of the current Board of Directors, and having completed a due diligence procedure, the Nomination Committee is satisfied that the following candidates adhere to the fitness and probity requirements, and proposes that the following candidates go forward for election at the AGM.

Candidate	Term of Office	Department etc.
Brendan Doherty*	3 years	Department of Health
Joe Carey*	3 years	Department of Transport (retired)
Mary McKeon	3 years	Department of Finance (retired)
Ciaran Rohan	3 years	AHCPS / formerly C&AG

*outgoing director eligible for re-election.

Nomination Procedure - Only the Nomination Committee may propose candidates for election to the Board of Directors in accordance with the Credit Union Act (as amended) (Section 56B).

Board Oversight Committee

With the agreement of the Board Oversight Committee (BOC), the Nomination Committee facilitates the election of the BOC.

Because Henry Maguire has resigned from the BOC, there is one vacancy to be filled at the AGM and the following candidate is proposed:

Candidate	Term of Office	Department
Annette Boyle	3 years	Revenue Commissioners (retired)

Auditor

Duffy Burke and Company is being nominated as Auditor for the year 2020/2021.

Candidate	Term of Office	Office
Duffy Burke and Company	1 year	Auditor

Nomination Committee

Leo Bollins, Annette Boyle, Ben Byrne, Larry Dunne, Noel Waters
18th January 2021



Grainne Reid and Geraldine Masterson at AGM 2019.



William White (Staff) with Sinead Lynam (ILCU Foundation) at AGM 2019.



Fran Taaffe and Joe Markey at AGM 2019.



Declan O'Brien (Public Service Friendly Society) with Barbara Dillon (left) and Carmel Doyle (right) at AGM 2019.

Directors' Report and Business Review

The Directors present their report and results with the audited financial statements for the year ended 30th September 2020.

Principal Activities

The principal activity of Public Service Credit Union is the provision of savings and loans to members in its common bond. The Credit Union manages its members' shares, capital and loans to members so that it earns income from the margin between interest receivable and interest payable.

Results and Distributions to Members

The Board is not proposing a distribution to members in the current year.

Credit Union Performance and Business Review

We are pleased to report that the performance of the Credit Union in 2020 has been very favorable, notwithstanding the Covid19 pandemic.

The surplus delivered in 2020 added to the Credit Union's capital strength, with regulatory capital standing at 11.17% and total reserves of 19.52%. The distributions of surplus and market returns to members has ensured capital reserves remain strong at €41.6m.

Covid-19 continues to pose a threat to credit unions. The threat to Public Service Credit Union is reduced because a high proportion of the credit union's membership is employed in the public sector and by the widespread payroll deduction arrangements in place. The credit union is mindful of the potential effects on its members, service providers and suppliers and monitors both internal and external risks relating to Covid-19 on an on-going basis. The credit union will continue to measure these risks and the possible impacts on its financial performance in the following key areas:

- Operational interference leading to changes in the business model due to falling demand, reduced member interaction, supply chain disruptions, employee absenteeism, & the work-from-home, environment which is now more commonplace.
- Increased Member saving balances, the escalating mismatch in Credit Unions asset and liability maturity levels, and the impact of negative interest rates.
- Member capacity to maintain their commitments to the Credit Union and the forbearance options it may offer to minimise loan losses. Increased stress testing of borrowers in non-essential service environments, and reduced cash flows in general of many members.
- Downward asset valuations, such investment returns and those of the Credit Unions property and equipment, and the Credit Unions use of judgement and estimates in its financial reporting.

Key Performance Indicators

The table below shows some of the KPIs over the past three years:

	2020 €	2019 €	2018 €
Total assets	213,653,469	199,277,511	169,135,655
Regulatory capital	23,873,178	21,973,178	18,008,939
Total savings	171,229,446	158,752,934	134,463,005
Expense to Income	51%	53%	47%
Regulatory Capital	11.17%	11.03%	10.65%
Total Capital	19.52%	19.94%	20.13%

Various key performance indicators are used to measure and monitor periodic progress and some of these are shown in the table above. As well as showing the movement in business volumes they also include performance measures, which are explained more fully below.

- Expense to income measures the Credit Unions' efficiency and the increase this year reflects the additional spend on staff, training and systems, representing an investment that the Credit Union is making in the future sustainability of the business.
- Regulatory capital is the reserve expressed as a percentage of total assets. It is an indication of the Credit Unions' financial strength, which has improved over the last 3 years through increased allocations and income margins

Going Concern

The board prepare the accounts on the going concern basis having consideration for its risks and uncertainties and its capacity to actively manage those risks through appropriate policy, procedure and professional advice.

Financial Risk Management, Objectives and Policies

The Credit Union has a formal structure for managing risk, including procedures for identifying and measuring risks, establishing risk limits, reporting lines, mandates and other control procedures. The Board is responsible for managing and controlling the balance sheet exposures and the use of financial instruments for risk management purposes.

Principal Risks and Uncertainties

The Credit Union operates within a conservative, Board approved risk appetite. Protecting members' interests is paramount, and the credit union contributes to various regulatory levies and compensation schemes. The principal business risks to which the Credit

Union is exposed are considered the main financial risks arising from Public Service Credit Unions activities. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit Risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the Credit Union resulting in financial loss. In order to manage this risk the Board approves the Credit Unions lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate impairment on loans advanced. The Board approves the Credit Union's Credit Control policy which monitors the procedures for the collection of loans in arrears and also the basis for impairments on loans.

Liquidity Risk: Public Service 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 objective of the liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. Members shares which are available on demand and those not an demand are identified as liabilities, other shares which are held as member's resources, are not available for withdrawal in accordance with the Credit Union Act 1997, as amended.

Market Risk: Public Service Credit Union conducts all its transactions in euro, accordingly the Credit Union is not exposed to any currency risk or other such direct market risk. The Credit Union considers its potential exposure to overall market risk in the banking sector and seeks to minimise such risk through its investment policy.

Interest Rate Risk: Public Service Credit Union's main interest rate risk arises from differences between the interest rate exposures on loans and investments receivable, as offset by its cost of capital, which is typically that of distributions to members' payable in the form of dividends, and interest rebates. Public Service Credit Union considers rates of interest receivable when deciding on the appropriation of income and its returns to members. The Board monitors such policy in line with the Credit Union Act 1997, as amended and guidance notes issued by the Central Bank of Ireland.

Deposit Protection Scheme: being the risk of higher financial levies being imposed on the Credit Union for further claims relating to the failure of other financial organisations. Costs associated with the DGS continue to represent an ongoing burden on the Credit Union. Membership of the scheme remains compulsory for all financial institutions.

Operational Risk: This is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The operational risks faced by the Credit Union are assessed on a regular basis and an appropriate system of control exists to mitigate these risks. The Board, through its committee structures is responsible for assessing the effectiveness of the system of inspection and control. The controls are reviewed by the Credit Union's internal auditors on an ongoing basis.

Regulatory Risk: This is the risk that changing laws and the volume and complexity of regulatory requirements may impact the Credit Unions ability to compete and grow. This risk is regularly reviewed by the Board.

Conduct Risk: This is the risk that actual or potential member detriment arises, or may arise, from the way the Credit Union conducts its business. The Board has primary responsibility for ensuring that the manner in which the Credit Union conducts dealings with its members is fair and in their interests. This culture is embedded throughout the business and the Credit Union considers all matters that impact upon the fair treatment of our members, including product design and terms and conditions, complaints, fees and charges and ensuring that staff are trained and suitably qualified.

Directors

The Directors and Board Oversight Committee (BOC) who served during the year are

Board

Don Bailey, Chairman	Agriculture, Food and Marine
Leo Bollins, Secretary	Houses of the Oireachtas
Annette Boyle	Revenue Commissioners (retired)
Ben Byrne	Dublin Bus (retired)
Joe Carey	Transport, Tourism and Sport (retired)
Brendan Doherty	Health
Larry Dunne	Public Expenditure and Reform
Michael Flannery	Dublin Bus
John Kehoe	Agriculture, Food and Marine (retired)
Anne McLaughlin	Revenue Commissioners
Noel Waters, Vice Chairman	Justice (retired)

BOC

Mark Foley, Chairman	Agriculture, Food and Marine
Bernie Kennedy, Secretary	Revenue Commissioners (retired)
Henry Maguire	Dublin Bus (retired)

Statement of Directors' Responsibilities

For the year ended 30th September 2020

The directors are responsible for preparing the Annual Report, Directors' Report and the annual accounts in accordance with applicable laws and regulations.

The Credit Union Act 1997 as amended requires the directors to prepare the Credit Union annual accounts for each financial year. Under that law they have elected to prepare the Credit Union annual accounts in accordance with accounting Standards and applicable law (Irish and UK generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Credit Union annual accounts are required by law to give a true and fair view of the state of the affairs of the Credit Union as at the end of the financial year and of the income and expenditure of the Credit Union for the financial year.

In preparing these annual accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable Irish Accounting Standards have been followed, subject to any material departures disclosed and explained in the annual accounts; and
- prepare the annual accounts on the going concern basis, unless it is inappropriate to presume that the Credit Union will continue in business.

In addition to the annual accounts, Statutory Instrument 1 of 2016 requires the directors to prepare and include, for each financial year, additional disclosures and statements, each containing prescribed information relating to the business of the Credit Union.

Directors' Responsibilities for Accounting Records and Internal Controls

The directors are responsible for ensuring that the Credit Union:

- keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Credit Union, in accordance with the Act; and
- takes reasonable care to establish, maintain, document and review such systems and controls as are appropriate to its business, in accordance with the legislation and guidance from the Central Bank of Ireland under the Credit Unions Acts and Statutory Instruments.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Credit Union and to prevent and detect fraud and other irregularities.

On behalf of the Board of Directors

Don Bailey
Chairman

Statement of Board Oversight Committee Responsibilities

For the year ended 30th September 2020

The Credit Union Act 1997, as amended require the appointment of a Board Oversight Committee.

The board oversight committee of a credit union shall assess whether the board of directors has operated in accordance with

- Part IV of the Credit Union Act 1997, as amended and any regulations made for the purposes of Part IV, and
- Any other matter prescribed by the Central Bank in respect of which they are to have regard to in relation to the board of directors.

On behalf of the Committee

Mark Foley

Chairman

Independent Auditors Report to the Members of Public Service Credit Union Limited

For the year ended 30th September 2020

Opinion

We have audited the financial statements of Public Service Credit Union Limited for the year ended 30th September 2020, which comprise the Income and Expenditure Account, Balance Sheet, Statement of Changes in Reserves and Cash flow Statement and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30th September 2020 and its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Credit Union Act 1997, as amended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Respective responsibilities

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix of this report, which is to be read as an integral part of our report.

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

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

Gavan Duffy CPA

Statutory Auditor

For & on behalf of

DBCO (Duffy Burke & Co)

Statutory Audit Firm & Certified Public Accountants, Galway

4th November, 2020

Appendix to the Independent Auditors' Report

Further information regarding the scope of our responsibilities as auditor.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our 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 director's 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 going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as going concerns.
- 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 fair presentation.

We communicate 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 we identify during our audit.

Income & Expenditure Account*For the year ended 30th September 2020*

	<i>Note</i>	<i>2020</i>	<i>2019</i>
Interest on members' loans	2	5,103,425	4,232,463
Interest on investments	3	1,298,417	1,322,238
Interest Payable and Similar Charges		(92,697)	(5,675)
Net interest income		6,309,145	5,549,026
Fees and commissions receivable	4	21,199	1,291
Fees and commissions payable	4	(439,793)	(464,616)
Other Operating Income	5	264,158	24,517
Total net income		6,154,709	5,110,218
Employment costs	6	(1,286,537)	(1,034,499)
Management expenses	8	(1,620,170)	(1,436,069)
Depreciation and amortisation	11	(121,145)	(88,041)
Operating surplus before impairment losses and provisions		3,126,857	2,551,609
Net Impairments (recoveries) on loans to members		(363,838)	(234,760)
Gains (losses) on Investments		-	-
Surplus for year		2,763,019	2,316,849
Other comprehensive income			
Total income for year		2,763,019	2,316,849

Surplus for the financial year represents the Credit Union's total comprehensive income and is attributable to the members of the Credit Union. Surplus for the year is derived from continuing operations.

The annual accounts were approved by the board on the 04/11/2020 signed on behalf of the Credit Union by:

Don Bailey
Chairman

Paul Ryan
CEO

Bernie Kennedy
Board Oversight Committee

Balance Sheet*as at 30th September 2020*

	<i>Note</i>	<i>2020</i>	<i>2019</i>
		€	€
ASSETS			
Cash and cash equivalents	25	3,250,951	14,290,231
Deposits with Banks	25	103,020,750	87,904,777
Debt Securities		29,063,090	27,496,108
Central Bank		7,674,935	1,288,935
Loans to Members	9	64,468,194	63,027,051
Tangible fixed assets	11	298,516	361,733
Other receivables		5,877,033	4,908,676
Total Assets		213,653,469	199,277,511
LIABILITIES			
Members' shares	12	146,551,748	130,875,215
Members' Deposits	13	24,290,786	27,776,664
Members' Current Accounts	15	259,266	(25)
Members' Budget Scheme	14	127,646	101,080
Accruals and deferred income	16	502,500	560,603
Provisions for liabilities	20	223,217	234,872
Total Liabilities		171,955,163	159,548,409
Assets less Liabilities		41,698,306	39,729,102
RESERVES			
Regulatory reserve		23,873,178	21,973,178
Other reserves		17,825,128	17,755,924
Total Reserves		41,698,306	39,729,102

The annual accounts were approved by the board on the 04/11/2020 signed on behalf of the Credit Union by:

Don Bailey
Chairman

Paul Ryan
CEO

Bernie Kennedy
Board Oversight Committee

Statement of Reserves and Changes in Members' Interests

Balance	Regulatory Reserve €	Operational Risk Reserve €	Distributions Reserve €	Retained Earnings €	Total Reserves €
30/09/2019	21,973,178	305,710	16,734,368	715,846	39,729,102
Surplus				2,763,019	2,763,019
Allocations	1,900,000	100,000	750,000	(2,750,000)	-
Distributions	-	-	(793,815)	-	(793,815)
30/09/2020	23,873,178	405,710	16,690,553	728,865	41,698,306
30/09/2018	18,008,939	105,710	15,493,774	439,220	34,047,643
Surplus				2,316,849	2,316,849
Transfer of engagement	2,164,239	-	-	1,959,777	4,124,016
Allocations	1,800,000	200,000	2,000,000	(4,000,000)	-
Distributions	-	-	(759,406)	-	(759,406)
30/09/2019	21,973,178	305,710	16,734,368	715,846	39,729,102

Statutory Percentages and Regulatory Capital

The Credit Union Acts and regulations require the Credit Union to maintain statutory capital and ratios in relation to its assets and liabilities.

	Requirement	30/09/2020
Regulatory Reserve	10% of assets	11.17%
Operational Risk Reserve	As determined by the Board	0.19%
Lending concentrations	10% of regulatory capital	0%

- i. The Credit Union policy is to maintain sufficient capital resources in order to support its growth, continue its lending and exceed the minimum capital requirements set by the Central Bank of Ireland. The Credit Unions related policies on strategy, risk and financial management set out the governance processes which are followed in order to ensure these requirements are met. There have been no reported breaches of capital requirements during the year, and there have been no material changes to the way in which the Credit Union manages its capital compared to the prior year.
- ii. Reserves contributing to regulatory capital must be realised unrestricted and non-distributable. The Board must maintain regulatory capital at or above 10% of assets. Regulatory capital excludes amounts set aside for impairments.
- iii. The Board determines from ongoing risk assessments the amount held as an operational risk reserve and must be expressed as a percentage of assets. Included in Operational Risk is a Central Bank requirement to hold a minimum reserve for its Member Personal Current Account (MPCAS) this amount shall be determined from time to time based on the present value of obligations to the members as advised by the Central Bank. The current MPCAS risk amount is 200,000.
- iv. Where the credit union has lending concentrations to connected parties greater than 10% of its regulatory capital, the credit union must hold the amount of the exposure that is in excess of the limit in a realised reserve separate from the regulatory reserve.

Cash Flow Report

	2020	2019
	€	€
Cash flows from operating activities		
Surplus for the financial year	2,763,019	2,316,849
Depreciation	121,145	88,041
Loan Impairments	307,840	335,551
Total	3,192,004	2,740,441
Changes in operating assets and liabilities		
Net Movements in prepayments and accrued income	(968,357)	38,153
Net Movements in accruals and other liabilities	216,099	271,523
Movements in net loans to members	(1,748,983)	(12,858,885)
Movements in members' shares	15,676,533	(3,587,790)
Movements in members' Deposits	(3,485,878)	27,776,664
Net cash generated by operating activities	12,881,418	14,380,106
Cash flows from investing activities		
Net Movement in investments and cash	(23,068,955)	(17,626,193)
Purchase of fixed assets	(57,928)	(288,763)
Transfer of Engagements	-	4,124,016
Net cash generated by investing activities	(23,126,883)	(13,790,940)
Cash Flow from Financing Activities		
Dividends and rebates paid in year	(793,815)	(759,406)
Cash Flow from Financing Activities	(793,815)	(759,406)
Net (decrease) Increase in cash and cash equivalents	(11,039,280)	(170,240)
Cash and cash equivalents at beginning of year	14,290,231	14,460,471
Cash and cash equivalents at end of year	3,250,951	14,290,231
Analysis of the balances of cash and cash equivalents shown in the balance sheet		
Cash in hand	2,405,530	5,718,661
Investments repayable within 3 months	845,421	8,571,570
Total	3,250,951	14,290,231

Notes to the Financial Statements

For the year ended 30th September 2020

1. Principal Accounting Policies and Information

1.1. General Information

The Credit Union is registered under the Credit Union Act 1997, as amended. The address of the main office is St Stephens Green House, Earlsfort Terrace, Dublin 2.

1.2. Statement of Compliance

The financial statements of the Credit Union are prepared in accordance with the Credit Union Act 1997, as amended incorporating the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016, Ireland UK applicable accounting standards including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”).

1.3. Accounting Convention

The Credit Union has prepared the annual accounts in accordance with the Credit Union Act 1997, as amended to include Statutory Instrument 1 of 2016 and Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) as issued in September 2016. In preparing the annual accounts under FRS 102, the use of certain critical account estimates and judgments has been required. The areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the annual accounts, are set out in note 1.16.

The annual accounts have been prepared under the historical cost convention, which the exception of certain investments which are held at fair value through the income statement. The presentation currency of the annual accounts is euro.

1.4. Going Concern

The current economic conditions present risks and uncertainties for all businesses. The Directors have carefully considered the risks and uncertainties and the extent to which they might affect the preparation of the financial statements on a going concern basis. The Directors consider that:

- the Credit Union maintains an appropriate level of liquidity sufficient to meet the normal demands of the business and the requirements which might arise in stressed circumstances
- the availability and quality of liquid assets is such that it ensures funds are available to repay exceptional demand from its members
- other assets are primarily in the form of personal loans both secured and unsecured. Regular assessment of the recoverability of all loans is undertaken and provision made where appropriate, and
- reasonable surpluses have and will be generated in order to keep capital at a suitable level to meet regulatory requirements

As discussed in the director's report, The Directors are satisfied that the Credit Union has adequate resources to continue in business for the foreseeable future. For this reason, the accounts are prepared on a going concern basis.

1.5. Interest Income and Expense

Interest income and interest expense for all interest bearing financial instruments are recognised in 'interest receivable and similar income' or 'interest payable and similar charges' using the effective interest rates of the financial assets or financial liabilities to which they relate. The effective interest rate is the rate that discounts the expected future cash flows, over the expected life of the financial instrument, to the net carrying amount of the financial asset or liability.

There are no fees receivable or payable in relation to members' loan advances or settlements. Interest on impaired financial assets is recognised at the original effective interest rate of the financial asset applied to the carrying amount as reduced by an allowance for impairment.

1.6. Commissions

Commission receivable from the sale of third party products is recognised on fulfilment of contractual obligations, that is when products are completed.

1.7. Cash and Cash Equivalents

For the purpose of the cash flow statement, cash comprises cash in hand and amounts with banks repayable on demand. Cash equivalents comprise highly liquid, unrestricted investments that are readily convertible into cash with an insignificant risk of changes in value with original maturities of less than three months. The cash flow statements has been prepared using the indirect method.

1.8. Financial assets

The Credit Union initially recognises loans, deposits and debt securities on the date on which they originated. All other financial instruments are recognised on the trade date, being the date on which the Credit Union becomes a party to the contractual provision of the instrument.

A) Loan commitments

The Credit Union's loans and advances to members are classified as loan commitments. Loans and advances are non- derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Credit Union measures its loans and advances at amortised cost less impairment provisions. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The initial value recognised is the amount of the contractual loan issued to the borrower.

B) Debt instruments

Debt instruments are non-derivative assets with fixed or determinable payments and fixed maturity that the Credit Union has the positive intent and ability to hold to maturity, and which unless otherwise stated, are not designated as at fair value through the income statement. Debt investments are carried at amortised cost using the effective interest rate method (see above), less any impairment losses.

The Credit Union derecognises a financial asset when its contractual rights to a cash flow are discharged or cancelled, or expire or substantially all the risk and rewards of ownership have been transferred.

1.9. Financial Liabilities Measured At Amortised Cost

The Credit Union classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost. The Credit Union derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

1.10. Impairment of Financial Assets***a) Assets carried at amortised cost***

A financial asset or group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably. Throughout the year and at each year end individual assessments are made of all loans and advances and also against properties which are in possession or in arrears by three months or more and/or are subject to forbearance activities. Individual impairment provisions are made against those loans and advances where there is objective evidence of impairment.

Objective evidence of impairment may include:

- Significant financial difficulty of the borrower/issuer;
- Deterioration in payment status;
- Renegotiation of the terms of an asset due to financial difficulty of the borrower or issuer, including granting a concession/forbearance to the borrower or issuer;
- Becoming probable that the borrower or issuer will enter bankruptcy or other financial reorganisation; and
- Any other information discovered during regular review suggesting that a loss is likely in the short to medium term.

The Credit Union considers evidence of impairment for assets carried at amortised cost at both an individual asset and a collective level. Those found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping together loans and advances and held to maturity investments with similar risk characteristics.

In assessing collective impairment, the Credit Union uses its historical loss experience and certain observable local data to build a risk weighted modelling of historical trends

of the probability of default, the timing of recoveries and the amount of loss incurred. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

In considering expected future cash flows, account is taken of any discount which may be needed against the value of any property or guarantee at the balance sheet date thought necessary to achieve a sale. The Credit Union participates in an industry wide insurance scheme for the recovery of certain loans on the death or disability of its members. The costs of the insurance are funded by the Credit Union as an operational expense.

Where certain emerging impairment characteristics are considered significant but not assessed as part of the impairment calculation, the Board may elect to apply an override to the impairment provision. The amount of impairment loss is recognised immediately through the income statement and a corresponding reduction in the value of the financial asset is recognised through the use of provisions.

b) Forbearance strategies and renegotiated loans

A range of forbearance options are available to support members who are experiencing financial difficulty. The purpose of forbearance is to support members who have temporary financial difficulties and help them enter into payment arrangements which are mutually beneficial to the member and the Credit Union.

The main options offered by the Credit Union include:

- Reduced monthly payment;
- An arrangement to clear outstanding arrears; and
- Extension of loan term.

Members requesting a forbearance option will need to provide information to support the request which is likely to include a budget planner, statement of assets and liabilities, bank/credit card statements, payslips etc. in order that the request can be properly assessed. If the forbearance request is granted, the account is monitored in accordance with Central Bank Requirements. The Credit Union is obligated to retain specific provisions against rescheduled loans until the maturity of the balance. At the appropriate time, the forbearance option that has been implemented is cancelled and the member's normal contractual payment is restored, however provisions are retained on the account.

1.11. Tangible Assets – Office and IT Equipment, Fixtures and Fittings

Additions and improvements to office premises and equipment, including costs directly attributable to the acquisition of the asset, are capitalised at cost. In the balance sheet, the value of property, plant and equipment represents the original cost, less cumulative depreciation.

The costs, less estimated residual values of assets, are depreciated on a straight-line basis over their estimated useful economic lives as follows:

- Office and IT equipment, fixtures and fittings – two to seven years

Assets are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

1.12. Intangible Assets - Computer Software

Purchased software licences, and costs directly associated with the development of computer software are capitalised as intangible assets where the software is an identifiable asset controlled by the Credit Union which will generate future economic benefits and where costs can be reliably measured. Costs incurred to establish technological feasibility or to maintain existing levels of performance are recognised as an expense as incurred.

Intangible assets are stated at cost less cumulative amortisation and impairment losses.

Amortisation begins when the asset becomes available for operational use and is charged to the income statement on a straight-line basis over the estimated useful life of the software, which is between 3 and 7 years. The amortisation period used is reviewed annually.

Assets are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

1.13. Retirement Benefits

The Credit Union operates a defined contribution 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 payments 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

1.14. Taxation

The Credit Union is not liable to income tax on its activities as a Credit Union.

1.15. Provisions and Contingent Liabilities

The Credit Union has an obligation to contribute to the Deposit Guarantee Scheme to enable the Central Bank to meet compensation claims from, in particular, retail depositors of failed financial institutions. A provision is recognised to the extent it can be reliably estimated and when the Credit Union has an obligation in accordance with International Financial Reporting Interpretation Committee, Interpretation 21: Levies. The amount provided is based on information received from the Central Bank of Ireland and the Credit Unions covered share balances at its year end. Contingent liabilities are potential obligations from past events which shall be confirmed by future events. Contingent liabilities are not recognised in the balance sheet.

1.16. Accounting Estimates and Judgements

The Credit Union makes estimates and judgements that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are described below:

A) Impairment losses on loans and advances to members

The Credit Union reviews its loan book at least on a quarterly basis to assess impairment. In determining whether an impairment loss should be recorded, the Credit Union is required to exercise a degree of judgement. Impairment provisions are calculated using historical arrears experience, modelled credit risk characteristics and expected cash flows.

1.17. Dividends and Returns to Members

The Credit Union determines its distributions to members annually based on its policy statement which reflects that distributions are made from current year's surplus or reserves set aside for that purpose. The Board in determining the level of distribution considers its ongoing capital requirements, budgetary needs and financial risks. It is the policy of the board to then propose a return to members. The Credit Union accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting. No liability to pay a distribution exists until the majority of members vote at the AGM.

2. Interest on members' loans

	2020	2019
	€	€
Loan interest received in year	4,964,302	4,100,265
Accrued interest at 30th September	139,123	132,198
Total interest on members' loans	5,103,425	4,232,463

Included within interest income is €26,726 (2019: €30,942) in respect of interest income accrued on impaired loans one or more weeks in arrears. The credit union impairs loan interest accrued until received in cash.

3. Investment Income

Interest receivable and accrued in the annual accounts is due as follows at the year end. Other accrued income refers to amounts earned but unrealised at the balance sheet date, not being distributable by the Credit Union and is placed to the investment reserves and released to distributable reserves when it becomes realised.

	2020	2019
	€	€
Interest received at Balance Sheet Date	423,221	510,383
Receivable within 12 months of the Balance Sheet Date	967,811	902,226
(Premiums) /discount amortisation	(92,615)	(90,371)
Total Investment Income	1,298,417	1,322,238

4. Fees and Commissions**Fees Receivable**

Current Account Fees	12,648	25
	6,576	-
Entrance fees	1,286	1,253
Other Commissions	689	13
Total Receivable	21,199	1,291

Fees and Commissions Payable

Banking fees and charges	(114,440)	(85,245)
Regulatory fees and levies	(222,705)	(276,737)
ILCU, CUDA and other association costs	(58,556)	(60,327)
Current Account Costs	(40,133)	(40,770)
Mortgage costs	(196)	-
Other Commissions and subscriptions	(3,763)	(1,537)
Total fees and commissions payable	(439,793)	(464,616)

5. Other operating income

	2020	2019
	€	€
LP/LS Insurance rebate	-	24,517
Other Income - Insurance claim	264,158	-
Total	264,158	24,517

6. Employees

The average number of persons employed by the Credit Union during the year was as follows:

	2020	2021
Full time staff	23	21
Total	23	21

	2020	2019
	€	€
Total Staff Costs	1,286,537	1,034,499

7. Remuneration of and Transaction with Officers and Related Parties**Key management compensation**

Key management includes the Officers (directors and those staff members) with responsibility for specific aspects of the Credit Unions business on an individual or committee basis. Under Sec 68 (1) of the Credit Union Act 1997 (as amended), Directors are prohibited from earning any compensation directly or indirectly in the performance of their function as a director or member of a principal committee. The section also prohibits payments to members of the Board Oversight Committee. The compensation paid or payable to key management for employee services is shown below.

	2020	2019
	€	€
Salaries	514,737	442,901
Pension costs	47,306	34,232
Tax and social welfare	57,558	38,331
Total Compensation	619,601	515,464

Transactions with Officers

The Credit Union is prohibited from making a loans to a related party which would provide that party with more favourable terms than a loan by the credit union to non-related parties (including, without limitation, terms as to credit assessment, duration, interest rates, amortisation schedules, collateral requirements). Officers of the Credit Union under arm's length transactions and in the normal course of business in their capacity as members of the Credit Union, had the following transactions and balances at the year end.

	2020	2019
	€	€
Savings Balances	608,167	408,477
Loan Balances	123,653	89,626
Loans Issued	60,673	46,465
Loans outstanding as a % of Overall Loans	0.18%	0.14%

There were no transactions outside the course of normal business with any related party during the year. Officers of the Credit Union contributed €nil to the provision for bad and doubtful debt at the year end.

Transactions with family members of officers

SI of 2016 requires the disclosure of loans to a member of the family of a member of the board of directors or the management team of a credit union; or (c) a business in which a member of the board of directors or the management team of a credit union has a significant shareholding (10%). A family member means in relation to any person, that person's father, mother, spouse or public partner, cohabitant, son, daughter, brother, or sister;

Loans outstanding

	2020	2019
	€	€
Loans to family members	75,427	15,218
Total	75,427	15,218
As a % of Total Loans	0.11%	0.02%

8. Management Expenses

	2020	2019
	€	€
Board oversight committee expenses	(1,592)	(2,036)
Rent and Rates	(10,010)	(7,330)
Light, Heat & Cleaning	(31,273)	(23,085)
Repairs and Renewals	(10,722)	(10,016)
Printing and Stationary	(20,528)	(19,072)
Postage and Telephone	(73,305)	(71,667)
Donations and Sponsorship	(50,000)	(45,000)
Promotion and Advertising	(118,134)	(136,262)
Training Costs	(26,578)	(17,344)
Convention Expenses	(4,501)	(8,768)
AGM Expenses	(30,531)	(30,886)
Travel and Subsistence	(176)	(699)
Internal Audit fees	(30,098)	(26,094)
Audit Fees	(29,020)	(34,387)
General Insurance	(70,544)	(56,687)
Share and Loan Insurance	(632,288)	(453,729)
Legal and Professional Fees	(155,846)	(119,532)

Debt Collection	(10,502)	(26,809)
Equipment Maintenance	(7,276)	-
Computer Equipment and Licences	(266,180)	(229,117)
Security Expenses	(10,306)	-
Entertainment Costs	(2,056)	(2,847)
Miscellaneous Expenses	(28,704)	(41,690)
Transfer of Engagement costs	-	(73,012)
Total	(1,620,170)	(1,436,069)

9. Loans to Members

	2020	2019
	€	€
Loans fully secured by savings	8,833,774	8,820,635
All other loans	58,011,303	56,275,459
Total loans	66,845,077	65,096,094
At 1st October	65,096,094	52,273,109
Loans advanced in year	33,598,993	36,421,315
Repaid in year	(31,608,283)	(32,239,933)
On transfer of engagements	-	8,836,009
Written off in year	(241,727)	(194,406)
At September 30th, Gross Loans outstanding	66,845,077	65,096,094
Impairments (see note)	(2,376,883)	(2,069,043)
Net loans outstanding	64,468,194	63,027,051

The remaining contractual maturity of loans to members from the balance sheet date is as follows, though this may not reflect the actual pattern of repayments as loans may be prepaid or fall into arrears.

	2020	2019
	€	€
Not more than 1 year	3,642,169	4,410,821
More than 1 year, less than 3 years	20,809,278	22,031,099
More than 3 years, less than 5 years	32,525,422	34,461,853
More than 5 years, less than 10 years	9,686,814	3,980,374
More than 10 years	181,394	211,947
Less Impairments	(2,376,883)	(2,069,043)
Total loans	64,468,194	63,027,051

10. Impairment Provisions for Loans to Members

The Credit Union accounts for impairments on loans as outlined in note 1. The movement in provisions during the year is outlined as follows.

	2020	2019
At 1 October	€	€
Collective provision	1,134,370	707,585
Individual provision	934,673	1,061,806
Total	2,069,043	1,769,391
Charges to provisions		
Collective provision	(4,856)	335,551
Individual provision	554,423	-
Collective provision - Citybus Transfer of Engagement	-	91,234
Individual provision - Citybus Transfer of Engagement	-	67,273
	549,567	494,058
Release of provisions		
Collective provision	-	-
Individual provision	(241,727)	(194,406)
	(241,727)	(194,406)
At 30 September		
Collective provision	1,129,514	1,134,370
Individual provision	1,247,369	934,673
Total	2,376,883	2,069,043
Net recoveries or losses recognised for the year		
Bad Debts Recovered	185,729	100,791
Net movements in impairments	(307,840)	(141,145)
Bad Debts written off	(241,727)	(194,406)
Net recoveries (losses) recognised in year	(363,838)	(234,760)

11. Tangible Fixed Assets

	Intangible Assets	Office Equipment	Fixtures & Fittings	Computers	Total
	€	€	€	€	€
Cost/Valuation					
30/09/2019	135,788	122,927	86,693	547,230	892,638
Additions in year	-	5,693	19,241	32,994	57,928
On Transfer of Citybus	-	(38,206)	-	(132,977)	(171,183)
30/09/2020	135,788	90,414	105,934	447,247	779,383

Depreciation

30/09/2019	102,798	110,208	76,260	241,639	530,905
Charge for the year	16,666	7,786	6,941	89,752	121,145
On Disposals	-	(38,206)	-	(132,977)	(171,183)
30/09/2020	119,464	79,788	83,201	198,414	480,867

Net Book Values

30/09/2020	16,324	10,626	22,733	248,833	298,516
30/09/2019	32,990	12,719	10,433	305,591	361,733

Intangible fixed assets comprise purchased software and licenses that are not an integral part of a related hardware.

12. Members Shares

Members' shares/savings are distinguished between those which are unconditionally repayable on demand and those which are committed or otherwise pledged to the credit union by virtue of loans or guarantees. The Credit Union retains rights to exercise liens over share / savings where a member has an outstanding liability to the Credit Union in accordance with Section 20 of the Credit Union Act 1997, as amended.

	2020	2019
	€	€
On Demand	130,684,941	131,045,134
Committed Shares	40,157,593	27,606,745
Total Savings	170,842,534	158,651,879
Shares at 1st October	130,875,215	134,463,005
Receipts	56,222,596	69,051,490
Withdrawals	(40,546,063)	(72,639,280)
Shares at 30th September	146,551,748	130,875,215

13. Members Deposits

The Credit Union offers on demand and term deposits to members with existing funds, on a share transfer basis. At the year end the Credit Union offered two such fixed term accounts. Interest of €13,792 accrued on balances at year end is included in Creditors.

	2020	2019
	€	€
Deposits at 1st October	27,776,664	-
Receipts	10,155,387	27,776,664
Withdrawals	(13,641,265)	-
Deposits at 30th September	24,290,786	27,776,664

14. Members Budget Accounts

The credit union operates a budgeting account service on behalf of certain members who transferred from Citybus Employees' Credit Union. Members are required to clear/close-off their budget account balances at 30th September each year. At the time of the transfer of undertakings from Citybus Employees' Credit Union on 31st August 2019, it was agreed that Public Service Credit Union would complete a review of the service within the following twelve months. Because of the COVID-19 pandemic, this review has been postponed for a further year.

	2020	2019
	€	€
Budget accounts at 1st October	101,080	-
Receipts	922,297	101,080
Withdrawals	(895,731)	-
Budget accounts at 30th September	127,646	101,080

15. Member Personal Current Accounts

		2020	2019
	Accounts	€	€
Debit Balances	130	21,698	25
Credit Balances	323	280,964	-
Total		259,266	(25)

		2020	2019
	Accounts	€	€
Permitted overdrafts	108	40,950	-
Total		40,950	-

16. Accruals & deferred income

Amounts accrued and due within one year comprise

	2020	2019
	€	€
Members' Prize Draw	111,017	63,953
Creditors	33,952	813
Accruals	357,531	495,837
Total	502,500	560,603

Liabilities under the Prize Draw account refer to draw members' only, in the event of the draw discontinuing funds are raffled among paid up members.

17. Insurance against Fraud

The Credit Union has insurance against fraud in the amount of €5,200,000 (2019: €5,200,000) in compliance with Section 47 of the Credit Union Act 1997, as amended.

18. Interest Charged on Members Loans

Interest on Members Loans is charged in accordance with the Credit Unions registered rules and the Credit Union Act 1997, as amended.

19. Pension liabilities

The Credit Union operates a defined contribution scheme on behalf of its employees. The current scheme costs are charged to the income and expenditure account in the period to which they relate. There were no outstanding pension amounts due at the year end.

20. Provision for Liabilities

Provision for liabilities include the following:

Deposit guarantee scheme and Levies

The Credit Union is obliged to hold minimum deposits with the Central Bank of Ireland in the form of minimum reserves and deposits under the Deposit Guarantee Scheme. In 2018 funds in the account were converted to a charge on the Credit Union, and balances held within the legacy account continue to fund the Credit Union charge until expiry. The Credit Union is liable for the charge at 0.02% of covered savings until 2024.

Provision for Employee Benefits

Provision for Employee Benefits relate to Holiday Pay. The holiday year runs from January to December each year and at 30th September the credit union employees have accrued holiday entitlements which will be paid to them in the following financial year.

	2020	2019
	€	€
Short term payroll accruals	18,520	7,794
Central Bank levies	204,697	227,078
Total	223,217	234,872

21. Returns to Members

At the 30th of September the Directors have not proposed any distributions to the members in the current year. Prior year amounts recognised represent a dividend on shares of 0.20% (€295,365) and a rebate of loan interest at 10% (€496,151).

22. Contingent liabilities

On 17th September 2018, the Central Bank raised queries with Credit Unions in relation to accrued interest outstanding on loans, in circumstances where additional credit is extended to a member by way of a top-up loan. A potential issue may arise where the Credit Union has not collected all outstanding interest due before the extension of additional credit. The Credit Union is satisfied that interest is calculated, collected and explained correctly to the member at the time of drawdown. The credit union is engaged with the IT supplier user group and the user group's legal advisors to investigate if matters raised with Credit Unions are applicable to its IT system. At the balance sheet date, the Credit Union had not concluded its review, given the uncertainty of the above and the outcomes it is impractical for the Credit Union to estimate the impact (if any) of any findings which may arise.

23. Capital commitments

There were no capital commitments at the balance sheet date.

24. Post Balance Sheet Events

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

25. Financial instruments

The Credit Union is a retailer of financial instruments in the form of personal loans and savings products, and also uses financial instruments to invest in liquid assets and manage its surplus funds. The Credit Union does not raise funds from wholesale money markets in support of its retail operations. The Credit Union has a formal structure for managing risk, including formal risk policies, risk limits, reporting structures, mandates and other control procedures. This structure is reviewed regularly by the Board. The Credit Union does not use any derivative financial instruments, nor enter into any financial instruments for trading or speculative purposes. The Credit Unions assets and liabilities are measured on an ongoing basis at amortised cost. The table below analyses the Credit Unions assets and liabilities by category to which they are recognised and measured in accordance with accounting policies in note 1

Carrying value by category 30th September 2020

	Debt instruments at amortised cost	Debt instruments at fair value	Financial liabilities at amortised cost	Other financial instruments at amortised cost	Total
ASSETS					
Cash and equivalents	3,250,951	-	-	-	3,250,951
Bank Deposits	103,020,750	-	-	-	103,020,750
Debt Securities	25,063,090	4,000,000	-	-	29,063,090
Members loans	64,468,194	-	-	-	64,468,194
Central Bank	0	-	-	7,674,935	7,674,935
Other Loans	-	-	-	-	0
Total financial assets	195,802,985	4,000,000	-	7,674,935	207,477,920
Non-financial assets					6,175,549
Total	-	4,000,000	-	7,674,935	213,653,469
LIABILITIES					
Members Savings	-	-	171,229,446	-	171,229,446
Creditors and Provisions	-	-	725,717	-	725,717
Total financial liabilities			171,955,163		171,955,163
Reserves					41,698,306
Total					213,653,469

At the year end, the Credit Union has loan commitments of €173,950 in the form of loans approved but undrawn/unissued pipeline.

Carrying value by category 30th September 2019

	Debt instruments at amortised cost	Debt instruments at fair value	Financial liabilities at amortised cost	Other financial instruments at amortised cost	Total
ASSETS					
Cash and equivalents	14,290,231	-	-	-	14,290,231
Bank Deposits	87,904,777	-	-	-	87,904,777
Debt Securities	23,496,108	4,000,000	-	-	27,496,108
Members loans	63,027,051	-	-	-	63,027,051
Central Bank	-	-	-	1,288,935	1,288,935
Other Loans	-	-	-	-	0
Total financial assets	188,718,167	4,000,000	-	1,288,935	194,007,102
Non-financial assets					5,270,409
Total	-	4,000,000	-	1,288,935	199,277,511
LIABILITIES					
Members Savings	-	-	158,752,934	-	158,752,934
Creditors and Provisions	-	-	795,475	-	795,475
Total financial liabilities			159,548,409		159,548,409
Reserves					39,729,102
Total					199,277,511

Fair value is the value for which an asset or liability could be exchanged or settled in an arm's length transaction. The Credit Union measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments
- Level 2: valuation techniques for which all significant inputs are based on observable market data.
- Level 3: valuation techniques for which significant inputs are not based on observable market data

Where applicable, the Credit Union measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. For all other financial instruments the Credit Union determines fair values using other appropriate valuation techniques. The Credit Union holds structured bonds not exchangeable in an active market, valuations are obtained periodically, and measured at surrender values through the income statement. Current valuations are all obtained under level 3.

Liquidity Risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Credit Union monitors liquidity requirements on a daily basis in line with specific policies in this area, approved by the Board and in line with Central Bank requirements. The liquidity risk appetite is supported by qualitative and quantitative measures that are monitored by the Board on a monthly basis.

The Credit Union's policy is to maintain sufficient funds in a liquid form at all times to ensure that the Credit Union can cover all fluctuations in funding, retain public confidence in the solvency of the Credit Union and to enable the Credit Union to meet its financial obligations and regulatory ratios.

The following table analyses the remaining contractual maturity of the Credit Union's financial assets and liabilities. In practice the contractual maturities are not always reflected in actual experience. For example loans to members can repay ahead of contractual maturity or fall into arrears beyond that date. Members savings accounts which are typically on demand can also be repaid later than on the earliest date on which repayment can be requested.

At the year end, the Credit Union has loan commitments of €173,950 in the form of loans approved but undrawn/unissued.

At 30th September 2020

	Less than 1 year	More than 1 year, but not more than 3 years	More than 3 years but not more than 5 years	More than 5 year but not more than 10 years	More than 10 years	Total
	€	€	€	€	€	€
Financial assets						
Cash & Cash Equivalents	3,250,951					3,250,951
Bank Deposits	21,942,119	10,828,631	21,750,000	48,500,000	-	103,020,750
Debt Securities	9,683,613	10,829,582	8,549,895	-	-	29,063,090
Members loans	3,642,169	20,809,278	32,525,422	9,686,814	181,394	66,845,077
Funds at Central Bank	7,674,935	-	-	-	-	7,674,935
Total financial assets	46,193,787	42,467,491	62,825,317	58,186,814	181,394	209,854,803
Financial liabilities						
Savings	147,727,928	11,907,855	9,918,590	1,631,251	43,822	171,229,446
Total financial liabilities	147,727,928	11,907,855	9,918,590	1,631,251	43,822	171,229,446

At 30th September 2019

	Less than 1 year	More than 1 year, but not more than 3 years	More than 3 years but not more than 5 years	More than 5 year but not more than 10 years	More than 10 years	Total
Financial assets	€	€	€	€	€	€
Cash & Cash Equivalents	14,290,231					14,290,231
Bank Deposits	2,250,003	19,191,357	44,463,417	22,000,000	-	87,904,777
Debt Securities	707,598	7,565,966	19,222,544	-	-	27,496,108
Members loans	4,410,821	22,031,099	34,461,853	3,980,374	211,947	65,096,094
Funds at Central Bank	1,288,935	-	-	-	-	1,288,935
Total financial assets	22,947,588	48,788,422	98,147,814	25,980,374	211,947	196,076,145
Financial liabilities						
Savings	134,499,289	12,202,366	11,153,934	842,862	54,483	158,752,934
Total financial liabilities	134,499,289	12,202,366	11,153,934	842,862	54,483	158,752,934

Credit Risk

The Credit Union's credit risk arises from its portfolio of loans to members and from potential losses on investments with other financial institutions that could result from the failure of treasury counterparties to observe the terms of the contract entered into. The Credit Union has no risk appetite for material credit losses, this is controlled through observations of legislation and regulations, the appointment of committees, credit quality rules, underwriting standards and counterparty limits.

All loan applications are assessed with reference to the Credit Union's lending policy. Changes to policy are approved by the Board and the approval of loan applications is mandated. Appropriate credit limits have been established by the Board for individual exposures and together with Central Bank guidelines on credit exposures. Policies are continually monitored by the Board, Board Oversight Committee and internal audit.

Credit risk in respect of treasury counterparties is assessed using a number of methodologies to include rating agencies and Central Bank Regulations. For treasury related counterparties, the Credit Union is limited to a maximum 20% exposure to any one counterparty of investments made.

The Credit Union's maximum credit risk exposure is detailed in the table below:

	2020	2019
	€	€
Cash and liquid assets	3,250,951	14,290,231
Investments	139,758,775	116,689,820
Members loans	64,468,194	63,027,051
Less savings attached to loans	(40,157,593)	(27,707,800)
Total balance sheet exposure	167,320,327	162,299,302
Off Balance Sheet Loans approved but unissued	173,950	523,875
Total Exposure	167,494,277	162,823,177

Credit Quality Analysis of Counterparties

The table below sets out information about the exposure the Credit Union has to counterparties for debt securities, and other investments /liquid cash deposits, with credit institutions. Amounts held with financial institutions are analysed by their Moodys Credit rating at the year-end.

	2020	2019
	€	€
A	5,200,000	-
A1	44,815,321	31,468,189
A2	31,137,121	29,548,049
A3	18,311,980	8,824,785
Aa3	29,506,938	28,786,180
B1	-	11,281,862
Ba1	-	3,315,567
Baa1	-	3,000,000
Baa2	14,038,365	500,000
Baa3	-	14,255,419
Total	143,009,726	130,980,051

At the balance sheet date there are no provisions for impairment against any investment made by the Credit Union.

Credit Quality Analysis of Loans to Members

	Personal loans unsecured 2020 €	Personal loans unsecured 2019 €
Neither past due nor impaired	61,468,091	60,572,733
1 to 9 weeks	3,731,774	2,784,044
10 to 18 weeks	365,395	450,162
19 to 26 weeks	260,535	247,315
27 to 39 weeks	334,714	185,729
40 to 52 weeks	112,347	98,278
53 weeks plus	572,221	757,833
Total	66,845,077	65,096,094
Impairment Allowance		
Individual	1,247,369	934,673
Collective	1,129,514	1,134,370
Total Allowance	2,376,883	2,069,043

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risk. Of these, only interest rate risk is significant for the Credit Union. The Credit Union is not directly exposed to currency risk as it deals only with products in euro, and its products are only interest orientated so are not exposed to other pricing risks.

The Credit Union is exposed to movements in interest rates reflecting the mismatch between the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates or if earlier, the dates on which the instruments mature. The Credit Union has fixed term Deposits and has considered its rate exposure as marginal in establishing rates available to its members, the terms of such deposits did not permit the introduction of new funds to the Credit Union. The Credit Union manages this exposure on a regular basis, within the limits set by the Board, the Credit Union declares its dividends at the year-end based on such market rates. The board considers its sensitivity to such rates as marginal.

Keep up to date with the Public Service Credit Union community.

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Follow PSCU on social media.





Collette Maguire and Mary Torsney at AGM 2019.



Michael Lynch and Eamonn Harlin at AGM 2019.

Invocation

Lord,

Make me an instrument of Thy peace;
Where there is hatred, let me sow love;
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light;
and where there is sadness, joy.

O Divine Master,

Grant that I may
not so much seek to be consoled as to console;
to be understood as to understand;
to be loved as to love;
for it is in giving that we receive,
it is in pardoning that we are pardoned,
and it is in dying that we are born to eternal life.

In memory of our members who died during the year

On behalf of the members we would like to extend our sincerest sympathies to their families, friends and colleagues.

Mary Barron	Terence MacDonald
Jennifer Boyle	Mary McNulty
Pauline Bradley	Brian McKenny
Eugene Branley	John Meldrum
Peter J. Brennan	Kay Mc Shane
Margaret M. Burke	Maurice Merriman
Patrick Burke	Robert Moffatt
Majella Costigan	Patrick Morrissey
John Crampton	Thomas Moore
Jack Crennan	Michael A. Murphy
Mary Deasy	David Murphy
Brian Doyle	Edward O'Callaghan
Michael J. Farrell	Ciaran O'Dulaine
Akintayo Faweya	Dermot O'Raw
Trevor Flynn	Martin O'Reilly
Michael Patrick Gallagher	Alison Orr
Brian Gleeson	John Rafferty
Thomas Graham	James Redmond
Patrick Harkin	Mairead Sheehan
Michael Hurley	Norma Shine
Eric Johnson	Francis Small
Rita Kavanagh	Seamus Thackaberry
Martin Kenny	John Tyrrell
Margaret Kelly	Maura Young
Sharon Kineen	

Ar dheis Dé go raibh a n-anamacha dílse



Delegation from Kenyan credit union movement and the ILCU Foundation visit PSCU on 29 November 2019.



Guest speaker Brent Pope addresses a busy AGM at the Gresham Hotel, Dublin, December 2019.

MONTHLY CAR DRAW



**Be part of the PRIZE DRAW
With hundreds of CASH Prizes and
12 CARS in the PSCU Prize Draw
make sure you are a member.**

**Download an application form
from www.pscu.ie**

**Cars Supplied by
Denis Mahony Ltd,
Kilbarrack, Dublin 17**

CAR DRAW WINNERS 2019-2020

Oct-19	Christopher Kennefick	Dept. of Children, Equality, Disability, Integration & Youth
Nov-19	Vivienne Costello	Dept. of Justice (Cavan)
Dec-19	Yvonne Banahan	Dept. of Finance, Public Appointments Service, (Retired)
Jan-20	Martina Dineen	Dept. of Foreign Affairs (Passport Office Cork)
Feb-20	Marian McDermott	Dept. of Social Protection (Retired)
Mar-20	Michael O'Connor	Dept. of Defence (Retired)
Apr-20	Shelia Healy	Legal Aid Board
May-20	Michael O'Brien	Central Statistics Office
Jun-20	Eoin Quilter	Dept. of Tourism, Culture, Arts, Gaeltacht, Sport and Media
Jul-20	Katherine O'Leary	Dept. of Social Protection (Retired)
Aug-20	Mary Conneely-Joyce	Dept. of Housing, Local Government and Heritage
Sep-20	Kay Dowling	Dept. of Defence (Retired)

PSCU Car Loan



Interest rate of just 6.9% (7.12% APR)*

Representative repayments over 5 years.

Car Loan	Term	130 Fortnightly Repayments	Total Amount Payable
€10,000	5 years	€91.00	€11,829.73
€15,000	5 years	€136.50	€17,744.59
€20,000	5 years	€182.00	€23,659.45

All figures are for illustrative purposes only.
Variable Representative Example as at 01/12/2020.

Call 01 662 2177 or
email: loans@pscui.ie

WARNING: If you do not meet the repayments on your credit agreement, your account will go into arrears. This may affect your credit rating, which may limit your ability to access credit in the future.

*Variable Rate of Interest. Loans are subject to approval. APR means annual percentage rate. Terms and conditions apply.

PUBLIC SERVICE CREDIT UNION LTD. IS REGULATED BY THE CENTRAL BANK OF IRELAND.